



Sun Prairie Area
School District

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

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2024

SUN PRAIRIE AREA SCHOOL DISTRICT

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SUN PRAIRIE AREA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sun Prairie Area School District ("District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. This standard requires the restatement of beginning balances to reflect the change in the presentation of major funds. As a result, the classification and presentation of certain funds have been adjusted to comply with the requirements of GASB 100. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining non-major fund financial statements and schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated December 5, 2024 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 5, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the school district exceeded liabilities and deferred inflows at the close of the 2023-2024 fiscal year by \$110,784,347 (*net position*).
- The outstanding long-term obligations of the District decreased by \$14,295,755.

The following financial events took place during fiscal year 2024:

- The general fund balance increased by \$1,905,210.
- The general fund transferred \$500,000 to the capital improvement fund for future investments in capital projects.
- The general fund transferred \$3,000,000 to the debt service fund to help with the decrease of tax levy.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. District-Wide Financial Statements

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

- The *Statement of Net Position* presents information on all of the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The *Statement of Activities* presents information showing how the District’s net position changed during the year. This statement reports the cost of government and business-type functions, and how those functions were financed for the fiscal year.

2. Fund Financial Statements

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

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

2. Fund Financial Statements (Continued)

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

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

The District has three kinds of funds: *governmental, proprietary and fiduciary*. *Governmental funds* include the District's two major funds (general and debt service), nonmajor special revenue funds and nonmajor capital projects funds as needed. The District has one *proprietary* fund, the food service fund.

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

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

The District adopts an annual appropriation budget for all funds.

3. Notes to the Financial Statements

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

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

FINANCIAL ANALYSIS

The District as a Whole

Table 1 provides a summary of the District's net position for the year ended June 30, 2024 compared to year ended June 30, 2023. Please note, some rounding of amounts occur.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total School District	
	2024	2023	2024	2023	2024	2023
Current & other assets	\$ 89,590,092	\$ 90,064,805	\$ 2,231,471	\$ 2,963,873	\$ 91,821,563	\$ 93,028,678
Capital assets	363,863,446	368,068,056	464,905	296,333	364,328,351	368,364,389
Total Assets	453,453,538	458,132,861	2,696,376	3,260,206	456,149,914	461,393,067
Deferred Outflows	49,767,120	73,638,833	871,061	1,186,125	50,638,181	74,824,958
Current Liabilities	49,324,049	40,585,338	23,161	155,700	49,347,210	40,741,038
Non-Current Liabilities	309,177,937	344,265,849	213,045	424,234	309,390,982	344,690,083
Total Liabilities	358,501,986	384,851,187	236,206	579,934	358,738,192	385,431,121
Deferred Inflows	36,718,073	48,207,663	547,483	682,701	37,265,556	48,890,364
Net Investment in						
Capital Assets	59,304,353	54,388,996	464,905	296,333	59,769,258	54,685,329
Restricted	24,361,847	23,134,086	2,318,843	2,887,363	26,680,690	26,021,449
Unrestricted	24,334,399	21,189,762	-	-	24,334,399	21,189,762
Total Net Position	\$ 108,000,599	\$ 98,712,844	\$ 2,783,748	\$ 3,183,696	\$ 110,784,347	\$ 101,896,540

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

Restricted net position accounts for 24% of total net position. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20).

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

FINANCIAL ANALYSIS (CONTINUED)

Change in Net position

Table 2 shows the changes in net position for the fiscal years 2024 and 2023.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total School District</u>	
	2024	2023	2024	2023	2024	2023
General Revenues:						
Property taxes	\$ 55,648,139	\$ 54,909,485	\$ -	\$ -	\$ 55,648,139	\$ 54,909,485
Debt property taxes	20,291,746	16,600,000	-	-	20,291,746	16,600,000
Community service property taxes	950,000	814,000	-	-	950,000	814,000
Federal and state aid	64,223,833	62,594,665	-	-	64,223,833	62,594,665
Interest earnings	2,545,304	1,947,784	141,874	80,491	2,687,178	2,028,275
Miscellaneous	500,268	891,889	26,590	15,232	526,858	907,121
Transfers	(16,041)	(3,119)	16,041	3,119	-	-
Total general revenues	144,143,249	137,754,704	184,505	98,842	144,327,754	137,853,546
Program Revenues:						
Charges for service	4,324,588	3,806,483	1,762,012	1,658,992	6,086,600	5,465,475
Operating grants and contributions	17,269,198	16,732,799	2,609,373	2,537,340	19,878,571	19,270,139
Total program revenues	21,593,786	20,539,282	4,371,385	4,196,332	25,965,171	24,735,614
Total revenues	165,737,035	158,293,986	4,555,890	4,295,174	170,292,925	162,589,160
Program Expenses:						
Instruction	71,766,346	74,835,235	-	-	71,766,346	74,835,235
Support	68,480,380	66,984,208	-	-	68,480,380	66,984,208
Non-program services	6,252,735	5,642,454	-	-	6,252,735	5,642,454
Interest expense	9,949,819	9,985,288	-	-	9,949,819	9,985,288
Food service program	-	-	4,955,838	4,065,192	4,955,838	4,065,192
Total expenses	156,449,280	157,447,185	4,955,838	4,065,192	161,405,118	161,512,377
Change in Net Position	9,287,755	846,801	(399,948)	229,982	8,887,807	1,076,783
Beginning Net Position	98,712,844	97,866,043	3,183,696	2,953,714	101,896,540	100,819,757
Ending Net Position	\$ 108,000,599	\$ 98,712,844	\$ 2,783,748	\$ 3,183,696	\$ 110,784,347	\$ 101,896,540

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

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

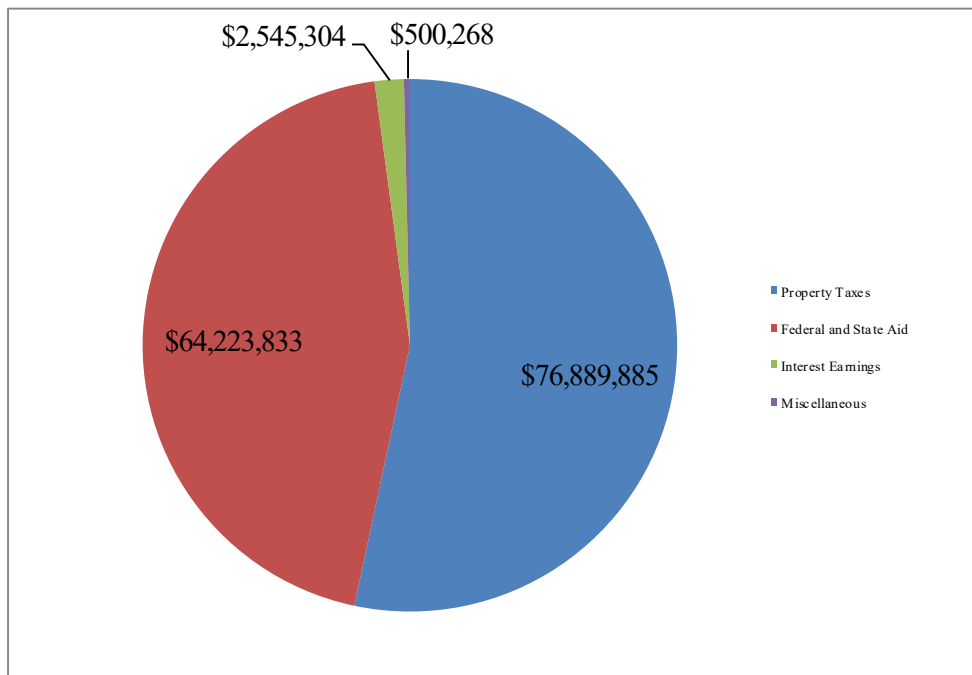
School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state.

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

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

Taxes	\$	76,889,885	53.33%
Federal and State Aid		64,223,833	44.55%
Interest Earnings		2,545,304	1.77%
Miscellaneous		500,268	0.35%
	\$	<u>144,159,290</u>	<u>100.0%</u>

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



**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

FINANCIAL ANALYSIS (CONTINUED)

Governmental Funds

As of June 30, , the District's governmental funds reported combined ending fund balance of \$65,109,907, a decrease of \$1,881,632 from the prior year. The following table provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Fund	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>	<u>Change (%)</u>
General	\$ 33,573,640	\$ 31,668,430	\$ 1,905,210	6%
Debt Service	15,412,007	14,967,506	444,501	3%
Non-Major	16,124,260	20,355,603	(4,231,343)	-26%
Total	<u>\$ 65,109,907</u>	<u>\$ 66,991,539</u>	<u>\$ (1,881,632)</u>	<u>-3%</u>

BUDGETARY ANALYSIS

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

The final 2023-24 General Fund Budget reflected an excess of expenditures over revenues of \$874,296 final budget. Actual results for 2023-24 show an excess of revenues over expenditures of \$1,905,211.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District has an investment of approximately \$364 million net of accumulated depreciation in a broad range of capital assets including buildings, sites, and equipment. This amount represents a net decrease of approximately \$4 million, which is mostly due to the current year depreciation. Table 3 shows the detail of capital assets:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total School District</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 23,802,114	\$ 23,802,114	\$ -	\$ -	\$ 23,802,114	\$ 23,802,114
Capital Assets Being Depreciated	442,213,270	438,933,900	1,203,947	1,008,465	443,417,217	439,942,365
Construction in Progress	2,199,970	576,373	-	-	2,199,970	576,373
Accumulated Depreciation	(104,351,908)	(95,244,331)	(739,042)	(712,132)	(105,090,950)	(95,956,463)
Total	<u>\$ 363,863,446</u>	<u>\$ 368,068,056</u>	<u>\$ 464,905</u>	<u>\$ 296,333</u>	<u>\$ 364,328,351</u>	<u>\$ 368,364,389</u>

**SUN PRAIRIE AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Obligations

At year-end, the District had \$312.3 million in long-term obligations. Table 4 shows outstanding long-term obligations:

**Table 4
Outstanding Long-Term Obligations**

	2024	2023	% Change
General obligation debt	\$ 300,455,000	\$ 313,525,000	-4.17%
Premium and discount on debt	10,788,491	11,928,161	-9.55%
Financed purchase arrangements	203,153	282,528	-28.09%
Compensated absences	833,173	839,883	-0.80%
Total Long-Term Debt	\$ 312,279,817	\$ 326,575,572	-4.38%

FACTORS BEARING ON THE DISTRICT’S FUTURE

Circumstances that could impact the District’s financial future:

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

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

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

FINANCIAL STATEMENTS

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 35,125,915	\$ 2,885,527	\$ 38,011,442
Restricted Cash and Investments	28,905,031	-	28,905,031
Receivables:			
Taxes	19,674,542	-	19,674,542
Accounts	13,624	70,929	84,553
Other	787	-	787
Internal Balances	905,759	(905,759)	-
Due from Other Governments	3,621,556	61,245	3,682,801
Prepays	762,674	-	762,674
Inventories	46,218	119,529	165,747
Total Current Assets	<u>89,056,106</u>	<u>2,231,471</u>	<u>91,287,577</u>
Capital Assets:			
Land and Construction in Progress	26,002,084	-	26,002,084
Capital Assets Being Depreciated	442,213,270	1,203,947	443,417,217
Less: Accumulated Depreciation	(104,351,908)	(739,042)	(105,090,950)
Net Capital Assets	<u>363,863,446</u>	<u>464,905</u>	<u>364,328,351</u>
Other Noncurrent Assets:			
Net Subscription-Based Information Technology			
Arrangement Assets (SBITA)	393,986	-	393,986
Other Assets	140,000	-	140,000
Total Other Noncurrent Assets	<u>533,986</u>	<u>-</u>	<u>533,986</u>
Total Assets	<u>453,453,538</u>	<u>2,696,376</u>	<u>456,149,914</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	47,253,841	871,061	48,124,902
Deferred OPEB Outflows	1,217,854	-	1,217,854
Deferred Supplemental Pension Benefit Outflows	138,965	-	138,965
Loss on Refunding	1,156,460	-	1,156,460
Total Deferred Outflows of Resources	<u>49,767,120</u>	<u>871,061</u>	<u>50,638,181</u>
LIABILITIES			
Short-term Notes Payable	9,000,000	-	9,000,000
Accounts Payable	3,186,473	23,161	3,209,634
Accrued Liabilities:			
Payroll and Related Items	11,480,312	-	11,480,312
Interest	3,664,152	-	3,664,152
Due to Other Governments	1,117	-	1,117
Current Portion of SBITA Liability	163,595	-	163,595
Current Portion of Long-term Obligations	21,828,400	-	21,828,400
Total Current Liabilities	<u>49,324,049</u>	<u>23,161</u>	<u>49,347,210</u>
Noncurrent Liabilities:			
Deposits Payable	-	110,782	110,782
Net Pension Liability	5,547,651	102,263	5,649,914
OPEB Liability	11,948,133	-	11,948,133
Supplemental Pension Benefit Liability	1,150,847	-	1,150,847
Noncurrent Portion of SBITA Liability	79,889	-	79,889
Noncurrent Portion of Long-term Liabilities	290,451,417	-	290,451,417
Total Noncurrent Liabilities	<u>309,177,937</u>	<u>213,045</u>	<u>309,390,982</u>
Total Liabilities	<u>358,501,986</u>	<u>236,206</u>	<u>358,738,192</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	29,700,190	547,483	30,247,673
Deferred OPEB Inflows	6,708,087	-	6,708,087
Deferred Supplemental Pension Benefit Inflows	309,796	-	309,796
Total Deferred Inflows of Resources	<u>36,718,073</u>	<u>547,483</u>	<u>37,265,556</u>
NET POSITION			
Net Investment in Capital Assets	59,304,353	464,905	59,769,258
Restricted			
Debt Service	12,026,152	-	12,026,152
Community Service	651,069	-	651,069
Self Insurance	1,804,321	-	1,804,321
Future Capital Improvement	8,855,897	-	8,855,897
Food Service	-	2,318,843	2,318,843
Other Funds	1,024,408	-	1,024,408
Unrestricted	24,334,399	-	24,334,399
Total Net Position	<u>\$ 108,000,599</u>	<u>\$ 2,783,748</u>	<u>\$ 110,784,347</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction	\$ 71,766,346	\$ 4,031,803	\$ 8,471,088	\$ -	\$ (59,263,455)		\$ (59,263,455)
Support Services	68,480,380	292,785	8,798,110	-	(59,389,485)		(59,389,485)
Non-program Services	6,252,735	-	-	-	(6,252,735)		(6,252,735)
Interest and Fiscal Charges	9,949,819	-	-	-	(9,949,819)		(9,949,819)
Total Governmental Activities	<u>156,449,280</u>	<u>4,324,588</u>	<u>17,269,198</u>	<u>-</u>	<u>(134,855,494)</u>		<u>(134,855,494)</u>
Business-type Activities:							
Food Service Program	4,955,838	1,762,012	2,609,373	-	-	\$ (584,453)	(584,453)
Total Business-type Activities	<u>4,955,838</u>	<u>1,762,012</u>	<u>2,609,373</u>	<u>-</u>	<u>-</u>	<u>(584,453)</u>	<u>(584,453)</u>
Total	<u>\$ 161,405,118</u>	<u>\$ 6,086,600</u>	<u>\$ 19,878,571</u>	<u>\$ -</u>	<u>(134,855,494)</u>	<u>(584,453)</u>	<u>(135,439,947)</u>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes					55,648,139	-	55,648,139
Property Taxes, levied for debt service					20,291,746	-	20,291,746
Property Taxes, levied for community service					950,000	-	950,000
Federal and State Aid not Restricted to Specific Purpose					64,223,833	-	64,223,833
Interest and Investment Earnings					2,545,304	141,874	2,687,178
Miscellaneous					522,146	26,590	548,736
Special Item - Gain (Loss) on Sale of Fixed Assets					(21,878)	-	(21,878)
Transfers					(16,041)	16,041	-
Total General Revenues, Special Items and Transfers					<u>144,143,249</u>	<u>184,505</u>	<u>144,327,754</u>
Change in Net Position					<u>9,287,755</u>	<u>(399,948)</u>	<u>8,887,807</u>
Net position - Beginning of year					<u>98,712,844</u>	<u>3,183,696</u>	<u>101,896,540</u>
Net position - End of year					<u>\$ 108,000,599</u>	<u>\$ 2,783,748</u>	<u>\$ 110,784,347</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 34,807,319	\$ -	\$ 318,596	\$ 35,125,915
Restricted Cash and Investments	1,009,714	12,412,007	15,483,310	28,905,031
Receivables:				
Taxes	19,674,542	-	-	19,674,542
Accounts	10,699	-	2,925	13,624
Other	787	-	-	787
Due from Other Funds	931,140	3,000,000	1,760,799	5,691,939
Due from Other Governments	3,617,234	-	4,322	3,621,556
Inventories	46,218	-	-	46,218
Prepaid Expenses	762,674	-	-	762,674
Total Assets	<u>\$ 60,860,327</u>	<u>\$ 15,412,007</u>	<u>\$ 17,569,952</u>	<u>\$ 93,842,286</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,765,704	\$ -	\$ 1,420,769	\$ 3,186,473
Accrued Liabilities	5,176,061	-	-	5,176,061
Accrued Wages Payable	6,582,548	-	-	6,582,548
Due to Other Funds	4,761,257	-	24,923	4,786,180
Due to Other Governments	1,117	-	-	1,117
Short-term Notes Payable	9,000,000	-	-	9,000,000
Total Liabilities	<u>27,286,687</u>	<u>-</u>	<u>1,445,692</u>	<u>28,732,379</u>
Fund Balances:				
Nonspendable	808,892	-	-	808,892
Restricted	2,828,729	15,412,007	15,202,319	33,443,055
Committed	-	-	921,941	921,941
Assigned	6,500,000	-	-	6,500,000
Unassigned	23,436,019	-	-	23,436,019
Total Fund Balances	<u>33,573,640</u>	<u>15,412,007</u>	<u>16,124,260</u>	<u>65,109,907</u>
Total Liabilities and Fund Balances	<u>\$ 60,860,327</u>	<u>\$ 15,412,007</u>	<u>\$ 17,569,952</u>	<u>\$ 93,842,286</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balance, governmental funds	\$ 65,109,907
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	363,863,446
Subscription Based Information Technology Arrangements used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds:	
Governmental SBITA Asset	733,265
Governmental accumulated amortization	(339,279)
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	
Intangible assets	140,000
Other items, including OPEB liability, pension liability, and supplemental pension benefit liability, are not due and payable in the current period and, therefore, are either deferred or not reported in the fund financial statements.	
Total OPEB liability	(11,948,133)
Total supplemental pension benefit liability	(1,150,847)
Net pension liability	(5,547,651)
Pension and other benefits deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan and OPEB plan. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expenses in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and, therefore, are not reported in the fund financial statement.	
Deferred pension outflows	47,253,841
Deferred OPEB outflows	1,217,854
Deferred supplemental pension benefit outflows	138,965
Deferred pension inflows	(29,700,190)
Deferred OPEB inflows	(6,708,087)
Deferred supplemental pension benefit inflows	(309,796)
Some liabilities (such as Notes Payable, Financed Purchase Arrangements, Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
General obligation debt	(300,455,000)
SBITA Liability	(243,484)
Deferred outflows - loss on refunding	1,156,460
Financed purchase arrangements	(203,153)
Accrued interest on long-term debt	(3,385,855)
Compensated absences	(833,173)
Discount on long-term debt	66,444
Premium on long-term debt	(10,854,935)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 108,000,599</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	Debt Service	Formally Major Fund Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Local	\$ 58,238,972	\$ 20,859,066	\$ -	\$ 2,361,209	\$ 81,459,247
Interdistrict	3,214,538	-	-	43,015	3,257,553
Intermediate	76,883	-	-	-	76,883
State	72,693,090	-	-	130,000	72,823,090
Federal	7,547,746	-	-	-	7,547,746
Other	418,804	-	-	191,633	610,437
Total Revenues	<u>142,190,033</u>	<u>20,859,066</u>	<u>-</u>	<u>2,725,857</u>	<u>165,774,956</u>
EXPENDITURES					
Current:					
Instruction	71,606,742	-	-	719,119	72,325,861
Support Service	57,007,349	-	-	2,860,483	59,867,832
Non-Program Services	6,179,514	-	-	73,220	6,252,734
Debt Service:					
Principal Repayment	440,085	13,070,000	-	-	13,510,085
Interest and Fiscal Charges	436,099	10,344,565	-	-	10,780,664
Capital Outlay	<u>1,549,085</u>	<u>-</u>	<u>-</u>	<u>3,825,991</u>	<u>5,375,076</u>
Total Expenditures	<u>137,218,874</u>	<u>23,414,565</u>	<u>-</u>	<u>7,478,813</u>	<u>168,112,252</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,971,159</u>	<u>(2,555,499)</u>	<u>-</u>	<u>(4,752,956)</u>	<u>(2,337,296)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	3,000,000	-	521,613	3,521,613
Transfers Out	(3,537,654)	-	-	-	(3,537,654)
SBITA Proceeds	258,486	-	-	-	258,486
Proceeds from Sale of Capital Assets	50,404	-	-	-	50,404
Proceeds from Financed Purchase Arrangement	<u>162,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,815</u>
Total Other Financing Sources (Uses)	<u>(3,065,949)</u>	<u>3,000,000</u>	<u>-</u>	<u>521,613</u>	<u>455,664</u>
Net Change in Fund Balances	<u>1,905,210</u>	<u>444,501</u>	<u>-</u>	<u>(4,231,343)</u>	<u>(1,881,632)</u>
Fund Balances - Beginning, as previously reported	31,668,430	14,967,506	10,279,119	10,076,484	66,991,539
Change within financial reporting entity (major to non-major fund)	-	-	(10,279,119)	10,279,119	-
Fund Balances - Beginning, as restated	<u>31,668,430</u>	<u>14,967,506</u>	<u>-</u>	<u>20,355,603</u>	<u>66,991,539</u>
Fund Balances - Ending	<u>\$ 33,573,640</u>	<u>\$ 15,412,007</u>	<u>\$ -</u>	<u>\$ 16,124,260</u>	<u>\$ 65,109,907</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds:	\$ (1,881,632)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
This is the amount by which depreciation (\$9,483,135) were more than capital outlays (\$5,350,807) in the current period.	(4,132,328)
Governmental funds report additions for SBITA's as expenditures because such additions use current financial resources. In contrast, the Statement of Activities reports only a portion of the additions as expense. The additions are allocated over the SBITA's estimated useful lives as amortization expense for the period.	
This is the amount by which current year SBITA's (\$326,841) were greater than amortization (\$255,065) in the current period.	71,776
Additions from SBITA liabilities are reported as revenue in the governmental funds but increase long-term liabilities in the Statement of Net Position.	(258,486)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.	
The amount of long-term debt principal payments in the current year is:	13,070,000
The amount of financed purchase arrangements principal payments in the current year is:	242,190
The amount of SBITA liabilities in the current year is:	197,895
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position and does not affect the Statement of Activities.	
Financed purchase arrangements proceeds	(162,815)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are netted against outstanding debt and amortized in the Statement of Activities.	
Amortization of bond premium	1,161,656
Amortization of bond discount	(21,986)
In the Statement of Activities, amortization is recorded on the deferred outflows of resources related to bond refunding, whereas in the governmental funds, no related amortization is reported.	
Amortization of loss on refunding	(381,413)
Payments for an intangible assets are reported expenditures on the fund financial statements, but are capitalized and amortized on the government-wide financial statements.	
Amortization of intangible assets	(15,000)
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability (asset) from the prior year to the current year, with some adjustments.	
Amount of current year required contributions into the defined benefit pension plan	5,044,075
Actuarially determined change in net pension liability (asset) between years, with adjustments	(3,621,068)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Accrued interest not reflected on governmental funds	77,836
SBITA interest	(5,248)
Compensated absences	6,710
Total other postemployment benefits obligation expense	(12,578)
Total supplemental pension benefit expense	(19,547)
Loss on disposal of capital assets	(72,282)
Change in net position of governmental activities	<u>\$ 9,287,755</u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	<u>Food Service</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,885,527
Accounts Receivable	70,929
Due from Other Funds	17,584
Due from Other Governments	61,245
Inventories	119,529
Total Current Assets	<u>3,154,814</u>
 Furniture and Equipment	 1,203,947
Less Accumulated Depreciation	(739,042)
Net Capital Assets	<u>464,905</u>
Total Noncurrent Assets	<u>464,905</u>
Total Assets	<u>3,619,719</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	<u>871,061</u>
Total Deferred Outflows of Resources	<u>871,061</u>
 LIABILITIES	
Current Liabilities:	
Accounts Payable	23,161
Due to Other Funds	923,343
Total Current Liabilities	<u>946,504</u>
 Noncurrent Liabilities:	
Net Pension Liability	102,263
Deposits Payable	110,782
Total Noncurrent Liabilities	<u>213,045</u>
Total Liabilities	<u>1,159,549</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Inflows	<u>547,483</u>
Total Deferred Inflows of Resources	<u>547,483</u>
 NET POSITION	
Net Investment in Capital Assets	464,905
Restricted for Food Service	2,318,843
Total Net Position	<u><u>\$ 2,783,748</u></u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	<u>Food Service</u>
OPERATING REVENUES	
Food Sales	\$ 1,762,012
State Sources	54,750
Federal Sources	2,186,533
Commodities	366,177
Miscellaneous Income	28,503
Total Operating Revenues	<u>4,397,975</u>
OPERATING EXPENSES	
Salaries and Wages	1,571,597
Employer Paid Benefits	558,218
Purchased Services	198,457
Food and Materials	2,472,883
Depreciation	36,249
Other	118,434
Total Operating Expenses	<u>4,955,838</u>
Operating Income (Loss)	<u>(557,863)</u>
NON-OPERATING REVENUES	
Interest and Investment Revenue	141,874
Total Non-Operating Revenue	<u>141,874</u>
Income (Loss) Before Transfers	<u>(415,989)</u>
Transfers In	16,041
Net Transfers	<u>16,041</u>
Change in Net Position	(399,948)
Total Net Position - Beginning of year	3,183,696
Total Net Position - End of year	<u><u>\$ 2,783,748</u></u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 1,783,417
Cash received from other governmental payments	2,282,979
Cash received from interfund payments	1,016,974
Cash payments to employees for services	(2,266,765)
Cash payments to utilities and other purchased services	(197,711)
Cash payments to suppliers for goods and services	(2,097,307)
Cash payments for other operating activities	(119,181)
Net cash provided (used) by operating activities	<u>402,406</u>
Cash Flows from Non-Capital Financing Activities:	
Transfer in (out) from (to) other funds	16,041
Net cash provided (used) by non-capital financing activities	<u>16,041</u>
Cash Flows from Capital Financing Activities:	
Purchase of capital assets	(204,821)
Net cash provided (used) by capital financing activities	<u>(204,821)</u>
Cash Flows from Investing Activities:	
Interest on investments	141,874
Net cash provided (used) by investing activities	<u>141,874</u>
Net increase in cash and cash equivalents	355,500
Cash and equivalents- beginning of year	<u>2,530,027</u>
Cash and equivalents- end of year	<u><u>\$ 2,885,527</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (557,863)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	36,249
Changes in assets and liabilities:	
Due to (from) other governments	41,696
Due to (from) other funds	1,016,974
Accounts receivable	(19,521)
Inventory	48,753
Accounts payable	(39,354)
Pension expense	(43,766)
Deposits payable	12,423
Net cash provided (used) by operating activities	<u><u>\$ 402,406</u></u>
Noncash operating activities:	
Donated food commodities	<u><u>\$ 366,177</u></u>

See accompanying notes to the financial statements

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

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

A. Introduction

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

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

B. Component Units

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

C. District-Wide Statements

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

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

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

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

The District reports the following major governmental funds:

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

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

The District also has the following non-major funds:

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

Enterprise Funds

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

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

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

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

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

Property taxes are recognized as revenue in the period for which the taxes are levied if they are due in the current year and available to pay current liabilities. The 2023 tax levy is used to finance operations of the District’s fiscal year ended June 30, 2024. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

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

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

F. Deposits and Investments

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

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

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

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

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

See Note 3 for additional information.

G. Receivables and Payables

Property Taxes

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

Interfunds

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

Accounts Receivable

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

H. Other Assets

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets

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

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

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

J. Subscription-Based Information Technology Arrangements (SBITA)

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

K. Compensated Absences

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

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

The compensated absences liability accrued in the government-wide statements at June 30, 2024 represents an estimate based on the earned reimbursable time off for employees entitled to severance pay earned as of the end of the fiscal year times the applicable daily rate per District policy.

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

L. Other Post-Employment Benefits (OPEB) Plan

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

M. Supplemental Pension (Stipend) Benefit

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

N. Pensions

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

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

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

O. Deferred Outflows and Inflows of Resources

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

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

P. Estimates

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

Q. Net Position

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

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

R. Fund Balance

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

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

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

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

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

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

R. Fund Balance (Continued)

The goal for the fund balance is fifteen percent (15%) of the annual proposed level of general fund expenditures. All assigned and unassigned funds shall be used for this purpose. To provide good fiscal management of the fund balance, two separate motions shall be required to use any portion of these funds for purposes other than meeting cash flow needs. The first motion must identify the amount of dollars to be transferred from the fund balance to the operating budget. A second motion must identify the purpose of the expenditure(s). Both of these motions shall be approved by a minimum of six (6) Board members. If surplus money exists at the end of a fiscal year, the money will be put into the unassigned account for the following fiscal year unless the School Board approves a different plan.

S. Change in Accounting Principle

Effective July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. GASB 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This standard requires the restatement of beginning balances to reflect the change in the presentation of major funds. As a result, the classification and presentation of certain funds have been adjusted to comply with the requirements.

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

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

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

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

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

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

3. Cash and Investments

For all the District's cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2024 balances, detailed below. This means that the District's risk and exposure could be higher at these times.

Depository:	Carrying Amount	Fair Value	Associated Risk
Local Financial Institutions	\$ 805,689	\$ 811,814	Custodial credit risk
Other Cash and Investments:			
Petty Cash	4,100	4,100	Not applicable
WISC Financial Investments:			
WISC SDA	25,705,512	25,705,512	Custodial credit risk
WISC Investment Series	23,196,876	23,196,876	Credit risk
WISC Cash Management Series	13,937,663	13,937,663	Credit risk
WISC LTD	3,266,633	3,266,633	Credit risk
Total June 30, 2024	<u>\$ 66,916,473</u>	<u>\$ 66,922,598</u>	

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

Statement of Net Position:	
Cash and Investments	\$ 38,011,442
Restricted Cash and Investments:	
Capital Projects	6,520,514
Debt Service	12,412,007
Other	9,972,510
Total	<u>\$ 66,916,473</u>

The Wisconsin Investment Cooperative Series (WISC) is investment pool established by intergovernmental agreement. The pool invests in investments legally permissible under Wisconsin law. PMA Financial Network is the administrator and investment manager for the WISC. The WISC is not registered with the Securities and Exchange Commission, but invests in funds in accordance with applicable Wisconsin statutes. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2024, the District's share of the WISC's assets was substantially equal to the amount reported above.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

3. Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investments choices beyond applicable state statutes.

As of June 30, 2024, The District's investments were rated as follows:

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>
WISC Investment Series	S&P - AAAm	\$ 23,196,876
WISC Cash Management Series	S&P - AAAm	13,937,663
WISC LTD	S&P - AA	3,266,633
Total		<u>\$ 40,401,172</u>

Interest Rate Risk

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

The District had no investments with sensitive market interest rates in current year.

Concentration of Credit Risk

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

3. Cash and Investments (Continued)

Custodial Credit Risk

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

Deposits in banks are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time and savings accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

As of June 30, 2024, the District's had no deposits with financial institutions in excess of federal and state depository insurance limits that were exposed to custodial credit risk.

4. Due from/Due to Other Funds

Individual fund interfund receivable and payable balances on June 30, 2024 are as follows:

Due To	Amount	Due From	Purpose
General Fund	\$ 923,343	Food Service	Operations
General Fund	7,797	Package Cooperative	Operations
Subtotal General Fund	<u>931,140</u>		
Debt Service	3,000,000	General Fund	Operations
Subtotal Debt Service	<u>3,000,000</u>		
Special Revenue Trust Fund	658,296	General Fund	Operations
Special Revenue Trust Fund	435	Community Services	Reimbursement
Capital Improvement Fund	295,331	General Fund	Contribution
Capital Projects	151,391		
Community Services	654,646	General Fund	Operations
Package Cooperative	700	Special Revenue Trust Fund	Reimbursement
Subtotal Non-major Funds	<u>1,760,799</u>		
Subtotal Governmental Funds	<u>5,691,939</u>		
Food Service	1,593	General Fund	Operations
Food Service	15,991	Special Revenue Trust Fund	Operations
Subtotal Food Service	<u>17,584</u>		
Totals - Fund Financial Statements	<u>5,709,523</u>		
Less: Fund Eliminations	(4,768,596)		
Less: Due to Proprietary Fund Eliminations	(35,168)		
Total Government-Wide Statement of Net Position	<u>\$ 905,759</u>		

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

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

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

5. Interfund Transfers

The District had the following interfund transfers:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Support Operations	Package Cooperative	General	\$ 21,613
Support Capital Projects	Capital Improvement Fund	General	500,000
Support Tax Levy	Referendum Debt	General	3,000,000
Support Operations	Food Service	General	16,041
	Totals - Fund Financial Statements		<u>3,537,654</u>
	Less: Fund Eliminations		<u>(3,521,613)</u>
	Total Government-Wide Statement of Activities		<u>\$ 16,041</u>

6. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2024</u>
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 23,802,114	\$ -	\$ -	\$ 23,802,114
Construction in Progress	<u>576,373</u>	<u>1,630,787</u>	<u>(7,190)</u>	<u>2,199,970</u>
Total Non-Depreciable Capital Assets	<u>24,378,487</u>	<u>1,630,787</u>	<u>(7,190)</u>	<u>26,002,084</u>
Capital Assets Being Depreciated	<u>438,933,900</u>	<u>3,727,210</u>	<u>(447,840)</u>	<u>442,213,270</u>
Total Capital Assets	<u>463,312,387</u>	<u>5,357,997</u>	<u>(455,030)</u>	<u>468,215,354</u>
Less Accumulated Depreciation	<u>(95,244,331)</u>	<u>(9,483,135)</u>	<u>375,558</u>	<u>(104,351,908)</u>
Net Governmental Capital Assets	<u>368,068,056</u>	<u>(4,125,138)</u>	<u>(79,472)</u>	<u>363,863,446</u>
Business-Type Activities				
Capital Assets Being Depreciated	1,008,465	204,821	(9,339)	1,203,947
Less Accumulated Depreciation	<u>(712,132)</u>	<u>(36,249)</u>	<u>9,339</u>	<u>(739,042)</u>
Net Business-Type Capital Assets	<u>296,333</u>	<u>168,572</u>	<u>-</u>	<u>464,905</u>
Total Non-Depreciable Capital Assets	24,378,487	1,630,787	(7,190)	26,002,084
Total Depreciable Capital Assets	439,942,365	3,932,031	(457,179)	443,417,217
Total Accumulated Depreciation	<u>(95,956,463)</u>	<u>(9,519,384)</u>	<u>384,897</u>	<u>(105,090,950)</u>
Total Capital Assets Net of Depreciation	<u>\$ 368,364,389</u>	<u>\$ (3,956,566)</u>	<u>\$ (79,472)</u>	<u>\$ 364,328,351</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

6. Capital Assets (Continued)

Depreciation expense was charged to the following functions:

Instruction	\$ 135,518
Support	9,347,617
Total Governmental	<u>9,483,135</u>
Food Service	<u>36,249</u>
Total Depreciation	<u><u>\$ 9,519,384</u></u>

7. Subscription-Based Information Technology Arrangements (SBITA)

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

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

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

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024	Amounts Due Within One Year
Lease Assets					
SBITA - GASB 96	\$ 485,272	\$ 326,841	\$ (78,848)	\$ 733,265	
Less: Accumulated Amortization	(163,062)	(255,065)	78,848	(339,279)	
Total Lease Assets, net	<u>\$ 322,210</u>	<u>\$ 71,776</u>	<u>\$ -</u>	<u>\$ 393,986</u>	
Lease Liabilities	<u>\$ 182,892</u>	<u>\$ 258,487</u>	<u>\$ 197,895</u>	<u>\$ 243,484</u>	<u>\$ 163,595</u>

The total SBITA costs for the year ended June 30, 2024 are as follows:

Lease expense	<u>2024</u>
Amortization expense by class of underlying asset	
SBITA - GASB 96	<u>\$ 255,065</u>
Total amortization expense	255,065
Interest on lease liabilities	<u>11,926</u>
Total	<u><u>\$ 266,991</u></u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

7. Subscription-Based Information Technology Arrangements (SBITA) (Continued)

The future minimum SBITA principal and interest payments under noncancelable contracts with terms greater than one year are listed below as of June 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 163,595	\$ 11,470	\$ 175,065
2026	55,392	4,087	59,479
2027	<u>24,497</u>	<u>1,253</u>	<u>25,750</u>
Total	<u>\$ 243,484</u>	<u>\$ 16,810</u>	<u>\$ 260,294</u>

8. Short-term Notes Payable

Short-term notes payable at June 30, 2024 are as follows:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rate %</u>	<u>Date of Maturity</u>	<u>Balance</u>
Levy & Aid Anticipation Notes	10/26/2023	5.00%	9/25/2024	\$ 9,000,000
Total Short-Term Notes Payable				<u>\$ 9,000,000</u>

<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>
<u>\$ 8,375,000</u>	<u>\$ 9,000,000</u>	<u>\$ 8,375,000</u>	<u>\$ 9,000,000</u>

The District is a participant in the PMA Levy and Aid Anticipation Notes Program Taxable Note Participations, Series 2023B. The participations are delivered under a Master Indenture of Trust dated October 26, 2023. The District's participation consists of \$9,000,000 borrowed with a maturity date of September 25, 2024.

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

9. Long-term Obligations

Long-term obligations of the District are as follows:

	Balance 7/1/2023	Issued	Retired	Balance 6/30/2024	Amount Due Within One Year
General obligation bonds	\$313,525,000	\$ -	\$ 13,070,000	\$ 300,455,000	\$ 20,680,000
Subtotal G.O. Debt	313,525,000	-	13,070,000	300,455,000	20,680,000
Premium on debt	12,016,591	-	1,161,656	10,854,935	1,138,361
Discount on debt	(88,430)	-	(21,986)	(66,444)	(21,984)
Financed purchase arrangements	282,528	162,815	242,190	203,153	32,023
Compensated absences	839,883	-	6,710	833,173	-
Total Long-Term Obligations	<u>\$326,575,572</u>	<u>\$ 162,815</u>	<u>\$ 14,458,570</u>	<u>\$ 312,279,817</u>	<u>\$ 21,828,400</u>

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

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2024 is comprised of the following individual issues:

Description	Issue Dates	Interest Rate %	Dates of Maturity	Balance	Amount Due Within One Year
GO QSCB Bonds	9/28/2009	1.10%	9/15/2024	\$ 5,650,000	\$ 5,650,000
GO Refunding Bonds	6/24/2014	2.00-3.50%	3/1/2028	8,885,000	75,000
GO Refunding Bonds	4/23/2015	2.50%	3/1/2026	4,075,000	3,010,000
GO Refunding Bonds	4/20/2016	2.00-2.375%	3/1/2028	9,995,000	2,410,000
GO Refunding Bonds	3/2/2017	3.50-4.00%	3/1/2037	87,430,000	-
GO Refunding Bonds	3/21/2019	4.00-5.00%	3/1/2029	28,480,000	4,100,000
GO Refunding Bonds	8/29/2019	3.00-5.00%	3/1/2039	84,280,000	4,500,000
GO Refunding Bonds	8/18/2020	2.0-3.0%	3/1/2040	38,045,000	-
GO Refunding Bonds	4/15/2021	2.0-5.0%	3/1/2041	33,615,000	935,000
Total General Obligation Debt				<u>\$ 300,455,000</u>	<u>\$ 20,680,000</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

9. Long-term Obligations (Continued)

The 2023 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$8,201,709,494. The legal debt limit and margin of indebtedness as of June 30, 2024, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt Limit (10% of \$8,201,709,494)	\$ 820,170,949
Deduct long-term debt applicable to debt margin	<u>300,455,000</u>
Margin of indebtedness	<u><u>\$ 519,715,949</u></u>

Aggregate cash flow requirements for the retirement of general obligation long-term principal and interest as of June 30, 2024 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 20,680,000	\$ 9,979,264	\$ 30,659,264
2026	14,330,000	9,250,882	23,580,882
2027	14,935,000	8,667,732	23,602,732
2028	15,595,000	8,040,532	23,635,532
2029	16,220,000	7,454,326	23,674,326
2030-2034	80,715,000	28,159,480	108,874,480
2035-2039	95,880,000	12,978,652	108,858,652
2040-2041	<u>42,100,000</u>	<u>1,267,200</u>	<u>43,367,200</u>
Totals	<u><u>\$300,455,000</u></u>	<u><u>\$ 85,798,068</u></u>	<u><u>\$ 386,253,068</u></u>

Cash Defeasance

The District issued a General Obligation Qualified School Construction Bonds in 2009 in the amount of \$22,965,000. Starting from 2012, the District deposited cash into a sinking fund to purchase securities for the purpose of generating resources for future debt payments when it matures in 2024. As a result, a portion of the general obligation bonds are considered to be defeased and the liability has been removed from the governmental activities on the Statement of Net Position. No economic gain resulted from the defeasance. The total of the defeased debt outstanding at June 30, 2024 is \$5,650,000. The entire amount of defeased debt will be called on September 15, 2024 and will be settled by funds from the sinking fund. The risk-free monetary assets of the trust cannot be replaced.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

10. Financed Purchase Arrangements

The District is obligated under certain leases that meet the criteria to be accounted for as financed purchases. The leased assets have a stated cost of \$2,439,075 and interest rates ranging from 3.98% to 8.15%. Future minimum lease payments are as follows:

Year Ended June 30,	Financed Purchase Arrangements		
	Principal	Interest	Total
2025	\$ 84,191	\$ 8,358	\$ 92,549
2026	32,023	6,310	38,333
2027	32,869	4,570	37,439
2028	34,924	2,515	37,439
2029	19,146	374	19,520
	<u>\$ 203,153</u>	<u>\$ 22,127</u>	<u>\$ 225,280</u>

Equipment capitalized with outstanding financed purchase arrangements have an original cost of \$295,386 and accumulated depreciation of \$121,093.

11. Employee Retirement Plan

Plan Description

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

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

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

Vesting

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

Benefits Provided

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

**SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024**

11. Employee Retirement Plan (Continued)

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

Contributions

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

11. Employee Retirement Plan (Continued)

During the reporting period, the WRS recognized \$5,137,056 in contributions from the employer.

Contribution rates as of June 30, 2024 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

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

At June 30, 2024, the District reported a liability of \$5,649,914 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the District's proportion was 0.38000347%, which was an increase of 0.00720012% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$3,895,606.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,780,398	\$ (30,172,778)
Net differences between projected and actual earnings on pension plan investments	19,689,033	-
Changes in assumptions	2,462,636	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,427	(74,895)
Employer contributions subsequent to the measurement date	3,190,408	-
Total	<u>\$ 48,124,902</u>	<u>\$ (30,247,673)</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

11. Employee Retirement Plan (Continued)

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

\$3,190,408 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, 2025.

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ 2,996,379
2026	3,147,223
2027	12,340,847
2028	(3,797,628)
Total	<u>\$ 14,686,821</u>

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
	January 1, 2018 - December 31 2020
Experience Study:	Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

11. Employee Retirement Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns¹

As of December 31, 2023

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive Assets	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	-12	3.7	1.0
Total Core Fund	100	7.4	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

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

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

11. Employee Retirement Plan (Continued)

Single Discount Rate

A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District's proportionate share of the net pension liability (asset)	\$ 54,609,151	\$ 5,649,914	\$ (28,608,935)

Pension Plan Fiduciary Net Position

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

Allocation of Pension Plan

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

**SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024**

12. Other Post-Employment Benefits (OPEB) Plan

Plan Description

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

Funding Policy

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

Benefits Provided

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

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

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

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

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

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

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

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

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

Employees covered by Benefit Terms

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

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

Total OPEB Liability

The District's total OPEB liability, reported as of June 30, 2024, of \$11,948,133 was measured at June 30, 2023, as was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

Inflation	2.50 percent
Salary increases	3 percent, average, including inflation
Discount rate	4.13 percent
Healthcare cost trend rates	7.0 percent decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter
Retirees' share of benefit-related costs	7.0 percent of projected health insurance premiums for retirees

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

The Discount rate is based upon all years of projected payments discounted at a municipal bond rate of 4.13%.

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 6/30/2022	<u>\$ 11,486,862</u>
Changes for the year:	
Service cost	974,819
Interest	463,640
Differences between expected and actual experience	(107,675)
Changes in assumptions or other inputs	(102,946)
Benefit payments	<u>(766,567)</u>
Net Changes	<u>461,271</u>
 Balance at 6/30/2023	 <u><u>\$ 11,948,133</u></u>

There were no changes of benefit terms.

The discount rate was updated based on the S&P Municipal Bond 20 Year High Grade Index as of the week of the measurement date (4.13%). All other major assumptions and methods remained unchanged from the actuarial valuation performed as of June 30, 2022.

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

The following represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Total OPEB Liability	<u>\$ 12,761,962</u>	<u>\$ 11,948,133</u>	<u>\$ 11,183,694</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

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

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

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

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	\$ 11,492,456	\$ 11,948,133	\$ 12,473,939

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

For the year ended June 30, 2024, the District recognized an OPEB expense of \$798,701. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 218,489	\$ (4,480,897)
Changes of assumptions or other inputs	213,242	(2,227,190)
District contributions subsequent to the measurement date	786,123	-
Total	\$ 1,217,854	\$ (6,708,087)

\$786,123 reported as deferred outflows related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. There are no other amounts reported as deferred outflows of resources or deferred inflows of resources related to OPEB that will be recognized in OPEB expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (639,758)
2026	(639,758)
2027	(639,758)
2028	(639,758)
2029	(639,758)
Thereafter	(3,077,566)
Total	\$ (6,276,356)

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

13. Supplemental Pension (Stipend) Benefit

Plan Description and Benefits Provided

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

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

Funding Policy

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

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

For the year ended June 30, 2024, the District recognized a supplemental pension expense of \$115,547. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to supplemental pension benefit from the following sources:

Gain / Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 3,048	\$ (180,701)
Changes of assumptions or other inputs	39,917	(129,095)
District contributions subsequent to the measurement date	96,000	-
Total	<u>\$ 138,965</u>	<u>\$ (309,796)</u>

\$96,000 reported as deferred outflows related to supplemental pension resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net supplemental pension liability in the year ended June 30, 2025. There are no other amounts reported as deferred outflows of resources or deferred inflows of resources related to supplemental pension that will be recognized in supplemental pension expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (22,749)
2026	(22,749)
2027	(22,749)
2028	(22,749)
2029	(22,749)
Thereafter	(153,086)
Total	<u>\$ (266,831)</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

13. Supplemental Pension (Stipend) Benefit (Continued)

Change in the Total Supplemental Pension Liability

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

Beginning Balance	<u>\$ 1,127,219</u>
Changes for the Year	
Service Costs	93,513
Interest	44,783
Differences Between Expected and Actual Experiences	3,266
Changes of Assumptions or Other Inputs	(9,134)
Benefit Payments	<u>(108,800)</u>
Net Changes	<u>23,628</u>
Ending Balance	<u><u>\$ 1,150,847</u></u>

There were no changes of benefit terms.

The discount rate was updated based on the S&P Municipal Bond 20 Year High Grade Index as of the week of the measurement date (4.13%). All other assumptions and methods remained unchanged from the actuarial valuation performed as of June 30, 2022.

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

Actuarial Assumptions

The total supplemental pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Discount Rate	4.13% (based upon all years of projected payments discounted at a municipal bond rate of 4.13%)
Municipal Bond Rate Source	S&P Municipal Bond 20 Year High Grade Index
Actuarial Assumptions	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20.
Mortality Assumptions	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010

Single Discount Rate

A discount rate of 4.13% was used in calculating the District's supplemental pension liabilities (based upon all years of projected payments discounted at a municipal bond rate of 4.13%). It was assumed that the District would continue to fund its retiree benefits out of its general fund assets on a pay-as-you-go basis.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

13. Supplemental Pension (Stipend) Benefit (Continued)

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

The following presents the District's total supplemental pension liability calculated using the discount rate of 4.13%, as well as what the District's total supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease to Discount Rate (3.13%)	Current Discount Rate (4.13%)	1% Increase to Discount Rate (5.13%)
Total Supplemental Pension Liability	\$ 1,222,595	\$ 1,150,847	\$ 1,082,628

14. Fund Balances

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

	General Fund	Debt Service	Non-Major Governmental Funds	Total
Fund balances:				
<u>Nonspendable:</u>				
Inventory	\$ 46,218	\$ -	\$ -	\$ 46,218
Prepays	762,674	-	-	762,674
<u>Restricted for:</u>				
Pool Maintenance	473,356	-	-	473,356
Performing Arts Center	189,197	-	-	189,197
Ashley Field	315,945	-	-	315,945
Summit Field	31,216	-	-	31,216
Restricted Grants	-	-	-	-
Debt Service Retirement	-	15,412,007	-	15,412,007
Capital Projects	-	-	5,695,353	5,695,353
Capital Improvement Trust	-	-	8,855,897	8,855,897
Community Service	-	-	651,069	651,069
Self Insurance	1,804,321	-	-	1,804,321
Unspent Common School Fund	14,694	-	-	14,694
<u>Committed for:</u>				
Donor Specifications	-	-	921,941	921,941
<u>Assigned to:</u>				
Property Acquisition	500,000	-	-	500,000
Budget Stabilization	4,000,000	-	-	4,000,000
Potential Health Insurance Tax	200,000	-	-	200,000
Professional Educator				
2019 Referendum	1,800,000	-	-	1,800,000
<u>Unassigned</u>	23,436,019	-	-	23,436,019
Total fund balances	\$ 33,573,640	\$ 15,412,007	\$ 16,124,260	\$ 65,109,907

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

14. Fund Balances (Continued)

The beginning fund balance has been restated in accordance with GASB Statement No. 100 as follows:

	Reporting Units Affected by Restatements of Beginning Balances	
	Funds	
	Capital Projects Funds	Nonmajor Governmental
Beginning balance, as previously reported	\$ 10,279,119	\$ 10,076,484
Change from major to nonmajor fund	(10,279,119)	10,279,119
Beginning balance, restated	<u>\$ -</u>	<u>\$ 20,355,603</u>

15. Self-Funded Insurance Program

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

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District. The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2024, the District has reported a liability of \$78,931, which represents reported and unreported claims which were incurred on or before June 30, 2024, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator (\$40,255), claims reported to the Plan administrator but not the District (\$38,676) and claims which were not yet reported to either the Plan administrator or the District (\$0). The amounts not reported to the District were determined by the Plan administrator.

Changes in the claims liability for the years ended June 30, 2024, 2023, and 2022 are as follows:

	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
Estimated claims outstanding July 1	\$ 82,589	\$ 89,086	\$ 59,708
Current year claims and changes in estimates	1,313,818	1,333,142	1,150,666
Claim payments	(1,317,476)	(1,339,639)	(1,121,288)
Estimated claims outstanding June 30	<u>\$ 78,931</u>	<u>\$ 82,589</u>	<u>\$ 89,086</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

16. Limitation on School District Revenues

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

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

17. Contingencies

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

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

18. Risk Management

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

19. Subsequent Events

Short-term Borrowing

On September 9, 2024, the District authorized the borrowing in amount not to exceed \$13,400,000 for the Issuance of Tax and Revenue Anticipation Promissory Notes.

Referendum

In November 2024, the District passed a referendum authorizing the District to exceed the revenue limits by \$25,000,000 beginning with the 2024-2025 school year. The additional revenues will be used for recurring expenses related to staff compensation and benefits, educational programming, and the maintenance of district operations.

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

20. Construction Commitments

As of June 30, 2024, the District's facilities were undergoing remodeling and upgrades. The District has the following contract commitments related to construction projects:

	Total Contract	Expenditures through June 30, 2024	Remaining Commitment
West High School Construction	\$ 954,207	\$ 67,718	\$ 886,489
East High School Renovation	1,301,205	82,416	1,218,789
Patrick Marsh Renovation	533,967	275,439	258,528
Prairie View Renovation	533,967	281,935	252,032
	<u>\$ 3,323,346</u>	<u>\$ 707,508</u>	<u>\$ 2,615,838</u>

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

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 101, *Compensated Absences*, effective for periods beginning after December 15, 2023, GASB Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024 and GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025. When these become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**SUN PRAIRIE AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 57,337,732	\$ 57,786,978	\$ 58,238,972	\$ 451,994
Interdistrict	3,000,000	3,000,000	3,172,407	172,407
Intermediate	45,008	45,008	76,883	31,875
State	65,591,503	65,955,297	66,131,682	176,385
Federal	4,872,589	5,605,044	5,359,584	(245,460)
Other	369,000	369,000	418,804	49,804
Total Revenues	131,215,832	132,761,327	133,398,332	637,005
EXPENDITURES				
Instruction	56,055,724	56,764,172	54,904,036	1,860,136
Support Service	49,889,248	50,744,228	50,309,648	434,580
Non-program Services	5,378,668	5,378,668	5,642,750	(264,082)
Debt Service:				
Principal Repayment	431,686	431,686	440,085	(8,399)
Interest Expense	517,861	517,861	436,099	81,762
Capital Outlay	542,789	525,871	1,477,939	(952,068)
Total Expenditures	112,815,976	114,362,486	113,210,557	1,151,929
Excess (Deficiency) of Revenues Over Expenditures	18,399,856	18,398,841	20,187,775	1,788,934
OTHER FINANCING SOURCES (USES)				
Transfers Out	(18,773,137)	(19,273,137)	(18,754,270)	518,867
SBITA Proceeds	-	-	258,486	258,486
Proceeds from Sales of Capital Assets	-	-	50,404	50,404
Debt Proceeds- Capital Leases	-	-	162,815	162,815
Total Other Financing Sources (Uses)	(18,773,137)	(19,273,137)	(18,282,565)	990,572
Net Change in Fund Balance	(373,281)	(874,296)	1,905,210	2,779,506
Fund Balance - Beginning of year	31,668,430	31,668,430	31,668,430	-
Fund Balance - End of year	\$ 31,295,149	\$ 30,794,134	\$ 33,573,640	\$ 2,779,506

See accompanying notes to the required supplementary information

**SUN PRAIRIE AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION
For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interdistrict	\$ -	\$ -	\$ 42,131	\$ 42,131
State	6,620,000	6,620,000	6,561,408	(58,592)
Federal	1,489,396	2,672,802	2,188,162	(484,640)
Total Revenues	<u>8,109,396</u>	<u>9,292,802</u>	<u>8,791,701</u>	<u>(501,101)</u>
EXPENDITURES				
Instruction	16,869,511	17,371,596	16,702,706	668,890
Support Service	6,797,134	7,125,490	6,697,701	427,789
Non-program Services	142,000	416,000	536,764	(120,764)
Capital Outlay	-	78,965	71,146	7,819
Total Expenditures	<u>23,808,645</u>	<u>24,992,051</u>	<u>24,008,317</u>	<u>983,734</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,699,249)</u>	<u>(15,699,249)</u>	<u>(15,216,616)</u>	<u>482,633</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>15,699,249</u>	<u>15,699,249</u>	<u>15,216,616</u>	<u>(482,633)</u>
Total Other Financing Sources (Uses)	<u>15,699,249</u>	<u>15,699,249</u>	<u>15,216,616</u>	<u>(482,633)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information

SUN PRAIRIE AREA SCHOOL DISTRICT
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS
AND GAAP REVENUES AND EXPENDITURES
For the Year Ended June 30, 2024

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues"		
from the budgetary comparison schedules	\$ 133,398,332	\$ 8,791,701
Reclassification:		
Special education fund revenues are reclassified to		
the general fund, required for GAAP reporting	<u>8,791,701</u>	<u>(8,791,701)</u>
The general fund revenues as reported on the Statement		
of Revenues, Expenditures and Changes in Fund Balances		
- governmental funds	<u>\$ 142,190,033</u>	<u>\$ -</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures"		
from the budgetary comparison schedules	\$ 113,210,557	\$ 24,008,317
Reclassification:		
Special education fund expenditures are reclassified to		
the general fund, required for GAAP reporting	<u>24,008,317</u>	<u>(24,008,317)</u>
The general fund expenditures as reported on the Statement		
of Revenues, Expenditures and Changes in Fund Balances		
- governmental funds	<u>\$ 137,218,874</u>	<u>\$ -</u>

See accompanying notes to the required supplementary information

**SUN PRAIRIE AREA SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM SCHEDULES
For the Year Ended June 30, 2024**

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.38000347%	\$ 5,649,914	\$ 75,526,924	7.48%	98.85%
2022	0.37280335%	19,750,017	68,467,574	28.85%	95.72%
2021	(0.36989597%)	(29,814,295)	64,291,914	(46.37%)	106.02%
2020	(0.36528395%)	(22,805,183)	61,415,396	(37.13%)	105.26%
2019	(0.35702734%)	(11,512,191)	59,095,195	(19.48%)	102.96%
2018	0.35391283%	12,591,109	55,130,178	22.84%	96.45%
2017	(0.35255134%)	(10,467,667)	50,900,700	(20.56%)	(102.93%)
2016	0.35149899%	2,897,191	52,117,594	5.56%	99.12%
2015	0.34092145%	5,539,907	50,401,282	10.99%	98.20%
2014	(0.33457131%)	(8,217,987)	47,507,723	(17.30%)	(102.74%)

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

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

Year ended June 30,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2024	\$ 5,355,683	\$ (5,355,683)	\$ -	\$ 78,080,078	6.86%
2023	4,793,175	(4,793,175)	-	71,724,939	6.68%
2022	4,366,484	(4,366,484)	-	66,186,022	6.60%
2021	4,225,712	(4,225,712)	-	62,603,048	6.75%
2020	4,098,259	(4,098,259)	-	61,427,425	6.67%
2019	3,801,408	(3,801,408)	-	57,449,753	6.62%
2018	3,609,504	(3,609,504)	-	53,562,779	6.74%
2017	3,532,354	(3,532,354)	-	52,751,175	6.70%
2016	3,427,533	(3,427,533)	-	50,401,282	6.80%
2015	3,325,839	(3,325,839)	-	47,570,723	6.99%

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

SUN PRAIRIE AREA SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2024**

Last 10 Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability								
Beginning Balance	\$ 11,486,862	\$ 16,493,496	\$ 15,718,114	\$ 14,364,865	\$ 13,310,619	\$ 14,659,821	\$ 14,393,230	\$ 13,417,245
Changes for the Year								
Service costs	974,819	1,389,675	1,359,095	1,073,443	999,835	1,177,647	1,268,368	1,268,368
Interest	463,640	377,733	358,349	510,296	505,002	520,148	436,894	410,992
Difference between expected and actual experience	(107,675)	(4,552,955)	-	315,597	-	(982,436)	-	-
Changes in assumptions or other inputs	(102,946)	(1,420,654)	-	97,309	237,043	(1,290,034)	(510,108)	-
Benefit Payments	(766,567)	(800,433)	(942,062)	(643,396)	(687,634)	(774,527)	(928,563)	(703,375)
Net change in total OPEB	461,271	(5,006,634)	775,382	1,353,249	1,054,246	(1,349,202)	266,591	975,985
Total OPEB Liability-Ending	<u>\$ 11,948,133</u>	<u>\$ 11,486,862</u>	<u>\$ 16,493,496</u>	<u>\$ 15,718,114</u>	<u>\$ 14,364,865</u>	<u>\$ 13,310,619</u>	<u>\$ 14,659,821</u>	<u>\$ 14,393,230</u>
 Covered Employee Payroll	 \$ 64,603,792	 \$ 64,603,792	 \$ 60,164,734	 \$ 60,164,734	 \$ 53,299,349	 \$ 53,299,349	 \$ 48,293,508	 \$ 48,293,508
 Total OPEB Liability as a percentage of covered- employee payroll	 18.49%	 17.78%	 27.41%	 26.13%	 26.95%	 24.97%	 30.36%	 29.80%

* Data presented as of the measurement date.

See accompanying notes to the required supplementary information

SUN PRAIRIE AREA SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL SUPPLEMENTAL PENSION LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2024

Last 10 Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Supplemental Pension Liability								
Beginning Balance	\$ 1,127,219	\$ 1,317,210	\$ 1,293,247	\$ 1,243,344	\$ 1,196,049	\$ 1,262,259	\$ 1,264,066	\$ 1,206,210
Changes for the Year								
Service Costs	93,513	115,872	113,322	104,200	97,316	94,591	101,349	101,349
Interest	44,783	29,969	29,041	43,257	44,577	43,818	37,858	36,507
Differences Between Expected and Actual Experiences	3,266	(142,010)	-	(17,123)	-	(75,118)	-	-
Changes of Assumptions or Other Inputs	(9,134)	(107,422)	-	38,611	17,402	(14,301)	(35,414)	-
Benefit Payments	(108,800)	(86,400)	(118,400)	(119,042)	(112,000)	(115,200)	(105,600)	(80,000)
Net Changes	23,628	(189,991)	23,963	49,903	47,295	(66,210)	(1,807)	57,856
Ending Balance	<u>\$ 1,150,847</u>	<u>\$ 1,127,219</u>	<u>\$ 1,317,210</u>	<u>\$ 1,293,247</u>	<u>\$ 1,243,344</u>	<u>\$ 1,196,049</u>	<u>\$ 1,262,259</u>	<u>\$ 1,264,066</u>
Covered Employee Payroll	\$ 43,557,400	\$ 43,557,400	\$ 40,661,125	\$ 40,661,125	\$ 35,837,498	\$ 35,837,498	\$ 32,872,999	\$ 32,872,999
Total Supplemental Pension Liability as a percentage of Covered Employee Payroll	2.64%	2.59%	3.24%	3.18%	3.47%	3.34%	3.84%	3.85%

* Data presented as of the measurement date

See accompanying notes to the required supplementary information

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2024

1. Budget Schedule

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

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

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

2. Expenditures in Excess of Appropriations

The following individual funds had functions that had an excess of actual expenditures over budget for the year ended June 30, 2024:

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
General	Non-program Services	\$ 264,082
General	Principal Repayment	8,399
General	Capital Outlay	952,068
Special Education	Non-program Services	120,764

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2024

3. District Total OPEB Liability Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 2 preceding years.

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

Changes of assumptions. The following changes in assumptions were made for the year ended June 30, 2024:

- The discount rate was changed from 4.00% to 4.13%

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

4. Supplemental Pension (Stipend) Benefit

Governmental Accounting Standards Board Statement No. 73 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 2 preceding years.

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

Changes of assumptions. The following changes in assumptions were made for the year ended June 30, 2024:

- The discount rate was changed from 4.00% to 4.13%

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2024

5. Wisconsin Retirement System

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

Changes of assumptions:

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

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

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

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2024

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

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:					
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:					
	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2024

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

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

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

OTHER SUPPLEMENTAL INFORMATION

**SUN PRAIRIE AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2024**

	Special Revenue Funds			Capital Projects Funds		
	Special Revenue Trust Fund	Community Service	Package Cooperative	Formerly Major Fund Capital Projects	Capital Improvement Fund	Total Non-Major Governmental Funds
ASSETS						
Cash and Investments	\$ 318,596	\$ -	\$ -	\$ -	\$ -	\$ 318,596
Receivables:						
Accounts	-	-	2,925	-	-	2,925
Restricted Cash and Investments	-	-	-	6,520,514	8,962,796	15,483,310
Due from Other Funds	658,731	654,646	700	151,391	295,331	1,760,799
Due from Other Governments	-	-	4,322	-	-	4,322
Total Assets	<u>\$ 977,327</u>	<u>\$ 654,646</u>	<u>\$ 7,947</u>	<u>\$ 6,671,905</u>	<u>\$ 9,258,127</u>	<u>\$ 17,569,952</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 38,695	\$ 3,142	\$ 150	\$ 976,552	\$ 402,230	\$ 1,420,769
Due to Other Funds	16,691	435	7,797	-	-	24,923
Total Liabilities	<u>55,386</u>	<u>3,577</u>	<u>7,947</u>	<u>976,552</u>	<u>402,230</u>	<u>1,445,692</u>
Fund Balances:						
Restricted	-	651,069	-	5,695,353	8,855,897	15,202,319
Committed	921,941	-	-	-	-	921,941
Total Fund Balances	<u>921,941</u>	<u>651,069</u>	<u>-</u>	<u>5,695,353</u>	<u>8,855,897</u>	<u>16,124,260</u>
Total Liabilities and Fund Balances	<u>\$ 977,327</u>	<u>\$ 654,646</u>	<u>\$ 7,947</u>	<u>\$ 6,671,905</u>	<u>\$ 9,258,127</u>	<u>\$ 17,569,952</u>

SUN PRAIRIE AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Special Revenue Funds			Capital Projects Funds		
	Special Revenue Trust Fund	Community Service	Package Cooperative	Formerly Major Fund Capital Projects	Capital Improvement Fund	Total Non-Major Governmental Funds
REVENUES						
Local	\$ 817,797	\$ 957,500	\$ 13,598	\$ 285,007	\$ 287,307	\$ 2,361,209
Interdistrict	-	-	43,015	-	-	43,015
State	-	130,000	-	-	-	130,000
Other	33,086	-	-	-	158,547	191,633
Total Revenues	850,883	1,087,500	56,613	285,007	445,854	2,725,857
EXPENDITURES						
Instruction	343,479	-	22,521	353,119	-	719,119
Support Service	422,124	1,073,876	55,705	1,190,587	118,191	2,860,483
Non-program Services	67,437	-	-	5,783	-	73,220
Capital Outlay	17,999	-	-	3,319,284	488,708	3,825,991
Total Expenditures	851,039	1,073,876	78,226	4,868,773	606,899	7,478,813
Excess (Deficiency) of Revenues Over Expenditures	(156)	13,624	(21,613)	(4,583,766)	(161,045)	(4,752,956)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	21,613	-	500,000	521,613
Total Other Financing Sources and Uses	-	-	21,613	-	500,000	521,613
Net Change in Fund Balances	(156)	13,624	-	(4,583,766)	338,955	(4,231,343)
Fund Balances - Beginning, as previously reported	922,097	637,445	-	-	8,516,942	10,076,484
Change from major to nonmajor fund	-	-	-	10,279,119	-	10,279,119
Fund Balances - Beginning, as restated	922,097	637,445	-	10,279,119	8,516,942	20,355,603
Fund Balances - Ending	\$ 921,941	\$ 651,069	\$ -	\$ 5,695,353	\$ 8,855,897	\$ 16,124,260



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sun Prairie Area School District (the "District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Sun Prairie Area School District's basic financial statements, and have issued our report thereon dated December 5, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

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

Purpose of This Report

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 5, 2024



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT
GUIDELINES***

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Sun Prairie Area School District’s (“District”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2024. The District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 5, 2024

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Awarding Agency Pass-Through Agency <u>Award Description</u>	Federal Assistance Listing Number	Pass-Through Entity ID Number	Receivable July 1, 2023	Receipts	Expenditures	Receivable June 30, 2024
U.S. Department of Agriculture						
Passed through Wisconsin Department of Public Instruction:						
<u>Child Nutrition Cluster</u>						
Food Service Aid School Breakfast	10.553	2024-135656-DPI-SB-546	\$ 8,168	\$ 196,123	\$ 194,641	\$ 6,686
Food Service Aid School Breakfast Severe	10.553	2024-135656-DPI-SB-SEVERE-546	13,382	265,623	262,103	9,862
National School Lunch Program	10.555	2024-135656-DPI-NSL-547	79,927	1,754,403	1,718,923	44,447
NSL Snack Program	10.555	2024-135656-DPI-SK_NSL-561	287	5,466	5,195	16
NSL Area Eligible Snack Program	10.555	2024-135656-DPI-SK_NSLAE-566	966	6,404	5,672	234
Donated Commodities	10.555	Not Available	-	366,177	366,177	-
Total Child Nutrition Cluster			<u>102,730</u>	<u>2,594,196</u>	<u>2,552,711</u>	<u>61,245</u>
Total U.S. Department of Agriculture			<u>102,730</u>	<u>2,594,196</u>	<u>2,552,711</u>	<u>61,245</u>
U.S. Department of Treasury						
Passed through Boys and Girls Club of Sun Prairie						
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	6,822	14,513	11,958	4,267
Total U.S. Department of Treasury			<u>6,822</u>	<u>14,513</u>	<u>11,958</u>	<u>4,267</u>
U.S. Department of Education						
Passed through Wisconsin Department of Public Instruction:						
Carl Perkins Act Formula Allocation	84.048	2024-135656-DPI-CTE-400	32,074	61,186	58,335	29,223
ESEA III-A English Language Acquis	84.365A	2024-135656-DPI-TIIIA-391	53,725	105,375	77,370	25,720
ESEA Title IV A Student Support and Acad Enrich Grants	84.424A	2024-135656-DPI-TIVA-381	47,300	51,503	29,949	25,746
ESEA Title IV 21st Century Community Learning Centers	84.287	2024-135656-DPI-TIVB-367	196,442	352,683	187,990	31,749
Education for Homeless Children and Youth - Innovation	84.196A	2024-135656-DPI-EHCY-I-335	29,666	56,012	39,943	13,597
ESEA Title II-A Supporting Effective Instruction State Grants	84.367A	2024-135656-DPI-TIIA-365	59,215	190,461	184,914	53,668
Total Title II-A			<u>59,215</u>	<u>190,461</u>	<u>184,914</u>	<u>53,668</u>
Education Stabilization Fund						
Elementary and Secondary School Emergency Relief - CRRSA Act - COVID-19	84.425D	2022-135656-DPI-ESSERFII-163	509,393	509,393	-	-
Elementary and Secondary School Emergency Relief - ARPA - COVID-19	84.425U	2022-135656-DPI-ESSERFIII-165	1,526,995	3,086,009	2,894,033	1,335,019
Elementary and Secondary School Emergency Relief - ARPA LETRS - COVID-19	84.425U	2023-135656-DPI-LETRS-165	4,000	4,000	-	-
Elementary and Secondary School Emergency Relief - ARP HCY - COVID-19	84.425W	2022-135656-DPI-ARPHCYII-173	8,227	23,056	21,040	6,211
Elementary and Secondary School Emergency Relief - ARP HCY - COVID-19	84.425W	2022-135656-DPI-ARPHCYI-168	-	27,035	29,999	2,964
Total Education Stabilization Fund			<u>2,048,615</u>	<u>3,649,493</u>	<u>2,945,072</u>	<u>1,344,194</u>
ESEA Title I-A Basic Grant	84.010A	2024-135656-DPI-TI-A-141	269,669	943,452	805,300	131,517
<u>Special Education Cluster (IDEA)</u>						
IDEA Flow Through	84.027A	2024-135656-DPI-FLOW-341	608,327	1,532,511	1,697,724	773,540
IDEA Flow Through CEIS	84.027A	2024-135656-DPI-FLOW-341	133,927	464,609	380,179	49,497
IDEA Preschool Entitlement	84.173A	2024-135656-DPI-PRESCH-347	44,633	72,578	36,086	8,141
IDEA UDL Scaling Up	84.027A	2024-135656-DPI-UDLSUP-342	11,678	23,188	14,999	3,489
Total Special Education Cluster (IDEA)			<u>798,565</u>	<u>2,092,886</u>	<u>2,128,988</u>	<u>834,667</u>
Total U.S. Department of Education			<u>3,535,271</u>	<u>7,503,051</u>	<u>6,457,861</u>	<u>2,490,081</u>
U.S. Department of Health and Human Services						
Passed through CESA #2						
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Available	11,449	24,605	40,924	27,768
Passed through Wisconsin Department of Health Services:						
Medical Assistance Program	93.778	Not Available	-	1,044,196	1,089,884	45,688
Total U.S. Department of Health and Human Services			<u>11,449</u>	<u>1,068,801</u>	<u>1,130,808</u>	<u>73,456</u>
Total Federal Awards			<u>\$ 3,656,272</u>	<u>\$ 11,180,561</u>	<u>\$ 10,153,338</u>	<u>\$ 2,629,049</u>

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

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2024

<u>Awarding Agency</u> <u>Award Description</u>	<u>State</u> <u>ID</u> <u>Number</u>	<u>Entity</u> <u>ID Number</u>	<u>Receivable</u> <u>July 1, 2023</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Receivable</u> <u>June 30, 2024</u>
Wisconsin Department of Public Instruction:						
Entitlement Programs:						
Special Education and School Age Parents	255.101	135656-100	\$ -	\$ 6,443,253	\$ 6,443,253	\$ -
Common School Fund Library	255.103	135656-104	-	575,906	575,906	-
Pupil Transportation	255.107	135656-102	-	135,262	135,262	-
Equalization Aid	255.201	135656-116	-	56,565,123	56,565,123	-
Per Pupil Adjustment Aid	255.945	135656-113	-	6,111,854	6,111,854	-
High Cost Special Education	255.210	135656-119	-	118,155	118,155	-
Achievement Gap Reduction (AGR)	255.504	135656-160	-	735,929	735,929	-
Aid for Special Education Transition Grants	255.960	135656-168	-	-	-	-
Cost Reimbursement Programs:						
State School Lunch	255.102	135656-107	-	37,753	37,753	-
School Based Mental Health Services Grant	255.297	135656-177	31,002	302,835	271,006	(827)
Aid for School Mental Health Programs	255.227	135656-176	-	242,876	242,876	-
School Breakfast Program	255.344	135656-108	-	16,997	16,997	-
Alcohol & Other Drug Abuse	255.306	135656-143	691	3,678	3,880	893
Peer Review and Mentoring	255.301	135656-141	-	7,880	7,880	-
Early College Credit Program	255.445	135656-178	-	437	437	-
Educator Effective Evaluation System Grants	255.940	135656-154	59,840	124,560	64,720	-
Career and Technical Education Incentive Grants	255.950	135656-152	-	92,069	92,069	-
Assessments of Reading Readiness	255.956	135656-166	-	21,198	21,198	-
Total Wisconsin Department of Public Instruction			91,533	71,535,765	71,444,298	66
Wisconsin Department of Workforce Development						
Passed through Monona Grove School District						
Youth Apprenticeship Grant	445.194	Not Available	-	9,250	9,250	-
Total Wisconsin Department of Workforce Development			-	9,250	9,250	-
Total State Awards			\$ 91,533	\$ 71,545,015	\$ 71,453,548	\$ 66

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

SUN PRAIRIE AREA SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Year Ended June 30, 2024

Note 1 Basis of Presentation

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

Note 2 Food Distribution

Nonmonetary assistance of \$366,177 is reported in the schedule at the fair value of the commodities received and disbursed for the USDA Commodities Program (Federal Assistance Listing #10.555).

Note 3 Medical Assistance

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

Note 4 Subrecipients

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

Note 5 De Minimis Cost Rate

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

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

* Material weakness identified? No
* Significant deficiency(ies) identified None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weakness identified? No
* Significant deficiency(ies) identified None Reported

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

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

Identification of major federal programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Program or Cluster</u>
84.425U	Education Stabilization Fund
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? Yes

State Awards

Internal control over major programs:

* Material weakness identified? No
* Significant deficiency(ies) identified None Reported

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

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**

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

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

No

Identification of major state programs:

ID Number
255.201

Name of State Program or Cluster
Equalization Aid

Dollar threshold for distinguishing Types A and B programs:

\$1,000,000

Section II – Financial Statement Finding

None.

Section III – Federal Award Findings and Questioned Costs

None.

Section IV – State Award Findings and Questioned Costs

None.

**SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**

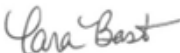
Section V – Other Issues

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

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

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

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

4. Name and signature of partner 

Tara Bast, CPA

5. Date of report: December 5, 2024

SUN PRAIRIE AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Prior Year Financial Statement Finding

None

Prior Year Federal and State Awards Findings and Questioned Costs

None