

Stevens Point Area Public School District
Stevens Point, Wisconsin

ANNUAL FINANCIAL REPORT

June 30, 2019



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Stevens Point Area Public School District

Stevens Point, Wisconsin

JUNE 30, 2019

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Stevens Point Area Public School District

Stevens Point, Wisconsin

JUNE 30, 2019

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

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Independent auditors' report

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

REPORT ON THE FINANCIAL STATEMENTS

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

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, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 39 through 43 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 and individual nonmajor fund financial statements and schedule of charter school authorizer operating costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of expenditures of state awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of charter school authorizer operating costs, the schedule of expenditures of federal awards and schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Summarized Financial Information

The 2018 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated November 21, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information from which the prior year summarized financial information was derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019, 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

Green Bay, Wisconsin
November 19, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

June 30, 2019

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, 2019.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources as of June 30, 2019 by \$57,477,020 (*net position*).
- As of June 30, 2019, the District's governmental funds reported combined ending fund balances of \$108,221,320 an increase of \$58,353,646 in comparison with the prior year. Approximately 22% of this total amount, \$24,054,344 is *available for spending* at the District's discretion (*unassigned fund balance*).
- The District's total general obligation debt increased \$58,360,000 during 2018-19.

Overview of the Basic Financial Statements

This discussion and analysis is 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 10 - 11 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 Other Capital Projects 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 12 - 15 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 16 - 17 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 18 - 38 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 39 - 43.

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 \$57,477,020 at the close of 2019.

Stevens Point Area Public School District (in thousands of dollars)		
	Governmental Activities	
	2019	2018
Current and other assets	\$ 116,550	\$ 67,412
Capital assets	44,056	36,910
Total Assets	160,606	104,322
Deferred Outflows of Resources	27,680	15,077
Long-term liabilities outstanding	106,038	35,159
Other liabilities	8,524	8,616
Total Liabilities	114,562	43,775
Deferred Inflows of Resources	16,247	18,263
Net Position		
Net investment in capital assets	28,511	27,537
Restricted	8,717	12,135
Unrestricted	20,249	17,689
Total Net Position	\$ 57,477	\$ 57,361

The largest portion of the District's net position (50%) 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 (15%) represents resources that are subject to external restrictions on how they may be used.

Change in net position. Governmental activities increased the District's net position by \$115,987. A summary of the statement of activities follows:

Stevens Point Area Public School District (In thousands of dollars)			
		Governmental Activities	
		2019	2018
Revenues			
Program Revenues			
Charges for services	\$	3,459	\$ 3,345
Operating grants and contributions		17,368	14,407
General Revenues			
Property taxes		36,980	32,751
Other taxes		68	66
Grants and contributions not restricted to specific programs		38,696	38,329
Other		1,758	1,062
Total Revenues		98,329	89,960
Expenses			
General instruction		55,320	51,385
Support services		36,137	36,213
Interest and fiscal charges		1,721	879
Non-program		5,035	4,280
Total Expenses		98,213	92,757
Change in Net Position		116	(2,797)
Net Position - July 1		57,361	60,158
Net Position - June 30	\$	57,477	\$ 57,361

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, 2019, the District's governmental funds reported combined ending fund balances of \$108,221,320, an increase of \$58,353,646 in comparison with the prior year. Approximately 22% of this amount, \$24,054,344 constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *nonspendable, assigned or restricted* to indicate that it is not available for new spending.

The general fund is the main operating fund of the District. At the end of the current year, unassigned fund balance of the general fund was \$24,054,344. 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 26% of total general fund expenditures.

The fund balance of the District's general fund increased \$729,649 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	\$ 73,801
Expenditures	(75,136)
Other financing sources (uses)	-
	<u>\$ (1,335)</u>

During the year, actual revenues were more than budgeted revenues by \$436,659 primarily in interdistrict sources, and other sources. Actual expenditures were under budgeted expenditures by \$3,283,689 with support service functions were under budget by \$3,095,198.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$44,055,897 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, and machinery and equipment. The net increase in the District's investment in capital assets for the current year was \$7,145,497.

Major capital assets acquired or constructed during the year include:

Building renovations/additions - Construction Work in Progress	\$ 8,646,967
10 buses	918,100
	<u>\$ 9,565,067</u>

Stevens Point Area Public School District (net of accumulated depreciation)		
	Governmental Activities	
	2019	2018
Land	\$ 2,096,177	\$ 2,096,177
Construction in progress	11,085,555	2,438,588
Land improvements	542,110	646,402
Buildings	25,520,484	26,765,100
Machinery and equipment	4,811,571	4,964,133
Total	\$ 44,055,897	\$ 36,910,400

Long-term debt. At the end of the current fiscal year, the District had total general obligation debt outstanding of \$87,835,000.

Stevens Point Area Public School District		
General Obligation Debt		
	Governmental Activities	
	2019	2018
General Obligation Debt		
Bonds	\$ 84,690,000	\$ 25,600,000
Notes	3,145,000	3,875,000
Total General Obligation Debt	<u>\$ 87,835,000</u>	<u>\$ 29,475,000</u>

The District's total general obligation debt increased by \$58,360,000 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 \$452,472,400, which is significantly in excess of the District's \$87,835,000 in outstanding general obligation debt.

Factors Bearing on the District's Future

The District passed a referendum November 2018 to exceed the state imposed revenue caps on a recurring basis for \$3.5 million each year for operational purposes.

The District passed a second referendum November 2018 in the amount of \$75.9 million to address deferred maintenance and infrastructure needs.

The lack of financial support from the state via the revenue limit and other aid programs, and the inability of the Board to set the levy at the amount necessary to meet its needs, creates ongoing financial challenges that impede the educational mission of the District.

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, WI or by calling (715) 345-5432.

BASIC FINANCIAL STATEMENTS

Stevens Point Area Public School District

Stevens Point, Wisconsin

STATEMENT OF NET POSITION

JUNE 30, 2019

WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2018

	Governmental Activities	
	2019	2018
ASSETS		
Cash and investments	\$ 105,017,603	\$ 48,677,394
Receivables		
Taxes	9,067,643	7,883,806
Accounts	62,313	69,749
Due from other governments	1,852,733	1,698,923
Inventories and prepaid items	37,904	32,994
Net other postemployment benefits asset	512,552	-
Net pension asset	-	9,049,129
Capital assets		
Nondepreciable	13,181,732	4,534,765
Depreciable, net	30,874,165	32,375,635
Total assets	160,606,645	104,322,395
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	27,516,652	14,979,556
Other postemployment related amounts	163,197	97,799
Total deferred outflows of resources	27,679,849	15,077,355
LIABILITIES		
Accounts payable	64,885	450,784
Accrued and other current liabilities	6,831,792	7,132,091
Accrued interest payable	706,843	120,880
Unearned revenues	28,186	26,807
Deposits payable	840,675	841,994
Health and dental claims payable	51,338	43,516
Long-term obligations		
Due in one year	6,019,031	2,744,844
Due in more than one year	89,384,058	31,330,694
Other postemployment benefits liability	-	1,083,901
Net pension liability	10,635,293	-
Total liabilities	114,562,101	43,775,511
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	14,734,143	17,947,242
Other postemployment related amounts	1,513,230	315,964
Total deferred inflows of resources	16,247,373	18,263,206
NET POSITION		
Net investment in capital assets	28,511,296	27,536,543
Restricted	8,716,526	12,135,157
Unrestricted	20,249,198	17,689,333
Total net position	\$ 57,477,020	\$ 57,361,033

The notes to the basic financial statements are an integral part of this statement.

Stevens Point Area Public School District

Stevens Point, Wisconsin

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

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	
					2019	2018
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 55,319,683	\$ 1,841,840	\$ 11,817,571	\$ -	\$ (41,660,272)	\$ (39,801,251)
Support services	36,137,508	1,617,017	5,336,768	-	(29,183,723)	(30,204,528)
Non-program	5,034,937	-	214,008	-	(4,820,929)	(4,119,712)
Interest and fiscal charges	1,720,780	-	-	-	(1,720,780)	(879,067)
Total governmental activities	<u>\$ 98,212,908</u>	<u>\$ 3,458,857</u>	<u>\$ 17,368,347</u>	<u>\$ -</u>	<u>(77,385,704)</u>	<u>(75,004,558)</u>
General revenues						
Property taxes					36,979,558	32,750,578
Other taxes					68,103	66,148
State and federal aids not restricted to specific functions					38,695,589	38,329,053
Interest and investment earnings					1,042,809	396,469
Gain on disposal of capital assets					309,672	497,718
Miscellaneous					405,960	167,380
Total general revenues					<u>77,501,691</u>	<u>72,207,346</u>
Change in net position					115,987	(2,797,212)
Net position - July 1					<u>57,361,033</u>	<u>60,158,245</u>
Net position - June 30					<u>\$ 57,477,020</u>	<u>\$ 57,361,033</u>

The notes to the basic financial statements are an integral part of this statement.

Stevens Point Area Public School District

Stevens Point, Wisconsin

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	General	Other Capital Projects	Other Governmental Funds	Totals	
				2019	2018
ASSETS					
Cash and investments	\$ 21,075,301	\$ 75,218,255	\$ 8,724,047	\$ 105,017,603	\$ 48,677,394
Receivables					
Taxes	9,067,643	-	-	9,067,643	7,883,806
Accounts	2,495	-	59,818	62,313	69,749
Due from other governments	1,639,333	-	213,400	1,852,733	1,698,923
Inventories and prepaid items	37,904	-	-	37,904	32,994
Total assets	<u>\$ 31,822,676</u>	<u>\$ 75,218,255</u>	<u>\$ 8,997,265</u>	<u>\$ 116,038,196</u>	<u>\$ 58,362,866</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 64,885	\$ -	\$ -	\$ 64,885	\$ 450,784
Accrued and other current liabilities	6,745,344	-	86,448	6,831,792	7,132,091
Unearned revenues	28,186	-	-	28,186	26,807
Deposits payable	840,675	-	-	840,675	841,994
Health and dental claims payable	51,338	-	-	51,338	43,516
Total liabilities	<u>7,730,428</u>	<u>-</u>	<u>86,448</u>	<u>7,816,876</u>	<u>8,495,192</u>
Fund balances					
Nonspendable	37,904	-	-	37,904	32,994
Restricted	-	75,218,255	8,910,817	84,129,072	26,505,075
Unassigned	24,054,344	-	-	24,054,344	23,329,605
Total fund balances	<u>24,092,248</u>	<u>75,218,255</u>	<u>8,910,817</u>	<u>108,221,320</u>	<u>49,867,674</u>
Total liabilities and fund balances	<u>\$ 31,822,676</u>	<u>\$ 75,218,255</u>	<u>\$ 8,997,265</u>	<u>\$ 116,038,196</u>	<u>\$ 58,362,866</u>

The notes to the basic financial statements are an integral part of this statement.

Stevens Point Area Public School District

Stevens Point, Wisconsin

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	2019	2018
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 108,221,320	\$ 49,867,674
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.	44,055,897	36,910,400
Long-term assets are not available; therefore, are not reported in the funds		
Net other postemployment benefits asset	512,552	-
Net pension asset	-	9,049,129
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	27,516,652	14,979,556
Deferred inflows related to pensions	(14,734,143)	(17,947,242)
Deferred outflows related to other postemployment benefits	163,197	97,799
Deferred inflows related to other postemployment benefits	(1,513,230)	(315,964)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable	(87,835,000)	(29,475,000)
Capital leases payable	(2,412,612)	(2,825,093)
Premium on debt	(5,094,383)	(1,713,940)
Compensated absences	(61,094)	(61,505)
Net other postemployment benefits liability	-	(1,083,901)
Net pension liability	(10,635,293)	-
Accrued interest on long-term obligations	(706,843)	(120,880)
Net position of governmental activities as reported on the statement of net position (see page 10)	<u>\$ 57,477,020</u>	<u>\$ 57,361,033</u>

The notes to the basic financial statements are an integral part of this statement.

Stevens Point Area Public School District

Stevens Point, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	General	Other Capital Projects	Other Governmental Funds	Totals	
				2019	2018
REVENUES					
Property taxes	\$ 34,815,029	\$ -	\$ 2,164,529	\$ 36,979,558	\$ 32,750,578
Other local sources	1,607,871	567,055	2,578,231	4,753,157	4,299,280
Interdistrict sources	1,046,290	-	-	1,046,290	880,314
Intermediate sources	15,209	-	-	15,209	7,089
State sources	48,814,663	-	88,587	48,903,250	45,912,895
Federal sources	4,138,573	-	1,777,226	5,915,799	5,444,774
Other sources	405,387	-	573	405,960	167,380
Total revenues	90,843,022	567,055	6,609,146	98,019,223	89,462,310
EXPENDITURES					
Instruction					
Regular instruction	34,031,265	-	786,051	34,817,316	33,110,768
Vocational instruction	2,113,272	-	-	2,113,272	1,966,116
Special education instruction	11,616,435	-	-	11,616,435	11,155,589
Other instruction	3,039,453	-	45,831	3,085,284	2,919,131
Total instruction	50,800,425	-	831,882	51,632,307	49,151,604
Support services					
Pupil services	3,953,556	-	-	3,953,556	3,679,694
Instructional staff services	3,258,690	-	2,073	3,260,763	3,714,015
General administration services	2,485,815	-	-	2,485,815	2,310,631
School administration services	4,319,116	-	108	4,319,224	4,118,712
Business services	606,511	-	130	606,641	594,914
Operations and maintenance of plant	8,949,236	8,646,967	9,322	17,605,525	12,447,185
Pupil transportation services	4,413,256	-	7,418	4,420,674	5,659,542
Food services	-	-	3,473,758	3,473,758	3,545,182
Central services	233,772	-	-	233,772	1,700,301
Insurance	798,396	-	-	798,396	912,604
Other support services	2,255,224	-	87,802	2,343,026	19,020
Total support services	31,273,572	8,646,967	3,580,611	43,501,150	38,701,800
Debt service					
Principal	1,034,581	-	1,640,000	2,674,581	1,790,365
Interest and fiscal charges	69,754	-	1,273,450	1,343,204	844,996
Total debt service	1,104,335	-	2,913,450	4,017,785	2,635,361
Non-program					
General tuition payments	3,271,282	-	-	3,271,282	3,090,049
Special education tuition payments	879,015	-	-	879,015	647,195
Adjustments and refunds	22,012	-	-	22,012	4,345
Voucher payments	855,828	-	-	855,828	538,193
Revenue transits to others	6,800	-	-	6,800	-
Total non-program	5,034,937	-	-	5,034,937	4,279,782
Total expenditures	88,213,269	8,646,967	7,325,943	104,186,179	94,768,547
Excess of revenues over (under) expenditures	2,629,753	(8,079,912)	(716,797)	(6,166,956)	(5,306,237)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	60,000,000	-	60,000,000	25,600,000
Capital lease issued	622,100	-	-	622,100	1,632,148
Premium on debt issued	-	-	3,588,830	3,588,830	1,630,193
Proceeds from sale of capital assets	309,672	-	-	309,672	497,718
Transfers in	-	-	2,831,876	2,831,876	386,045
Transfers out	(2,831,876)	-	-	(2,831,876)	(386,045)
Total other financing sources (uses)	(1,900,104)	60,000,000	6,420,706	64,520,602	29,360,059
Net change in fund balances	729,649	51,920,088	5,703,909	58,353,646	24,053,822
Fund balances - July 1	23,362,599	23,298,167	3,206,908	49,867,674	25,813,852
Fund balances - June 30	\$ 24,092,248	\$ 75,218,255	\$ 8,910,817	\$ 108,221,320	\$ 49,867,674

The notes to the basic financial statements are an integral part of this statement.

Stevens Point Area Public School District

Stevens Point, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ 58,353,646	\$ 24,053,822
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay reported in governmental fund statements	10,176,114	4,283,510
Depreciation expense reported in the statement of activities	(3,030,617)	(2,964,886)
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.		
Long-term debt issued	(60,000,000)	(25,600,000)
Capital leases issued	(622,100)	(1,632,148)
Premium on debt issued	(3,588,830)	(1,630,193)
Principal repaid	1,640,000	710,000
Capital leases paid	1,034,581	1,080,365
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	(585,963)	(105,115)
Amortization of premiums, discounts and loss on advance refunding	208,387	71,044
Compensated absences	411	(12,940)
Net pension liability (asset)	(19,684,422)	11,486,624
Deferred outflows of resources related to pensions	12,537,096	(2,374,770)
Deferred inflows of resources related to pensions	3,213,099	(10,215,061)
Net other postemployment benefits liability (asset)	1,596,453	310,310
Deferred outflows of resources related to other postemployment benefits	65,398	58,190
Deferred inflows of resources related to other postemployment benefits	<u>(1,197,266)</u>	<u>(315,964)</u>
Change in net position of governmental activities as reported in the statement of activities (see page 11)	<u>\$ 115,987</u>	<u>\$ (2,797,212)</u>

The notes to the basic financial statements are an integral part of this statement.

Stevens Point Area Public School District

Stevens Point, Wisconsin

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	Employee Benefit Trust	Agency Pupil Activity	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 1,609,278	\$ 757,047	\$ 2,366,325	\$ 3,295,887
LIABILITIES				
Due to student organizations	-	757,047	757,047	704,135
NET POSITION				
Restricted	\$ 1,609,278	\$ -	\$ 1,609,278	\$ 2,591,752

The notes to the basic financial statements are an integral part of this statement.

Stevens Point Area Public School District

Stevens Point, Wisconsin

STATEMENT OF CHANGES IN NET POSITION EMPLOYEE BENEFIT TRUST FIDUCIARY FUND FOR THE YEAR ENDED JUNE 30, 2019 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019	2018
ADDITIONS		
Contributions		
Employer	\$ -	\$ 49,167
Investment earnings	64,452	60,700
Total additions	64,452	109,867
DEDUCTIONS		
Trust fund disbursements	1,046,926	1,389,662
Change in net position	(982,474)	(1,279,795)
Net position - July 1	2,591,752	3,871,547
Net position - June 30	<u>\$ 1,609,278</u>	<u>\$ 2,591,752</u>

The notes to the basic financial statements are an integral part of this statement.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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 (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 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.

Other Capital Projects Fund

This fund accounts for the acquisition or construction of major capital facilities.

Additionally, the District reports the following fund types:

- ▶ The *employee benefit trust fund* is used to account for resources legally held in trust for other postemployment benefits.
- ▶ The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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 non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty 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.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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.

5. Inventories

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

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

6. Prepaid Items

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

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

7. Capital Assets

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

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

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

Assets	Governmental Activities
	Years
Land improvements	20 - 25
Buildings and improvements	40
Machinery and equipment	5 - 15

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.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

9. Deferred Outflows/Inflows of Resources

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

10. Long-term Obligations

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

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

11. Pensions

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

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.
- ▶ **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.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

- ▶ **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.

E. USE OF ESTIMATES

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

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

G. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

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 agency fund uses 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".

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

The carrying amount of the District's cash and investments totaled \$107,383,928 on June 30, 2019 as summarized below:

Petty cash	\$ 2,050
Deposits with financial institutions	22,680,936
Investments	
Wisconsin investment series cooperative	83,610,147
Exchange traded funds	1,090,795
	<u>\$ 107,383,928</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 105,017,603
Fiduciary fund statement of net position	
Employee benefit trust	1,609,278
Agency fund	757,047
	<u>\$ 107,383,928</u>

Fair Value Measurements

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

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

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

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

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

The District has the following fair value measurements as of June 30, 2019:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Exchange traded funds	\$ 1,090,795	\$ -	\$ -

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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.

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, 2019, \$8,438,078 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount was collateralized with securities held by the pledging financial institution or its trust department or agent in the District'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.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Wisconsin Investment					
Series Cooperative					
Investment Series	\$ 82,827,161	\$ -	\$ -	\$ -	\$ 82,827,161
Cash Management Series	782,986	-	-	-	782,986
Totals	<u>\$ 83,610,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,610,147</u>

Exchange Traded Fund Transactions

Exchange traded funds (invested in the Employee Benefit Trust Fund) are considered equity investments not subject to credit risk.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Concentration of Credit Risk

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

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Investment Series Cooperative					
Investment Series	\$ 82,827,161	\$ 82,827,161	\$ -	\$ -	\$ -
Cash Management Series	782,986	782,986	-	-	-
Totals	<u>\$ 83,610,147</u>	<u>\$ 83,610,147</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 \$105,729,392 at year-end consisting of \$82,827,161 invested in the Investment Series, \$782,986 invested in the Cash Management Series and \$22,119,245 invested in certificates of deposit. 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

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 2,096,177	\$ -	\$ -	\$ 2,096,177
Construction in progress	2,438,588	8,646,967	-	11,085,555
Total capital assets, nondepreciable	<u>4,534,765</u>	<u>8,646,967</u>	<u>-</u>	<u>13,181,732</u>
Capital assets, depreciable:				
Land improvements	3,525,745	-	-	3,525,745
Buildings	65,499,170	-	-	65,499,170
Machinery and equipment	24,219,853	1,529,147	836,670	24,912,330
Subtotals	<u>93,244,768</u>	<u>1,529,147</u>	<u>836,670</u>	<u>93,937,245</u>
Less accumulated depreciation for:				
Land improvements	(2,879,343)	(104,292)	-	(2,983,635)
Buildings and improvements	(38,734,070)	(1,244,616)	-	(39,978,686)
Machinery and equipment	(19,255,720)	(1,681,709)	836,670	(20,100,759)
Subtotals	<u>(60,869,133)</u>	<u>(3,030,617)</u>	<u>836,670</u>	<u>(63,063,080)</u>
Total capital assets, depreciable, net	<u>32,375,635</u>	<u>(1,501,470)</u>	<u>-</u>	<u>30,874,165</u>
Governmental activities capital assets, net	<u>\$ 36,910,400</u>	<u>\$ 7,145,497</u>	<u>\$ -</u>	<u>44,055,897</u>
Less: Capital related debt (net of unspent bond proceeds of \$75,218,255)				13,974,638
Less: Debt premium				<u>1,569,963</u>
Net investment in capital assets				<u>\$ 28,511,296</u>

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

Governmental activities	
Instruction	\$ 1,490,478
Support services	1,540,139
Total depreciation expense - governmental activities	<u>\$ 3,030,617</u>

C. TRANSFERS

Interfund transfers for the year ended June 30, 2019 were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 2,831,876
Long-Term Capital Improvement	2,831,876	-
	<u>\$ 2,831,876</u>	<u>\$ 2,831,876</u>

Stevens Point Area Public School District

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Interfund transfers were made for the following purposes:

To fund long-term capital improvement plan projects \$ 2,831,876

D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 25,600,000	\$ 60,000,000	\$ 910,000	\$ 84,690,000	\$ 4,390,000
Notes	3,875,000	-	730,000	3,145,000	755,000
Total general obligation debt	29,475,000	60,000,000	1,640,000	87,835,000	5,145,000
Debt premium	1,713,940	3,588,830	208,387	5,094,383	-
Capital leases	2,825,093	622,100	1,034,581	2,412,612	874,031
Compensated absences	61,505	-	411	61,094	-
Governmental activities Long-term obligations	<u>\$ 34,075,538</u>	<u>\$ 64,210,930</u>	<u>\$ 2,883,379</u>	<u>\$ 95,403,089</u>	<u>\$ 6,019,031</u>

Total interest paid during the year on long-term debt totaled \$1,050,230.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/19
General obligation notes	1/7/14	4/1/23	2.30 - 3.00%	\$ 5,275,000	\$ 3,145,000
General obligation bonds	12/29/17	4/1/37	2.00 - 5.00%	25,600,000	24,690,000
General obligation bonds	4/1/19	4/1/39	3.125% - 5.00%	60,000,000	60,000,000

Total outstanding general obligation debt \$ 87,835,000

Annual principal and interest maturities of the outstanding general obligation debt of \$87,835,000 on June 30, 2019 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 5,145,000	\$ 3,336,831	\$ 8,481,831
2021	3,425,000	3,106,381	6,531,381
2022	3,755,000	2,962,631	6,717,631
2023	3,040,000	2,804,581	5,844,581
2024	3,295,000	2,681,456	5,976,456
2025 - 2029	18,875,000	11,094,281	29,969,281
2030 - 2034	23,100,000	6,904,206	30,004,206
2035 - 2038	27,200,000	2,784,600	29,984,600
	<u>\$ 87,835,000</u>	<u>\$ 35,674,967</u>	<u>\$ 123,509,967</u>

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

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Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2019 was \$367,758,180 as follows:

Equalized valuation of the District		\$ 4,524,724,000
Statutory limitation percentage		(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>452,472,400</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 87,835,000	
Less: Amounts available for financing general obligation debt		
Debt service fund, net of accrued interest	<u>3,120,780</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>84,714,220</u>
Legal margin for new debt		<u>\$ 367,758,180</u>

Capital Leases

The District is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The cost of the capital assets under the capital leases is \$6,513,448 and the related accumulated depreciation is \$3,874,247 as of June 30, 2019.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at June 30, 2019:

Year Ending June 30,	Governmental Activities
2020	\$ 938,185
2021	684,598
2022	421,884
2023	402,326
2024	113,440
Subtotal	<u>2,560,433</u>
Less: Amount representing interest	147,821
Present value of future minimum lease payments	<u>\$ 2,412,612</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, and 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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.

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

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0.0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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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 July 1, 2018 through June 30, 2019, the WRS recognized \$2,882,298 in contributions from the District.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At June 30, 2019, the District reported a liability of \$10,635,293 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the District's proportion was 0.29893846%, which was a decrease of 0.00583648% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$7,154,698.

At June 30, 2019, 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	\$ 8,283,281	\$ 14,641,865
Net differences between projected and actual earnings on pension plan investments	15,532,117	-
Changes in assumptions	1,792,721	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,246	92,278
Employer contributions subsequent to the measurement date	1,903,287	-
Total	<u>\$ 27,516,652</u>	<u>\$ 14,734,143</u>

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The \$1,903,287 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Expense
2020	\$ 3,932,036
2021	970,476
2022	1,720,816
2023	4,255,894
Total	<u>\$ 10,879,222</u>

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2017
Measurement date of net pension liability (asset):	December 31, 2018
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three year period from January 1, 2015, to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018, is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

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JUNE 30, 2019

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class			
Global equities	49%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
Variable Fund Asset Class			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

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

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 7.0 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's proportionate share of the net pension liability (asset)	\$ 42,265,769	\$ 10,635,293	\$ (12,884,419)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

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NOTES TO BASIC FINANCIAL STATEMENTS

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Payable to the Pension Plan

At June 30, 2019, the District reported a payable of \$687,995 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2019.

F. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	76
Active employees	0
	<u>76</u>

Contributions

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

Investments

Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return, net of investment expense, was 3.07%.

Concentrations

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

Net OPEB Liability (Asset)

Total OPEB Liability - Ending (a)	\$ 1,096,725
Plan Fiduciary Net Position - Ending (b)	<u>1,609,277</u>
District's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (512,552)</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	146.73%
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The District's net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019.

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Actuarial Assumptions. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5%
Salary increases:	0.2% to 5.6% per year depending on years of service plus 3.0% inflation
Investment rate of return:	3.5%
Healthcare cost trend rates:	Medical: Actual for first year, then 7% decreasing by 0.50% down to 6.50%, then by 0.10% per year down to 5.0% and level thereafter
Dental cost trend rates:	level at 5.0%

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

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

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

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

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at July 1, 2018	\$ 3,675,652	\$ 2,591,751	\$ 1,083,901
Changes for the year:			
Interest	90,515	-	90,515
Differences between expected and actual	(1,470,726)	-	(1,470,726)
Changes of assumptions	118,267	-	118,267
Contributions - employer	-	-	-
Contributions - retiree	-	270,057	(270,057)
Net investment income	-	64,452	(64,452)
Benefit payments	(1,316,983)	(1,316,983)	-
Implicit subsidy	-	-	-
Net changes	(2,578,927)	(982,474)	(1,596,453)
Balance at June 30, 2019	\$ 1,096,725	\$ 1,609,277	\$ (512,552)

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Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current rate:

	1% Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	1% Increase to Discount Rate (4.5%)
Net OPEB liability (asset)	\$ (490,003)	\$ (512,552)	\$ (534,545)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (Actual less 1% decreasing to 4.0%) or 1-percentage-point higher (Actual plus 1% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (Actual - 1% for first year, then 6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (Actual for first year, then 7.0% to 5.0%)	1% Increase (Actual + 1% for first year, then 8.0% to 6.0%)
Net OPEB liability (asset)	\$ (547,680)	\$ (512,552)	\$ (473,268)

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.

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$(420,951). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,513,230
Changes in assumptions	136,600	-
Net difference between projected and actual earnings on OPEB plan investments	26,597	-
Total	\$ 163,197	\$ 1,513,230

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

Year Ended June 30,	Expense
2020	\$ (179,360)
2021	(179,360)
2022	(179,359)
2023	(135,725)
2024	(135,246)
Thereafter	(540,983)
Total	\$ (1,350,033)

Stevens Point Area Public School District

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Payable to the OPEB Plan

At June 30, 2019, the District reported no outstanding amount of contribution to the Plan required for the year ended June 30, 2019.

G. 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, 2019, nonspendable fund balance was as follows:

	<u>General</u>
Nonspendable	
Inventories and prepaid items	\$ 37,904

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, 2019, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Donations	\$ 437,453
Food Service	1,266,299
Community Service	194,350
Total Special Revenue Funds restricted fund balance	<u>1,898,102</u>
Debt Service Funds	
Restricted for	
Debt Service	<u>3,827,623</u>
Capital Projects Funds	
Restricted for	
Long-term capital improvement plan projects	3,185,092
Capital projects	75,218,255
Total Capital Projects Funds restricted fund balance	<u>78,403,347</u>
Total restricted fund balance	<u>\$ 84,129,072</u>

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 2020 General Fund expenditures	\$ 91,045,145
Minimum fund balance %	(x) 20%
Minimum fund balance amount	<u>\$ 18,209,029</u>

The District's unassigned General Fund balance of \$24,054,344 is above the minimum fund balance amount. The entire unassigned general fund balance is expected to be utilized for cash flow needs.

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Restricted Fiduciary Fund Net Position

In the fund financial statements, portions of fiduciary fund net position are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2019, restricted fiduciary fund net position was as follows:

Fiduciary Fund	
Restricted for	
Postemployment benefits	<u>\$ 1,609,278</u>

Net Position

The District reports restricted net position at June 30, 2019 as follows:

Governmental activities	
Restricted for	
Donations	\$ 437,453
Food Service	1,266,299
Community Service	194,350
Debt Service	3,120,780
Net other postemployment benefits asset	512,552
Long-term capital improvement plan projects	<u>3,185,092</u>
Total restricted net position	<u>\$ 8,716,526</u>

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 or expenses 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, 2019.

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

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

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

At June 30, 2019, the District has reported a liability of \$51,338 which represents reported and unreported claims which were incurred on or before June 30, 2019, 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, 2018 and June 30, 2019 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2018	\$ 43,351	\$ 562,617	\$ 562,452	\$ 43,516
2019	43,516	565,438	557,616	51,338

B. CONTINGENCIES

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

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

C. LIMITATION ON SCHOOL DISTRICT REVENUES

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

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

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

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

E. COMMITMENTS

The District has active construction projects as of June 30, 2019. 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 \$93,240,000.

REQUIRED SUPPLEMENTARY INFORMATION

Stevens Point Area Public School District

Stevens Point, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2019

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 34,815,029	\$ 34,815,029	\$ 34,815,029	\$ -
Other local sources	1,511,753	1,512,605	1,607,871	95,266
Interdistrict sources	880,000	880,000	1,046,290	166,290
Intermediate sources	7,000	7,000	7,592	592
State sources	45,160,131	45,232,080	45,230,440	(1,640)
Federal sources	2,083,725	2,084,725	2,033,102	(51,623)
Other sources	170,000	170,000	397,774	227,774
Total revenues	84,627,638	84,701,439	85,138,098	436,659
EXPENDITURES				
Instruction				
Regular instruction	34,440,141	34,360,470	34,031,265	329,205
Vocational instruction	2,124,988	2,126,456	2,113,272	13,184
Other instruction	2,976,814	2,982,287	3,037,894	(55,607)
Total instruction	39,541,943	39,469,212	39,182,431	286,781
Support services				
Pupil services	1,989,404	1,963,470	2,032,740	(69,270)
Instructional staff services	2,888,837	3,002,426	2,831,728	170,698
General administration services	4,061,720	4,093,956	2,485,815	1,608,141
School administration services	4,385,691	4,399,195	4,319,116	80,079
Business services	646,382	633,077	606,511	26,566
Operations and maintenance of plant	9,018,694	9,000,740	8,906,378	94,362
Pupil transportation services	4,636,204	4,650,510	3,996,458	654,052
Central services	286,273	276,438	232,881	43,557
Insurance	802,300	802,300	798,396	3,904
Other support services	2,699,827	2,726,306	2,243,198	483,108
Total support services	31,415,332	31,548,419	28,453,221	3,095,198
Debt service				
Principal	1,034,581	1,034,581	1,034,581	-
Interest and fiscal charges	69,760	69,760	69,754	6
Total debt service	1,104,341	1,104,341	1,104,335	6
Non-program				
General tuition payments	3,174,264	3,182,244	3,271,282	(89,038)
Adjustments and refunds	5,000	5,000	22,012	(17,012)
Voucher payments	863,582	863,582	855,828	7,754
Revenue transits to others	-	6,800	6,800	-
Total non-program	4,042,846	4,057,626	4,155,922	(98,296)
Total expenditures	76,104,462	76,179,598	72,895,909	3,283,689
Excess of revenues over expenditures	8,523,176	8,521,841	12,242,189	3,720,348
OTHER FINANCING SOURCES (USES)				
Capital lease issued	622,100	622,100	622,100	-
Proceeds from sale of capital assets	296,000	296,000	309,672	13,672
Transfers out	(9,441,276)	(9,441,276)	(12,444,312)	(3,003,036)
Total other financing sources (uses)	(8,523,176)	(8,523,176)	(11,512,540)	(2,989,364)
Net change in fund balance	-	(1,335)	729,649	730,984
Fund balance - July 1	23,362,599	23,362,599	23,362,599	-
Fund balance - June 30	<u>\$ 23,362,599</u>	<u>\$ 23,361,264</u>	<u>\$ 24,092,248</u>	<u>\$ 730,984</u>

See notes to required supplementary information.

Stevens Point Area Public School District

Stevens Point, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SPECIAL EDUCATION FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2019

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intermediate sources	\$ -	\$ -	\$ 7,617	\$ 7,617
State sources	3,577,947	3,577,947	3,584,223	6,276
Federal sources	2,309,557	2,310,358	2,105,471	(204,887)
Other sources	-	-	7,613	7,613
Total revenues	5,887,504	5,888,305	5,704,924	(183,381)
EXPENDITURES				
Instruction				
Special education instruction	11,498,910	11,548,942	11,616,435	(67,493)
Other instruction	6,074	6,074	1,559	4,515
Total instruction	11,504,984	11,555,016	11,617,994	(62,978)
Support services				
Pupil services	1,992,810	1,996,274	1,920,816	75,458
Instructional staff services	747,376	663,759	426,962	236,797
Operations and maintenance of plant	8,000	7,900	42,858	(34,958)
Pupil transportation services	387,029	387,353	416,798	(29,445)
Central services	1,600	1,600	891	709
Other support services	12,026	12,026	12,026	-
Total support services	3,148,841	3,068,912	2,820,351	248,561
Non-program				
Special education tuition payments	674,956	705,653	879,015	(173,362)
Total expenditures	15,328,780	15,329,581	15,317,360	12,221
Excess of revenues under expenditures	(9,441,276)	(9,441,276)	(9,612,436)	(171,160)
OTHER FINANCING SOURCES				
Transfers in	9,441,276	9,441,276	9,612,436	171,160
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

Stevens Point Area Public School District

Stevens Point, Wisconsin

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS LAST 10 MEASUREMENT YEARS *

	2019	2018	2017
Total OPEB liability			
Interest	\$ 90,515	\$ 163,999	\$ 242,138
Differences between expected and actual experience	(1,470,726)	(282,956)	(39,609)
Changes of assumptions	118,267	50,268	-
Benefit payments	(1,316,983)	(1,521,417)	(1,980,465)
Net change in total OPEB liability	(2,578,927)	(1,590,106)	(1,777,936)
Total OPEB liability - beginning	3,675,652	5,265,758	7,043,694
Total OPEB liability - ending (a)	<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
Contributions - retiree	270,057	286,303	274,084
Net investment income	64,452	60,700	121,232
Benefit payments	(1,316,983)	(1,675,966)	(1,980,465)
Net change in plan fiduciary net position	(982,474)	(1,279,796)	(1,122,714)
Plan fiduciary net position - beginning	2,591,751	3,871,547	4,994,261
Plan fiduciary net position - ending (b)	<u>\$ 1,609,277</u>	<u>\$ 2,591,751</u>	<u>\$ 3,871,547</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ (512,552)</u>	<u>\$ 1,083,901</u>	<u>\$ 1,394,211</u>
Plan fiduciary net position as a percentage of the total OPEB liability	146.73%	70.51%	73.52%
Covered-employee payroll	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Annual money-weighted rate of return, net of investment expenses	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 notes to required supplementary information.

Stevens Point Area Public School District

Stevens Point, Wisconsin

SCHEDULE OF EMPLOYER CONTRIBUTIONS OTHER POSTEMPLOYMENT BENEFIT PLAN LAST 10 MEASUREMENT YEARS *

	2019	2018	2017
Actuarially determined contribution (ADC)	\$ 3,372	\$ 49,166	\$ 49,166
Contributions in relation to the ADC	-	49,167	462,435
Contribution deficiency (excess)	<u>\$ 3,372</u>	<u>\$ (1)</u>	<u>\$ (413,269)</u>
Covered-employee payroll	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value
Amortization method	30 year level dollar	5 year level dollar
Discount rate	3.5%	3.0%
Inflation	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 notes to required supplementary information.

Stevens Point Area Public School District

Stevens Point, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 MEASUREMENT YEARS

Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	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%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 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%

See notes to required supplementary information.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

A. OTHER POSTEMPLOYMENT BENEFITS

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Actuarial assumptions are based on an actuarial experience study for the period 2015-2017 for the Wisconsin Retirement System. Based on the experience study, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

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.

B. WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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.

C. 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, 2019.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

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). An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP General Fund basis is summarized below:

	General	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 85,138,098	\$ 5,704,924
Reclassification of special education	5,704,924	(5,704,924)
Total revenues	90,843,022	-
Expenditures		
Actual amounts (budgetary basis)	72,895,909	15,317,360
Reclassification of special education	15,317,360	(15,317,360)
Total expenditures	88,213,269	-
Excess of revenues over (under) expenditures		
Actual amounts (budgetary basis)	12,242,189	(9,612,436)
Reclassification of special education	(9,612,436)	9,612,436
Excess of revenues over (under) expenditures	2,629,753	-
Other financing sources (uses)		
Actual amounts (budgetary basis)	(11,512,540)	9,612,436
Reclassification of special education	9,612,436	(9,612,436)
Total other financing sources (uses)	(1,900,104)	-
Net change in fund balance		
Actual amounts (budgetary basis)	729,649	-
Reclassification of special education	-	-
Net change in fund balance	729,649	-
Fund balance - July 1		
Actual amounts (budgetary basis)	23,362,599	-
Reclassification of special education	-	-
Fund balance - July 1	23,362,599	-
Fund balance - June 30		
Actual amounts (budgetary basis)	24,092,248	-
Reclassification of special education	-	-
Fund balance - June 30	\$ 24,092,248	\$ -

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

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, 2019 as follows:

Funds	Excess Expenditures
General	
Instruction	
Other instruction	\$ 55,607
Support services	
Pupil services	69,270
Non-program	
General tuition payments	89,038
Adjustments and refunds	17,012
Special Education	
Instruction	
Special education instruction	67,493
Support services	
Operations and maintenance of plant	34,958
Pupil transportation services	29,445
Non-program	
Special education tuition payments	173,362

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

SUPPLEMENTARY INFORMATION

Stevens Point Area Public School District

Stevens Point, Wisconsin

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

	Special Revenue			Debt Service		Capital Projects	Total Nonmajor Governmental Funds
	Donations	Food Service	Community Service	Non-Referendum Debt Service	Referendum Debt Service	Long-Term Capital Improvement	
ASSETS							
Cash and investments	\$ 418,776	\$ 1,098,206	\$ 194,350	\$ 512,431	\$ 3,315,192	\$ 3,185,092	\$ 8,724,047
Receivables							
Accounts	59,818	-	-	-	-	-	59,818
Due from other governments	-	213,400	-	-	-	-	213,400
Total assets	<u>\$ 478,594</u>	<u>\$ 1,311,606</u>	<u>\$ 194,350</u>	<u>\$ 512,431</u>	<u>\$ 3,315,192</u>	<u>\$ 3,185,092</u>	<u>\$ 8,997,265</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accrued and other current liabilities	\$ 41,141	\$ 45,307	\$ -	\$ -	\$ -	\$ -	\$ 86,448
Fund balances							
Restricted	437,453	1,266,299	194,350	512,431	3,315,192	3,185,092	8,910,817
Total liabilities and fund balances	<u>\$ 478,594</u>	<u>\$ 1,311,606</u>	<u>\$ 194,350</u>	<u>\$ 512,431</u>	<u>\$ 3,315,192</u>	<u>\$ 3,185,092</u>	<u>\$ 8,997,265</u>

Stevens Point Area Public School District

Stevens Point, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue			Debt Service		Capital Projects	Total Nonmajor Governmental Funds
	Donations	Food Service	Community Service	Non-Referendum Debt Service	Referendum Debt Service	Long-Term Capital Improvement	
REVENUES							
Property taxes	\$ -	\$ -	\$ 100,000	\$ 2,064,529	\$ -	\$ -	\$ 2,164,529
Other local sources	896,786	1,634,984	-	19,284	19,336	7,841	2,578,231
State sources	-	88,587	-	-	-	-	88,587
Federal sources	-	1,777,226	-	-	-	-	1,777,226
Other sources	115	458	-	-	-	-	573
Total revenues	896,901	3,501,255	100,000	2,083,813	19,336	7,841	6,609,146
EXPENDITURES							
Instruction							
Regular instruction	786,051	-	-	-	-	-	786,051
Other instruction	45,831	-	-	-	-	-	45,831
Total instruction	831,882	-	-	-	-	-	831,882
Support services							
Instructional staff services	2,073	-	-	-	-	-	2,073
School administration services	108	-	-	-	-	-	108
Business services	130	-	-	-	-	-	130
Operations and maintenance of plant	-	-	9,322	-	-	-	9,322
Pupil transportation services	7,418	-	-	-	-	-	7,418
Food services	-	3,473,758	-	-	-	-	3,473,758
Other support services	87,802	-	-	-	-	-	87,802
Total support services	97,531	3,473,758	9,322	-	-	-	3,580,611
Debt service							
Principal	-	-	-	1,640,000	-	-	1,640,000
Interest and fiscal charges	-	-	-	980,476	292,974	-	1,273,450
Total debt service	-	-	-	2,620,476	292,974	-	2,913,450
Total expenditures	929,413	3,473,758	9,322	2,620,476	292,974	-	7,325,943
Excess of revenues over (under) expenditures	(32,512)	27,497	90,678	(536,663)	(273,638)	7,841	(716,797)
OTHER FINANCING SOURCES							
Premium on debt issued	-	-	-	-	3,588,830	-	3,588,830
Transfers in	-	-	-	-	-	2,831,876	2,831,876
Total other financing sources	-	-	-	-	3,588,830	2,831,876	6,420,706
Net change in fund balances	(32,512)	27,497	90,678	(536,663)	3,315,192	2,839,717	5,703,909
Fund balances - July 1	469,965	1,238,802	103,672	1,049,094	-	345,375	3,206,908
Fund balances - June 30	\$ 437,453	\$ 1,266,299	\$ 194,350	\$ 512,431	\$ 3,315,192	\$ 3,185,092	\$ 8,910,817

Stevens Point Area Public School District

Stevens Point, Wisconsin

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES PUPIL ACTIVITY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
ASSETS				
Cash	\$ 704,135	\$ 1,425,456	\$ 1,372,544	\$ 757,047
LIABILITIES				
Due to student organizations				
Middle/High school	\$ 485,499	\$ 1,097,355	\$ 1,082,434	\$ 500,420
Elementary school	218,636	328,101	290,110	256,627
Total liabilities	\$ 704,135	\$ 1,425,456	\$ 1,372,544	\$ 757,047

Stevens Point Area Public School District

Stevens Point, Wisconsin

SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS FOR THE YEAR ENDED JUNE 30, 2019

OPERATING ACTIVITY	Object	Point of Discovery School	Concerned About Reaching Everyone (C.A.R.E)
Employee salaries	100	\$ 6,225	\$ 6,225
Employee benefits	200	2,244	2,244
Purchased services	300	-	-
Non-capital objects	400	-	-
Capital objects	500	-	-
Short-term debt	600	-	-
Insurance and judgments	700	-	-
Other	900	-	-
		<u>\$ 8,469</u>	<u>\$ 8,469</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*

To the 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 the Stevens Point Area Public School District, Stevens Point, Wisconsin (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying the schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

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

The District's response to the finding identified in our audit is described in the accompanying the schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

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

CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 19, 2019

FEDERAL AND STATE AWARDS



Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited Stevens Point Area Public School District, Stevens Point, Wisconsin's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The 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.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
November 19, 2019

Stevens Point Area School District

Stevens Point, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/18	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/19	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	WI DPI	2019-495607-SB-546	\$ (33,243)	\$ 45,055	\$ 10,123	\$ 21,935	\$ -
School Breakfast Program	10.553	WI DPI	2019-495607-SB-Severe-546	-	181,782	28,877	210,659	-
Total School Breakfast Program				<u>(33,243)</u>	<u>226,837</u>	<u>39,000</u>	<u>232,594</u>	<u>-</u>
National School Lunch Program	10.555	WI DPI	2019-495607-NSL-547	(159,702)	1,091,693	173,212	1,105,203	-
Donated Commodities	10.555	WI DPI	Unknown	-	224,493	-	224,493	-
Total National School Lunch Program				<u>(159,702)</u>	<u>1,316,186</u>	<u>173,212</u>	<u>1,329,696</u>	<u>-</u>
Summer Food Service Program for Children	10.559	WI DPI	2019-495607-SFSP-586	-	144,171	-	144,171	-
Total Child Nutrition Cluster				<u>(192,945)</u>	<u>1,687,194</u>	<u>212,212</u>	<u>1,706,461</u>	<u>-</u>
Child and Adult Care Food Program	10.558	WI DPI	2019-495607-AR-551	(7,510)	77,088	1,188	70,766	-
Total U.S. Department of Agriculture				<u>(200,455)</u>	<u>1,764,282</u>	<u>213,400</u>	<u>1,777,227</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2019-495607-TIA-141	(197,504)	976,742	170,913	950,151	-
Migrant Education State Grant Program	84.011	WI DPI	2019-495607-TIC-142	(8,558)	19,044	-	10,486	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	WI DPI	2019-495607-IDEA-FT-341	(277,025)	1,551,412	219,331	1,493,718	-
Special Education Grants to States	84.027	WI DPI	Unknown	-	80,286	-	80,286	-
Special Education Grants to States	84.027	WI DPI	2019-495607-UDL SU - 342	(685)	3,902	6,358	9,575	-
Total Special Education Grants to States				<u>(277,710)</u>	<u>1,635,600</u>	<u>225,689</u>	<u>1,583,579</u>	<u>-</u>
Special Education Preschool Grants	84.173	WI DPI	2019-495607-IDEA-PS-347	(8,327)	47,489	1,379	40,541	-
Total Special Education Cluster (IDEA)				<u>(286,037)</u>	<u>1,683,089</u>	<u>227,068</u>	<u>1,624,120</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2019-495607-CTE-400	(12,003)	65,091	946	54,034	-
Charter Schools Program State Educational Agencies Grant	84.282	WI DPI	2019-495607-Title V-360	-	136,479	125,919	262,398	-
English Language Acquisition State Grants	84.365	WI DPI	2019-495607-TIIIA-391	(3,865)	51,157	3,279	50,571	-
Improving Teacher Quality State Grants	84.367	WI DPI	2019-495607-TIIA-365	(24,124)	176,505	24,226	176,607	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2019-495607-TIVA-381	-	48,767	240	49,007	-
Total U.S. Department of Education				<u>(532,091)</u>	<u>3,156,874</u>	<u>552,591</u>	<u>3,177,374</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	4421590	-	961,198	-	961,198	-
Total U.S. Department of Health and Human Services				<u>-</u>	<u>961,198</u>	<u>-</u>	<u>961,198</u>	<u>-</u>
TOTAL FEDERAL AWARDS				<u>\$ (732,546)</u>	<u>\$ 5,882,354</u>	<u>\$ 765,991</u>	<u>\$ 5,915,799</u>	<u>\$ -</u>
Reconciliation to the basic financial statements:								
Federal sources							<u>\$ 5,915,799</u>	

The notes to the schedules of expenditures of federal and state awards are an integral part of this schedule.

Stevens Point Area School District

Stevens Point, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/18	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/19	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	495607-100	\$ -	\$ 3,262,888	\$ -	\$ 3,262,888	\$ -
State School Lunch Aid	255.102	Direct Program	495607-107	-	33,554	-	33,554	-
Common School Fund Library Aid	255.103	Direct Program	495607-104	-	318,690	-	318,690	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	495607-111	-	82,643	-	82,643	-
General Transportation Aid	255.107	Direct Program	495607-102	-	244,305	-	244,305	-
Nutrition Improvement Elderly	255.108	Direct Program	495607-110	-	24,297	-	24,297	-
WI School Day Milk Program	255.115	Direct Program	495607-109	-	18,570	-	18,570	-
Equalization Aids	255.201	Direct Program	495607-116	(627,133)	37,954,919	635,644	37,963,430	-
High Cost Special Education Aid	255.210	Direct Program	495607-119	-	300,335	-	300,335	-
Personal Electronic Computing Device	255.296	Direct Program	495607-175	-	63,125	-	63,125	-
School Based Mental Health Services	255.297	Direct Program	495607-177	-	43,897	490	44,387	-
Peer Review and Mentoring	255.301	Direct Program	495607-141	-	-	19,923	19,923	-
State School Breakfast Aid	255.344	Direct Program	495607-108	-	12,166	-	12,166	-
Tuition Payments by State	255.401	Direct Program	495607-157	-	117,120	-	117,120	-
Educator Effective Evaluation System	255.940	Direct Program	495607-154	-	43,760	-	43,760	-
Per Pupil Aid	255.945	Direct Program	495607-113	-	4,793,820	-	4,793,820	-
High Cost Transportation Aid	255.947	Direct Program	495607-114	-	413,348	-	413,348	-
Career and Technical Education Incentive Grants	255.950	Direct Program	495607-152	-	24,000	-	24,000	-
Assessments of Reading Readiness	255.956	Direct Program	495607-166	-	3,553	-	3,553	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	495607-168	-	21,000	-	21,000	-
Total Wisconsin Department of Public Instruction				(627,133)	47,775,990	656,057	47,804,914	-
Wisconsin Department of Justice								
School Safety Initiative	455.206	Direct Program	2018-SSI-01-13045	-	279,827	-	279,827	-
School Safety Initiative	455.206	Direct Program	2018-SSI-01-14058	-	84,904	83,231	168,135	-
Total School Safety Initiative and Wisconsin Department of Justice				-	364,731	83,231	447,962	-
TOTAL STATE PROGRAMS				<u>\$ (627,133)</u>	<u>\$ 48,140,721</u>	<u>\$ 739,288</u>	<u>\$ 48,252,876</u>	<u>\$ -</u>
Reconciliation to the basic financial statements:								
State sources							\$ 48,903,250	
Less: State sources not considered state financial assistance								
State tax computer aid							(347,454)	
Personal property tax aid							(256,558)	
Payment in lieu of taxes and other revenues							(46,362)	
Total expenditures of state awards							<u>\$ 48,252,876</u>	

The notes to the schedules of expenditures of federal and state awards are an integral part of this schedule.

Stevens Point Area Public School District

Stevens Point, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

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 2019 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

NOTE 3: SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2018 - 2019 eligible costs under the State Special Education Program as reported by the District are \$13,741,997. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4: FOOD DISTRIBUTION

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

NOTE 5: OVERSIGHT AGENCIES

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

Federal - U.S. Department of Education

State - Wisconsin Department of Public Instruction

NOTE 6: PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services

WI DPI - Wisconsin Department of Public Instruction

Stevens Point Area Public School District

Stevens Point, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION I: SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

FEDERAL AND STATE AWARDS

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No
Identification of major federal programs:	

CFDA Number	Name of Federal Program
	<i>Special Education Cluster (IDEA)</i>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

Identification of major state programs:

State ID Number	Name of State Program
255.201	Equalization Aids
455.206	School Safety Initiative

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

Federal Awards	\$750,000
State Awards	\$250,000
Auditee qualified as low-risk auditee	Yes

Stevens Point Area Public School District

Stevens Point, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION II: FINANCIAL STATEMENT FINDINGS

FINDING NO.	CONTROL DEFICIENCIES
2019-001	Preparation of Annual Financial Report Repeat of Finding 2018-001
Type of Finding:	Significant deficiency in internal control over financial reporting.
Condition:	Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.
Context:	The audit firm has developed reporting templates as a convenience to our client.
Cause:	District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the District continue reviewing the annual financial report. 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:	There is no disagreement with the audit finding.

SECTION III: FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no audit findings and questioned costs required to be reported in accordance with 2 CFR 200.516(a) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2019.

Stevens Point Area Public School District

Stevens Point, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

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 non-compliance, non-material non-compliance, 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> : | |
| Department of Health Services | No |
| Department of Public Instruction | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner | 
Paul Denis, CPA |
| 5. Date of report | November 19, 2019 |

