

**NORTHLAND PINES SCHOOL DISTRICT
EAGLE RIVER, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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INDEPENDENT AUDITORS' REPORT

Board of Education
Northland Pines School District
Eagle River, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northland Pines School District, Eagle River, Wisconsin (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2.D. to the financial statements, effective July 1, 2021, the Entity adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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


Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Wausau, Wisconsin
November 9, 2022

BASIC FINANCIAL STATEMENTS

**NORTHLAND PINES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 8,789,259
Receivables:	
Taxes	5,829,165
Accounts	1,631
Due from Other Governments	683,180
Net Pension Asset	5,103,581
Capital Assets:	
Nondepreciable	255,876
Depreciable, Net	29,633,359
Total Assets	<u>50,296,051</u>
DEFERRED OUTFLOWS OF RESOURCES	
Loss on Advance Refunding	283,461
Pension Related Amounts	9,648,668
Other Postemployment Related Amounts	982,624
Total Deferred Outflows of Resources	<u>10,914,753</u>
LIABILITIES	
Accounts Payable	143,611
Accrued and Other Current Liabilities	713,633
Accrued Interest Payable	32,620
Long-Term Obligations:	
Due in One Year	2,479,789
Due in More than One Year	3,041,142
Other Postemployment Benefits Liability:	
Due in One Year	169,517
Due in More than One Year	5,487,399
Total Liabilities	<u>12,067,711</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	12,027,548
Other Postemployment Related Amounts	187,821
Total Deferred Inflows of Resources	<u>12,215,369</u>
NET POSITION	
Net Investment in Capital Assets	24,651,765
Restricted:	
Pension	5,103,581
Scholarships	265,443
Food Service	379,006
Capital Projects	718,396
Other	272,097
Unrestricted	5,537,436
Total Net Position	<u><u>\$ 36,927,724</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 12,042,023	\$ 1,203,824	\$ 2,261,613	\$ (8,576,586)
Support Services	10,137,042	77,577	2,172,741	(7,886,724)
Community Services	85,385	45,305	-	(40,080)
Nonprogram	899,731	29,500	82,655	(787,576)
Interest and Fiscal Charges	343,234	-	-	(343,234)
Depreciation - Unallocated	1,058,997	-	-	(1,058,997)
Total Governmental Activities	<u>\$ 24,566,412</u>	<u>\$ 1,356,206</u>	<u>\$ 4,517,009</u>	(18,693,197)
GENERAL REVENUES				
Property Taxes				20,542,163
State and Federal Aids not Restricted to Specific Functions				1,363,036
Interest and Investment Earnings				13,588
Gain on Disposal of Capital Assets				174,100
Miscellaneous				73,989
Total General Revenues				<u>22,166,876</u>
CHANGE IN NET POSITION				3,473,679
Net Position - Beginning of Year				<u>33,454,045</u>
NET POSITION - END OF YEAR				<u>\$ 36,927,724</u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Referendum Debt Service	Other Governmental Funds	Total
ASSETS				
Cash and Investments	\$ 6,848,899	\$ 66,936	\$ 1,873,424	\$ 8,789,259
Receivables:				
Taxes	5,829,165	-	-	5,829,165
Accounts	1,631	-	-	1,631
Due from Other Governments	667,452	-	15,728	683,180
Total Assets	<u>\$ 13,347,147</u>	<u>\$ 66,936</u>	<u>\$ 1,889,152</u>	<u>\$ 15,303,235</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 91,960	\$ -	\$ 51,651	\$ 143,611
Accrued and Other Current Liabilities	713,633	-	-	713,633
Total Liabilities	805,593	-	51,651	857,244
FUND BALANCES				
Restricted	-	66,936	1,600,626	1,667,562
Committed	-	-	236,875	236,875
Unassigned	12,541,554	-	-	12,541,554
Total Fund Balances	<u>12,541,554</u>	<u>66,936</u>	<u>1,837,501</u>	<u>14,445,991</u>
Total Liabilities and Fund Balances	<u>\$ 13,347,147</u>	<u>\$ 66,936</u>	<u>\$ 1,889,152</u>	<u>\$ 15,303,235</u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT
RECONCILIATION TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS
JUNE 30, 2022**

Total Fund Balances as Shown on Previous Page \$ 14,445,991

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

Capital assets used in governmental activities are not current
financial resources and therefore are not reported in the funds. 29,889,235

Some deferred outflows and inflows of resources reflect changes
in long-term liabilities and are not reported in the funds.

Loss on Advance Refunding	283,461
Deferred Outflows Related to Pensions	9,648,668
Deferred Inflows Related to Pensions	(12,027,548)
Deferred Outflows Related to Other Postemployment Benefits	982,624
Deferred Inflows Related to Other Postemployment Benefits	(187,821)

Long-term assets are not considered available; therefore, are not
reported in the funds:

Net Pension Asset	5,103,581
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Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the funds:

Bonds and Notes Payable	(5,083,904)
Leases Liability - Right to Use	(437,027)
Other Postemployment Benefits Liability	(5,656,916)
Accrued Interest on Long-Term Obligations	<u>(32,620)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position (see Page 6)	<u><u>\$ 36,927,724</u></u>
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**NORTHLAND PINES SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General	Referendum Debt Service	Other Governmental Funds	Total
REVENUES				
Property Taxes	\$ 17,874,095	\$ 2,483,380	\$ 184,688	\$ 20,542,163
Other Local Sources	115,826	-	405,111	520,937
Interdistrict Sources	1,080,668	-	-	1,080,668
Intermediate Sources	169,189	-	-	169,189
State Sources	3,069,012	-	4,204	3,073,216
Federal Sources	1,455,240	-	995,008	2,450,248
Other Sources	29,570	-	-	29,570
Total Revenues	23,793,600	2,483,380	1,589,011	27,865,991
EXPENDITURES				
Instruction:				
Regular Instruction	8,046,553	-	32,884	8,079,437
Vocational Instruction	581,684	-	568	582,252
Special Education Instruction	2,622,124	-	-	2,622,124
Other Instruction	988,545	-	114,677	1,103,222
Total Instruction	12,238,906	-	148,129	12,387,035
Support Services:				
Pupil Services	1,045,569	-	-	1,045,569
Instructional Staff Services	1,752,866	-	-	1,752,866
General Administration Services	448,547	-	881	449,428
School Administration Services	1,324,976	-	147	1,325,123
Business Services	375,052	-	-	375,052
Operations and Maintenance of Plant	2,349,452	-	59,872	2,409,324
Pupil Transportation Services	1,420,996	-	3,172	1,424,168
Food Services	-	-	885,832	885,832
Central Services	162,400	-	1,172	163,572
Insurance	124,743	-	-	124,743
Other Support Services	732,949	-	-	732,949
Total Support Services	9,737,550	-	951,076	10,688,626
Debt Service:				
Principal	90,849	2,325,000	70,000	2,485,849
Interest and Fiscal Charges	862	186,280	9,699	196,841
Total Debt Service	91,711	2,511,280	79,699	2,682,690
Community Service	-	-	88,807	88,807

See accompanying Notes to Basic Financial Statements.

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

	General	Referendum Debt Service	Other Governmental Funds	Total
EXPENDITURES (CONTINUED)				
Nonprogram:				
General Tuition Payments	\$ 719,942	\$ -	\$ 5,715	\$ 725,657
Scholarship Expenditures	-	-	89,000	89,000
Special Education Tuition Payments	85,074	-	-	85,074
Total Nonprogram	<u>805,016</u>	<u>-</u>	<u>94,715</u>	<u>899,731</u>
Total Expenditures	<u>22,873,183</u>	<u>2,511,280</u>	<u>1,362,426</u>	<u>26,746,889</u>
Excess of Revenues Over (Under) Expenditures	920,417	(27,900)	226,585	1,119,102
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	174,100	-	-	174,100
Transfers In	-	-	500,000	500,000
Transfers Out	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	<u>(325,900)</u>	<u>-</u>	<u>500,000</u>	<u>174,100</u>
NET CHANGE IN FUND BALANCE	594,517	(27,900)	726,585	1,293,202
Fund Balances - Beginning of Year	<u>11,947,037</u>	<u>94,836</u>	<u>1,110,916</u>	<u>13,152,789</u>
FUND BALANCES - END OF YEAR	<u>\$ 12,541,554</u>	<u>\$ 66,936</u>	<u>\$ 1,837,501</u>	<u>\$ 14,445,991</u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT
RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances as Shown on Previous Page \$ 1,293,202

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

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

Capital Assets Reported as Expenditures in Governmental Fund Statements	384,412
Depreciation/Amortization Expense Reported in the Statement of Activities	(1,193,134)
Net Book Value of Disposals	(55,587)

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

Right-to-Use Leases Paid	30,638
Financed Purchase Leases Paid	41,599
Principal Repaid	2,395,000

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

Accrued Interest on Long-Term Debt	13,950
Amortization of Loss on Advance Refunding	(141,731)
Net Pension Asset	1,068,545
Deferred Outflows of Resources Related to Pensions	3,289,778
Deferred Inflows of Resources Related to Pensions	(3,170,056)
Other Postemployment Benefits	(427,111)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(82,658)
Deferred Inflows of Resources Related to Other Postemployment Benefits	26,832

Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see Page 7)	\$ 3,473,679
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**NORTHLAND PINES SCHOOL DISTRICT
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2022**

	Student Activities Custodial Fund
ASSETS	
Cash and Investments	\$ 84,406
LIABILITIES	
Due to Student Organizations	<u>-</u>
NET POSITION	
Restricted for Student Activities	<u><u>\$ 84,406</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Student Activities Custodial Fund
ADDITIONS	
Other Local Sources	\$ 79,694
DEDUCTIONS	
Disbursements to Organizations	<u>62,699</u>
CHANGE IN NET POSITION	16,995
Net Position - Beginning of Year	<u>67,411</u>
NET POSITION - END OF YEAR	<u><u>\$ 84,406</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is organized as a common school district. The District, governed by an elected seven-member board, operates grades K through 12 and is comprised of all or parts of ten taxing districts. In accordance with U.S. GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The SOAR Charter School Ltd. was created in 2013-2014 to serve students in 5th through 8th grade in the Northland Pines School District with project-based curriculum. In 2014-2015 the SOAR Charter School expanded to grades 9-12 and added a Montessori Learning Center for grades 4K-4. The SOAR Charter School Ltd. is an instrumentality of the Northland Pines School District. Because the financial transactions are intermingled with the District, the SOAR Charter School Ltd. is blended into the District's financial statements as part of the general fund.

B. District-Wide and Fund Financial Statements

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

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

Referendum Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt authorized by a voter referendum.

Additionally, the District reports the following fund types:

- The District accounts for assets held as a custodian for various student and parent organizations in a custodial fund.

C. Measurement Focus and Basis of Accounting

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

1. Cash and Investments

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

2. Property Taxes

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Property Taxes (Continued)

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

3. Accounts Receivable

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

4. Interfund Receivables and Payables

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

5. Capital Assets

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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

	<u>Assets</u>	<u>Governmental Activities</u>
Land Improvements		15 Years
Buildings and Improvements		20 to 50 Years
Machinery and Equipment		5 to 20 Years

6. Deferred Outflows/Inflows of Resources

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

7. Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Leases

The District is a lessee for various pieces of equipment. The District recognizes a lease liability – finance purchase and a capital asset or recognizes a lease liability – right to use and an intangible right-to use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases*.

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87, *Leases*, if the lease is a financed purchased or a right to use lease liability. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the District capital assets as land, land improvements, buildings and improvements or furniture and equipment.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the District capital assets in its own category called Leased Assets (Right to Use).

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Leases (Continued)

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

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

The District monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease.

9. Pensions

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

10. Other Postemployment Benefits Other Than Pensions (OPEB)

Qualifying teachers and administrators are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the District. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

11. Fund Equity

Governmental Fund Financial Statements

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

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

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

District-Wide Statements

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fund Equity (Continued)

District-Wide Statements (Continued)

- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

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

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The District maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of the accounts is displayed on the financial statements as "Cash and Investments".

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the District's cash and investments totaled \$8,873,665 on June 30, 2022 as summarized below:

Petty Cash and Cash on Hand	\$ 400
Deposits with Financial Institutions	1,011,435
Investments:	
Repurchase Agreements	7,861,830
Total	<u>\$ 8,873,665</u>
Government-Wide Statement of Net Position:	
Cash and Investments	\$ 8,789,259
Fiduciary Fund Statement of Net Position:	
Custodial Fund	84,406
Total	<u>\$ 8,873,665</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District currently has no investments that are subject to fair value measurement.

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

Custodial Credit Risk

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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

As of June 30, 2022, \$96,956 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits and were not collateralized.

On June 30, 2022, the District held repurchase agreement investments of \$7,861,830 of which the underlying securities are held by the investment's counterparty, not in the name of the District.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

Concentration of Credit Risk

At June 30, 2022, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Interest Rate Risk

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk (Continued)

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Repurchase Agreements	<u>\$ 7,861,830</u>	<u>\$ 7,861,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

B. Capital Assets

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

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets, Nondepreciable:					
Land	\$ 255,876	\$ -	\$ -	\$ -	\$ 255,876
Capital Assets, Depreciable:					
Land Improvements	652,304	-	231,711	-	884,015
Buildings and Improvements	47,384,897	-	17,970	216,414	47,186,453
Machinery and Equipment	2,853,543	41,599	134,731	709,804	2,320,069
Leased Assets (Right of Use)	-	467,665	-	-	467,665
Subtotals	<u>50,890,744</u>	<u>509,264</u>	<u>384,412</u>	<u>926,218</u>	<u>50,858,202</u>
Less: Accumulated Depreciation for:					
Land Improvements	505,129	-	22,042	-	527,171
Buildings and Improvements	18,023,882	-	991,591	187,428	18,828,045
Machinery and Equipment	2,373,329	-	145,685	683,203	1,835,811
Leased Assets (Right of Use)	-	-	33,816	-	33,816
Subtotals	<u>20,902,340</u>	<u>-</u>	<u>1,193,134</u>	<u>870,631</u>	<u>21,224,843</u>
Total Capital Assets, Depreciable, Net	<u>29,988,404</u>	<u>509,264</u>	<u>(808,722)</u>	<u>55,587</u>	<u>29,633,359</u>
Governmental Activities, Capital Assets, Net	<u>\$ 30,244,280</u>	<u>\$ 509,264</u>	<u>\$ (808,722)</u>	<u>\$ 55,587</u>	<u>29,889,235</u>
Less: Capital Related Debt					(5,083,904)
Less: Lease Liability - Right to Use					(437,027)
Add: Loss on Advance Refunding					283,461
Net Investment in Capital Assets					<u>\$ 24,651,765</u>

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

Governmental Activities:	
Instruction	\$ 30,442
Support Services	103,695
Unallocated	<u>1,058,997</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,193,134</u>

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers (Continued)

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 500,000
Long-Term Capital Improvement	500,000	-
Total	<u>\$ 500,000</u>	<u>\$ 500,000</u>

Interfund transfers were made for the following purposes:

To Fund Future Capital Improvement Projects:	\$ 500,000
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D. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:						
General Obligation Debt:						
Bonds	\$ 7,155,000	\$ -	\$ -	\$ 2,325,000	\$ 4,830,000	\$ 2,380,000
Notes from Direct Borrowings	323,904	-	-	70,000	253,904	70,000
Total General Obligation Debt	7,478,904	-	-	2,395,000	5,083,904	2,450,000
Lease Liability - Right to Use	-	467,665	-	30,638	437,027	29,789
Lease Liability - Financed Purchase	-	41,599	-	41,599	-	-
Governmental Activities						
Long-Term Obligations	<u>\$ 7,478,904</u>	<u>\$ 509,264</u>	<u>\$ -</u>	<u>\$ 2,467,237</u>	<u>\$ 5,520,931</u>	<u>\$ 2,479,789</u>

Total interest paid during the year on long-term debt totaled \$215,442.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/22</u>
General Obligation Bonds	6/3/15	4/1/24	0.40 - 2.80%	\$ 16,565,000	\$ 4,830,000
General Obligation Notes	2/15/18	6/26/26	2.95%	603,904	253,904
Total Outstanding					<u>\$ 5,083,904</u>
General Obligation Debt					<u>\$ 5,083,904</u>

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$5,083,904 on June 30, 2022 are detailed below:

Year Ended June 30,	Governmental Activities				
	Bonded Debt		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2023	\$ 2,380,000	\$ 130,480	\$ 70,000	\$ 7,594	\$ 2,588,074
2024	2,450,000	68,600	70,000	5,516	2,594,116
2025	-	-	70,000	3,407	73,407
2026	-	-	43,904	1,313	45,217
Total	<u>\$ 4,830,000</u>	<u>\$ 199,080</u>	<u>\$ 253,904</u>	<u>\$ 17,830</u>	<u>\$ 5,300,814</u>

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

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2022 was \$377,564,318 as follows:

Equalized Valuation of the District	\$ 3,826,482,217
Statutory Limitation Percentage	10%
General Obligation Debt Limitation, Per	
Section 67.03 of the Wisconsin Statutes	382,648,222
Total Outstanding General Obligation Debt	
Applicable to Debt Limitation	5,083,904
Legal Margin for New Debt	<u>\$ 377,564,318</u>

Direct Borrowing Disclosures

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$253,904 contains a provision that, in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

Leases Payable

The District leases various pieces of machinery and equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2030.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Leases Payable (Continued)

Total principal and interest costs for such leases for governmental funds were \$49,250 for the year ended June 30, 2022. The future minimum lease payments for these agreements are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 29,789	\$ 19,052	\$ 48,841
2024	30,759	17,703	48,462
2025	33,354	16,266	49,620
2026	36,093	14,709	50,802
2027	38,982	13,026	52,008
2028 - 2030	268,050	24,306	292,356
Total	<u>\$ 437,027</u>	<u>\$ 105,062</u>	<u>\$ 542,089</u>

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

E. Pension Plan

WRS Pension Plan Description

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

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

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

WRS Pension Plan Description (Continued)

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

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

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

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Postretirement Adjustments (Continued)

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2012	-7.0	-7
2013	-9.6	9
2014	4.7	25
2015	2.9	2
2016	0.5	-5
2017	2.0	4
2018	2.4	17
2019	0.0	-10
2020	1.7	21
2021	5.1	13

Contributions

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

During the year ending June 30, 2022, the WRS recognized \$744,280 in contributions from the District.

Contribution rates as of June 30, 2022 are:

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

On June 30, 2022, the District reported an asset of \$5,103,581 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. On December 31, 2021, the District's proportion was 0.06331842%, which was a decrease of 0.00131311% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense (revenue) of (\$443,791).

On June 30, 2022, 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	\$ 8,244,577	\$ 594,523
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	11,417,135
Changes in Assumptions	952,113	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	16,103	15,890
Employer Contributions Subsequent to the Measurement Date	435,876	-
Total	<u>\$ 9,648,669</u>	<u>\$ 12,027,548</u>

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

\$435,876 reported as deferred outflows related to pension resulting from the District's contributions after the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2023	\$ (239,906)
2024	(1,386,103)
2025	(607,486)
2026	(581,262)
Total	<u>\$ (2,814,757)</u>

Actuarial Assumptions

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

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0%	4.3%	1.8%
Inflation Sensitive Assets	19.0%	2.7%	0.2%
Real Estate	7.0%	5.6%	3.0%
Private Equity/Debt	12.0%	9.7%	7.0%
Cash	-15.0%	0.9%	N/A
Total Core Fund	<u>100.0%</u>	6.6%	4.0%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.3%	3.7%
International Equities	30.0%	7.2%	4.6%
Total Variable Fund	<u>100.0%</u>	6.8%	4.2%

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

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate – A single discount rate of 6.80% was used to measure the total pension liability as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.8%) or one-percentage-point higher (7.8%) than the current rate:

	One Percent Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	One Percent Increase to Discount Rate (7.80%)
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,621,352</u>	<u>\$ (5,103,581)</u>	<u>\$ (11,383,910)</u>

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

Payable to the Pension Plan – On June 30, 2022, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended June 30, 2022.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Deferred Compensation Plan

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

G. Other Postemployment Benefits

Plan Description

Qualifying teachers and administrators are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the District. For purposes of measuring the OPEB liability, related deferred outflows, and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

The District provides health care insurance coverage for employees who retire until they reach the age of 65. Eligible retired employees have access to group medical coverage through the District's group plans. The following table shows the age and service requirements for eligibility along with the benefits offered under the Plan:

	Eligibility Requirement		Duration	Benefits
	Age	Service		Amount
District Administrator	55	12	Until Medicare Eligible	100% of monthly medical and dental premium in effect upon retirement. 100% of life premiums.
Administrators - Group A	57	12	Until Medicare Eligible	100% of monthly medical and dental premium in effect upon retirement. 100% life premium.
Administrators - Group B, Activities Director, Assistant Principal, and Certified Staff	55	15	5 years or Medicare eligibility, whichever comes first	Year 1 - 80% of current premiums Year 2 - 70% of current premiums Year 3 - 60% of current premiums Year 4 - 52% of current premiums Year 5 - 45% of current premiums
Building & Grounds Supervisor	55	12	5 years or Medicare eligibility, whichever comes first	Year 1 - 80% of current premiums Year 2 - 70% of current premiums Year 3 - 60% of current premiums Year 4 - 52% of current premiums Year 5 - 45% of current premiums
Support Staff & Custodial	n/a	n/a	10 years	Implicit Rate Subsidy Only - employee pays 100% of medical insurance premium

Benefits Provided

The District provides medical (including prescription drugs) and dental coverage for retired employees through the District's self-insured plans.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Employees Covered by Benefit Terms

On June 30, 2020, the following employees were covered by the benefit terms:

	Active Employees Covered	Retirees Receiving Benefits
Administration	13	1
Certified Staff	120	8
Support Staff	53	2
Total	186	11

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

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Inflation:	2.00%
Salary Increases:	3.00%
Healthcare Cost Trend Rates:	6.5% Decreasing by 0.10% Per Year Down to 5.0% and Level Thereafter
Dental Cost Trend Rates:	Level at 5.0%

The discount rate used in the actuarial valuation as of June 30, 2020 was 2.25% compared to 3.50% used in the prior year. Mortality rates are based on an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-17.

The actuarial assumptions used in the June 30, 2020 valuation were based on an experience study conducted in 2018 from Wisconsin Retirement System experience from 2015 – 2017.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Total OPEB Liability (Continued)

Discount Rate – The current yield for 20-year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments. The discount rate used to measure the total OPEB liability was 2.25%.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance - July 1, 2020	\$ 5,229,805
Changes for the Year:	
Service Cost	455,819
Interest	121,113
Benefit Payments	(149,821)
Net Changes	427,111
Balance - June 30, 2021	<u>\$ 5,656,916</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents 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 one-percentage-point lower (1.25%) or one-percentage-point higher (3.25%) than the current rate:

	One Percent Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	One Percent Increase to Discount Rate (3.25%)
Total OPEB Liability	<u>\$ 6,020,131</u>	<u>\$ 5,656,916</u>	<u>\$ 5,304,656</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents 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 one-percentage-point lower (5.5% decreasing to 4.0%) or one-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	One Percent Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	One Percent Increase (7.5% Decreasing to 6.0%)
Total OPEB Liability	<u>\$ 5,056,721</u>	<u>\$ 5,656,916</u>	<u>\$ 6,361,290</u>

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$652,454. On June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 570,079	\$ -
Changes in Assumptions	243,028	187,821
District Benefit Payments Subsequent to the Measurement Date	169,517	-
Total	<u>\$ 982,624</u>	<u>\$ 187,821</u>

\$169,517 reported as deferred outflows of resources related to OPEB resulting from District benefit payments after the measurement date will be recognized as a reduction of the total OPEB liability in the measurement period ended June 30, 2022, and reported in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2023	\$ 75,522
2024	75,522
2025	75,522
2026	75,522
2027	75,522
Thereafter	247,676
Total	<u>\$ 625,286</u>

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity

Restricted Fund Balance

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

Special Revenue Funds:

Restricted for:

Food Service	\$ 379,006
Community Service	231,899
Donations	265,443

Debt Service Funds:

Restricted for:

Nonreferendum Debt Service	5,882
Referendum Debt Service	66,936

Capital Projects Fund:

Restricted for:

Other Capital Projects	66,915
Long-Term Capital Improvement Trust	651,481
Total Restricted Fund Balance	<u>\$ 1,667,562</u>

Committed Fund Balance

On June 30, 2022, fund balance was assigned as follows:

Special Revenue Fund:

Committed for:

Donations	\$ 236,875
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**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded coverage in any of the past three years.

The District has not received an actuarial certification attesting to the adequacy of the reserves, rates, and the overall financial soundness of the District's self-insured dental plan.

B. Contingencies

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

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

C. Limitation on School District Revenues

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property Taxes	\$ 17,874,095	\$ 17,874,095	\$ 17,874,095	\$ -
Other Local Sources	95,410	95,410	115,826	20,416
Interdistrict Sources	1,104,570	1,104,570	1,051,168	(53,402)
Intermediate Sources	13,911	13,911	9,105	(4,806)
State Sources	2,334,778	2,334,778	2,219,242	(115,536)
Federal Sources	1,153,657	1,153,657	1,074,501	(79,156)
Other Sources	64,918	64,918	29,570	(35,348)
Total Revenues	22,641,339	22,641,339	22,373,507	(267,832)
EXPENDITURES				
Instruction:				
Regular Instruction	8,157,703	8,157,703	8,046,553	111,150
Vocational Instruction	576,385	576,385	581,684	(5,299)
Other Instruction	1,001,213	1,001,213	988,545	12,668
Total Instruction	9,735,301	9,735,301	9,616,782	118,519
Support Services:				
Pupil Services	621,487	621,487	637,697	(16,210)
Instructional Staff Services	1,572,257	1,572,257	1,550,428	21,829
General Administration Services	521,925	521,925	448,547	73,378
School Administration Services	1,325,672	1,325,672	1,324,976	696
Business Services	418,296	418,296	375,052	43,244
Operations and Maintenance of Plant	2,688,845	2,688,845	2,349,452	339,393
Pupil Transportation Services	1,248,200	1,248,200	1,325,211	(77,011)
Central Services	207,793	207,793	162,400	45,393
Insurance	148,489	148,489	124,743	23,746
Other Support Services	1,040,834	1,040,834	732,949	307,885
Total Support Services	9,793,798	9,793,798	9,031,455	762,343
Debt Service:				
Principal	-	-	90,849	(90,849)
Interest and Fiscal Charges	-	-	862	(862)
Total Debt Service	-	-	91,711	(91,711)

See accompanying Notes to Required Supplementary Information.

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Nonprogram:				
General Tuition Payments	\$ 799,533	\$ 799,533	\$ 719,942	\$ 79,591
Total Expenditures	<u>20,328,632</u>	<u>20,328,632</u>	<u>19,459,890</u>	<u>868,742</u>
Excess of Revenues Over Expenditures	2,312,707	2,312,707	2,913,617	600,910
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	120,000	120,000	174,100	54,100
Transfers Out	<u>(2,035,188)</u>	<u>(2,035,188)</u>	<u>(2,493,200)</u>	<u>(458,012)</u>
Total Other Financing Sources (Uses)	<u>(1,915,188)</u>	<u>(1,915,188)</u>	<u>(2,319,100)</u>	<u>(403,912)</u>
NET CHANGE IN FUND BALANCE	397,519	397,519	594,517	196,998
Fund Balance - Beginning of Year	<u>11,947,037</u>	<u>11,947,037</u>	<u>11,947,037</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 12,344,556</u>	<u>\$ 12,344,556</u>	<u>\$ 12,541,554</u>	<u>\$ 196,998</u>

See accompanying Notes to Required Supplementary Information.

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

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interdistrict Sources	\$ 43,500	\$ 43,500	\$ 29,500	\$ (14,000)
Intermediate Sources	104,500	104,500	160,084	55,584
State Sources	1,021,796	1,021,796	849,770	(172,026)
Federal Sources	342,270	342,270	380,739	38,469
Other Sources	100	100	-	(100)
Total Revenues	1,512,166	1,512,166	1,420,093	(92,073)
EXPENDITURES				
Instruction:				
Special Education Instruction	2,669,437	2,669,437	2,622,124	47,313
Support Services:				
Pupil Services	463,591	463,591	407,872	55,719
Instructional Staff Services	196,276	196,276	202,438	(6,162)
Pupil Transportation Services	138,550	138,550	95,785	42,765
Total Support Services	798,417	798,417	706,095	92,322
Nonprogram:				
Special Education Tuition Payments	4,500	4,500	85,074	(80,574)
Total Expenditures	3,472,354	3,472,354	3,413,293	59,061
Excess of Revenues Under Expenditures	(1,960,188)	(1,960,188)	(1,993,200)	(33,012)
OTHER FINANCING SOURCES				
Transfers In	1,960,188	1,960,188	1,993,200	33,012
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Required Supplementary Information.

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 MEASUREMENT DATES***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service Cost	\$ 455,819	\$ 340,780	\$ 328,467	\$ 322,644	\$ 322,644
Interest	121,113	161,951	157,402	144,198	138,556
Changes of Benefit Terms	-	(557,926)	-	-	-
Differences Between Expected and Actual					
Experience	-	662,539	-	62,932	-
Changes of Assumptions	-	234,348	76,382	(295,149)	-
Benefit Payments	<u>(149,821)</u>	<u>(137,351)</u>	<u>(139,861)</u>	<u>(180,343)</u>	<u>(419,637)</u>
Net Change in Total OPEB Liability	427,111	704,341	422,390	54,282	41,563
 Total OPEB Liability - Beginning of Year	 <u>5,229,805</u>	 <u>4,525,464</u>	 <u>4,103,074</u>	 <u>4,048,792</u>	 <u>4,007,229</u>
 Total OPEB Liability - End of Year	 <u><u>\$ 5,656,916</u></u>	 <u><u>\$ 5,229,805</u></u>	 <u><u>\$ 4,525,464</u></u>	 <u><u>\$ 4,103,074</u></u>	 <u><u>\$ 4,048,792</u></u>
 Covered-Employee Payroll	 <u><u>\$ 10,228,668</u></u>	 <u><u>\$ 10,228,668</u></u>	 <u><u>\$ 9,833,003</u></u>	 <u><u>\$ 9,833,033</u></u>	 <u><u>\$ 6,482,037</u></u>
 District's Total OPEB Liability as a Percentage of					
Covered-Employee Payroll	55.30%	51.13%	46.02%	41.73%	62.46%

* The amounts presented for each fiscal year were determined as of the prior year measurement date. Amounts for prior years were not available.

See accompanying Notes to Required Supplementary Information.

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2022**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST 10 MEASUREMENT PERIODS

Measurement Period Ending	Proportion of Net Pension Liability (Asset)	Proportionate Share of Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.06823450%	\$ (1,676,038)	\$ 9,381,033	17.87%	102.74%
12/31/15	0.06776177%	1,101,116	9,605,789	11.46%	98.20%
12/31/16	0.06725451%	554,338	9,703,467	5.71%	99.12%
12/31/17	0.06689424%	(1,986,169)	9,799,477	20.27%	102.93%
12/31/18	0.06665899%	2,371,517	10,161,732	23.34%	96.45%
12/31/19	0.06558450%	(2,114,743)	10,230,253	20.67%	102.96%
12/31/20	0.06463153%	(4,035,036)	10,558,140	38.22%	105.26%
12/31/21	0.06331842%	(5,103,581)	10,845,852	47.06%	106.02%

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 653,723	\$ 653,723	\$ -	\$ 9,500,863	6.88%
6/30/16	643,477	643,477	-	9,630,353	6.68%
6/30/17	651,414	651,414	-	9,697,562	6.72%
6/30/18	682,678	682,678	-	10,127,859	6.74%
6/30/19	669,706	669,706	-	10,129,579	6.61%
6/30/20	690,822	690,822	-	10,360,219	6.67%
6/30/21	724,579	724,579	-	10,704,214	6.77%
6/30/22	744,280	744,280	-	11,261,391	6.61%

See accompanying Notes to Required Supplementary Information.

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

The Plans benefit terms have changes since the prior valuation. Most notably, the District reduced the annual HRA contributions provided to retirees from \$4,650/\$9,300 to \$1,300/\$2,600 for Single and Family medical coverage respectively. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Changes of Assumptions

Actuarial assumptions are based on an actuarial experience study for the period 2015-2017 for the Wisconsin Retirement System compared to the prior year which used an actuarial experience study for the period 2012-2014 for the Wisconsin Retirement System. Based on the experience study, actuarial assumptions used to develop total OPEB liability changed, including the discount rate, which decreased from 3.75% to 2.25%, wage inflation rate, and mortality and separation rates.

The District is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 2 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms

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

Changes of Assumptions

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Changes of Assumptions (Continued)

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

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a U.S. GAAP General Fund basis is summarized below:

	<u>General</u>	<u>Special Education</u>
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 22,373,507	\$ 1,420,093
Reclassification of Special Education	<u>1,420,093</u>	<u>(1,420,093)</u>
Total Revenues	23,793,600	-
Expenditures:		
Actual Amounts (Budgetary Basis)	19,459,890	3,413,293
Reclassification of Special Education	<u>3,413,293</u>	<u>(3,413,293)</u>
Total Expenditures	22,873,183	-
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	2,913,617	(1,993,200)
Reclassification of Special Education	<u>(1,993,200)</u>	<u>1,993,200</u>
Excess of Revenues Over (Under) Expenditures	920,417	-
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(2,319,100)	1,993,200
Reclassification of Special Education	<u>1,993,200</u>	<u>(1,993,200)</u>
Total Other Financing Sources (Uses)	<u>(325,900)</u>	-
Net Change In Fund Balance:		
Actual Amounts (Budgetary Basis)	<u>594,517</u>	
Fund Balance - Beginning of Year:		
Actual Amounts (Budgetary Basis)	<u>11,947,037</u>	
Fund Balance - End of Year:		
Actual Amounts (Budgetary Basis)	<u><u>\$ 12,541,554</u></u>	

SUPPLEMENTARY INFORMATION

**NORTHLAND PINES SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue		
	Donations	Food Service	Community Service
ASSETS			
Cash and Investments	\$ 502,318	\$ 414,929	\$ 231,899
Due from Other Governments	-	15,728	-
Total Assets	<u>\$ 502,318</u>	<u>\$ 430,657</u>	<u>\$ 231,899</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 51,651	\$ -
FUND BALANCES			
Restricted	265,443	379,006	231,899
Committed	236,875	-	-
Total Fund Balances	<u>502,318</u>	<u>379,006</u>	<u>231,899</u>
Total Liabilities and Fund Balances	<u>\$ 502,318</u>	<u>\$ 430,657</u>	<u>\$ 231,899</u>

NORTHLAND PINES SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Nonreferendum Debt Service	Other Capital Projects	Long-Term Capital Improvement	
ASSETS				
Cash and Investments	\$ 5,882	\$ 66,915	\$ 651,481	\$ 1,873,424
Due from Other Governments	-	-	-	15,728
Total Assets	<u>\$ 5,882</u>	<u>\$ 66,915</u>	<u>\$ 651,481</u>	<u>\$ 1,889,152</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 51,651
FUND BALANCES				
Restricted	5,882	66,915	651,481	1,600,626
Committed	-	-	-	236,875
Total Fund Balances	<u>5,882</u>	<u>66,915</u>	<u>651,481</u>	<u>1,837,501</u>
Total Liabilities and Fund Balances	<u>\$ 5,882</u>	<u>\$ 66,915</u>	<u>\$ 651,481</u>	<u>\$ 1,889,152</u>

**NORTHLAND PINES SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue		
	Donations	Food Service	Community Service
REVENUES			
Property Taxes	\$ -	\$ -	\$ 105,000
Other Local Sources	282,378	76,950	45,342
State Sources	-	4,204	-
Federal Sources	-	995,008	-
Total Revenues	282,378	1,076,162	150,342
EXPENDITURES			
Instruction:			
Regular Instruction	32,884	-	-
Vocational Instruction	-	-	568
Other Instruction	114,677	-	-
Total Instruction	147,561	-	568
Support Services:			
General Administration Services	881	-	-
School Administration Services	147	-	-
Operations and Maintenance of Plant	317	58,640	-
Pupil Transportation Services	3,172	-	-
Food Services	-	885,832	-
Central Services	47	1,125	-
Total Support Services	4,564	945,597	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Debt Service	-	-	-
Community Service	-	-	88,807
Nonprogram:			
General Tuition Payments	5,715	-	-
Scholarship Expenditures	89,000	-	-
Total Nonprogram	94,715	-	-
Total Expenditures	246,840	945,597	89,375
Excess of Revenues Over (Under) Expenditures	35,538	130,565	60,967
OTHER FINANCING SOURCES			
Transfers In	-	-	-
NET CHANGE IN FUND BALANCES	35,538	130,565	60,967
Fund Balances - Beginning of Year	466,780	248,441	170,932
FUND BALANCES - END OF YEAR	<u>\$ 502,318</u>	<u>\$ 379,006</u>	<u>\$ 231,899</u>

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

	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Nonreferendum Debt Service	Other Capital Projects	Long-Term Capital Improvement	
REVENUES				
Property Taxes	\$ 79,688	\$ -	\$ -	\$ 184,688
Other Local Sources	-	-	441	405,111
State Sources	-	-	-	4,204
Federal Sources	-	-	-	995,008
Total Revenues	79,688	-	441	1,589,011
EXPENDITURES				
Instruction:				
Regular Instruction	-	-	-	32,884
Vocational Instruction	-	-	-	568
Other Instruction	-	-	-	114,677
Total Instruction	-	-	-	148,129
Support Services:				
General Administration Services	-	-	-	881
School Administration Services	-	-	-	147
Operations and Maintenance of Plant	-	915	-	59,872
Pupil Transportation Services	-	-	-	3,172
Food Services	-	-	-	885,832
Central Services	-	-	-	1,172
Total Support Services	-	915	-	951,076
Debt Service:				
Principal	70,000	-	-	70,000
Interest and Fiscal Charges	9,699	-	-	9,699
Total Debt Service	79,699	-	-	79,699
Community Service	-	-	-	88,807
Nonprogram:				
General Tuition Payments	-	-	-	5,715
Scholarship Expenditures	-	-	-	89,000
Total Nonprogram	-	-	-	94,715
Total Expenditures	79,699	915	-	1,362,426
Excess of Revenues Over (Under) Expenditures	(11)	(915)	441	226,585
OTHER FINANCING SOURCES				
Transfers In	-	-	500,000	500,000
NET CHANGE IN FUND BALANCES	(11)	(915)	500,441	726,585
Fund Balances - Beginning of Year	5,893	67,830	151,040	1,110,916
FUND BALANCES - END OF YEAR	<u>\$ 5,882</u>	<u>\$ 66,915</u>	<u>\$ 651,481</u>	<u>\$ 1,837,501</u>

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER SERVICES AND COSTS
YEAR ENDED JUNE 30, 2022**

	Function	Montessori Learning Center	SOAR Middle School	SOAR High School
SERVICES PROVIDED				
Undifferentiated Curriculum	110000	\$ 284,201	\$ 249,423	\$ 6,738
Regular Curriculum	120000	47,040	26,629	283,919
Physical Curriculum	140000	24,693	24,702	-
Special Education	150000	24,454	42,074	-
Guidance	213000	179	176	-
Instructional Staff Training	221300	-	3,340	-
Other Instructional Staff Services	220000	96,401	56,804	-
General Administration	230000	55	55	55
Building Administration	240000	100,695	98,243	-
Pupil Transportation	256000	18,577	15,561	-
Information	263000	453	1,601	454
Total		<u>\$ 596,750</u>	<u>\$ 518,609</u>	<u>\$ 291,166</u>
OPERATING ACTIVITY				
	Object			
Employee Salaries	100	\$ 396,013	\$ 339,723	\$ 202,508
Employee Benefits	200	170,771	148,041	81,410
Purchased Services	300	19,831	21,019	454
Noncapital Objects	400	4,301	8,714	2,495
Capital Objects	500	-	-	4,299
Other	900	5,834	1,111	-
Total		<u>\$ 596,750</u>	<u>\$ 518,609</u>	<u>\$ 291,166</u>

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



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

Board of Education
Northland Pines School District
Eagle River, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northland Pines School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Northland Pines School District's basic financial statements, and have issued our report thereon dated November 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Northland Pines School District's Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Wausau, Wisconsin
November 9, 2022

FEDERAL AND STATE AWARDS



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION**

Board of Education
Northland Pines School District
Eagle River, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

In our opinion, Northland Pines School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003, to be significant deficiencies.

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

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

Board of Education
Northland Pines School District

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

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

CliftonLarsonAllen LLP

Wausau, Wisconsin
November 9, 2022

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

<u>Grantor Agency/Federal Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/21</u>	<u>Value or Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/22</u>	<u>Total Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE							
Child Nutrition Cluster:							
School Breakfast Program	10.553	WI DPI	2022-631526-SB-546	\$ -	\$ 227,682	\$ 4,546	\$ 232,228
National School Lunch Program	10.555	WI DPI	2022-631526-DPI-NSL-547	-	634,634	11,183	645,817
Donated Commodities	10.555	WI DPI	Unknown	-	54,553	-	54,553
Total National School Lunch Program				-	689,187	11,183	700,370
COVID 19 - Summer Food Service Program for Children	10.559	WI DPI	2022-631526-DPI-SFSP-561	(40,687)	103,097	-	62,410
Total Child Nutrition Cluster				(40,687)	1,019,966	15,729	995,008
National School Lunch Program Equipment Assistance Grant	10.579	WI DPI	Unknown	(20,086)	20,086	-	-
Total U.S. Department of Agriculture				(60,773)	1,040,052	15,729	995,008
U.S. DEPARTMENT OF EDUCATION							
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-631526-DPI-TIA-141	(104,270)	272,964	121,695	290,389
Special Education Cluster (IDEA):							
Special Education Grants to States	84.027	WI DPI	2022-631526-DPI-IDEA-FT-341	(366,396)	539,614	137,217	310,435
COVID 19 - Special Education Grants to States	84.027	WI DPI	2022-631526-DPI-IDEA-FT-341	-	63,941	-	63,941
Total Special Education Grants to States				(366,396)	603,555	137,217	374,376
Special Education Preschool Grants	84.173	WI DPI	2022-631526-DPI-IDEA-P-347	(2,406)	7,827	941	6,362
Total Special Education Cluster (IDEA)				(368,802)	611,382	138,158	380,738
Career and Technical Education - Basic Grants to States	84.048	CESA 9	Unknown	-	9,105	-	9,105
Supporting Effective Instruction State Grants	84.367	WI DPI	2022-631526-DPI-TIIA-365	(16,695)	53,009	22,447	58,761
Student Support and Academic Enrichment Program	84.424	WI DPI	2022-631526-DPI-TIV-A-381	(5,802)	15,055	14,590	23,843
COVID 19 - Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2021-631526-DPI-ESSERF-160	(1,613)	1,841	-	228
COVID 19 - Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2022-631526-DPI-ESSERFII-163	(76,324)	197,269	286,744	407,689
COVID 19 - Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2022-631526-DPI-ESSERFIII-165	-	-	64,515	64,515
Total Elementary and Secondary School Emergency Relief				(77,937)	199,110	351,259	472,432
COVID 19 - Congressionally Directed Spending- Rehabilitation Services and Disability Research	84.427W	WI DPI	2022-631526-DPI-ARPHCYI-168	-	-	9,980	9,980
Total U.S. Department of Education				(573,506)	1,160,625	658,129	1,245,248
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Medicaid Cluster:							
Medical Assistance Program	93.778	WI DHS	44229900	-	160,084	-	160,084
Total Expenditures of Federal Awards				\$ (634,279)	\$ 2,360,761	\$ 673,858	\$ 2,400,340

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

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2022**

<u>Grantor Agency/State Program Title</u>	<u>State I.D. Number</u>	<u>Pass-Through Agency</u>	<u>State Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/21</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/22</u>	<u>Total State Expenditures</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Special Education and School Age Parents	255.101	Direct Program	631526-100	\$ -	\$ 822,210	\$ -	\$ 822,210
Common School Fund Library Aid	255.103	Direct Program	631526-104	-	53,430	-	53,430
General Transportation Aid	255.107	Direct Program	631526-102	-	182,588	-	182,588
WI School Day Milk Program	255.115	Direct Program	631526-109	-	4,204	-	4,204
Special Adjustment Aid	255.203	Direct Program	631526-118	-	21,561	-	21,561
High Cost Special Education Aid	255.210	Direct Program	631526-119	-	27,560	-	27,560
Achievement Gap Reduction	255.504	Direct Program	631526-160	-	447,039	-	447,039
Aid for High Poverty School District	255.926	Direct Program	631526-121	-	68,905	-	68,905
Educator Effective Evaluation System	255.940	Direct Program	631526-154	-	9,920	-	9,920
Per Pupil Aid	255.945	Direct Program	631526-113	-	950,502	-	950,502
High Cost Transportation Aid	255.947	Direct Program	631526-114	-	367,479	-	367,479
Assessments of Reading Readiness	255.956	Direct Program	631526-166	-	2,046	-	2,046
Total Wisconsin Department of Public Instruction				-	2,957,444	-	2,957,444
Total Expenditures of State Programs				\$ -	\$ 2,957,444	\$ -	\$ 2,957,444

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

NORTHLAND PINES SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

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

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2021 – 2022 eligible costs under the State Special Education Program as reported by the District are \$2,919,827. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

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

**NORTHLAND PINES SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2022**

NOTE 5 OVERSIGHT AGENCIES

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

Federal - U.S. Department of Education

State - Wisconsin Department of Public Instruction

NOTE 6 PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services

WI DPI - Wisconsin Department of Public Instruction

CESA 9 - Cooperative Educational Service Agency No. 9

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes _____ x _____ no
 - Significant deficiency(ies) identified? _____ x _____ yes _____ none reported

3. Noncompliance material to basic financial Statements noted? _____ yes _____ x _____ no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes _____ x _____ no
 - Significant deficiency(ies) identified? _____ x _____ yes _____ none reported

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

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ x _____ yes _____ no

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425D	COVID-19 Elementary and Secondary School Emergency Relief
84.425U	COVID-19 Elementary and Secondary School Emergency Relief
84.027	<i>Special Education Cluster</i>
84.173	Special Education Grants to States
	Special Education Preschool Grants

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ x _____ yes _____ no

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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

State Financial Assistance

1. Internal control over state programs:

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

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

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

Identification of Major State Programs:

State ID Numbers

Name of State Program

255.101

Special Education and School Age Parents

255.107

General Transportation Aid

255.203

Special Adjustment Aid

255.926

Aid for High Poverty School District

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

\$ 250,000

Auditee qualified as low-risk auditee?

 x yes no

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022-001

Control Deficiencies

Preparation of Annual Financial Report

Repeat of Finding 2021-001

Type of Finding

Significant deficiency in internal control over financial reporting.

Condition

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

Criteria

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

Cause

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

Effect

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

Recommendation

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

Views of Reasonable Officials

There is no disagreement with the audit finding

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section III – Federal and State Award Findings and Questioned Costs

2022-002

Journal Entry Approval

Federal Agency: U.S. Department of Education

Federal Program Title: COVID-19 Elementary and Secondary School Emergency Relief

Federal ALN: 84.425D 84.425U

Pass-Through Agency: Wisconsin Department of Public Instruction

Pass-Through Numbers: 2021-631526-DPI-ESSERF-160, 2022-631526-DPI-ESSERFII-163,
2022-631526-DPI-ESSERFIII-165

Award Period: March 13, 2020 – September 30, 2024

Type of Finding

Significant deficiency in internal control over compliance

Compliance Requirement

Allowable Costs & Allowable Activities

Condition

There was no review of the journal entries by someone other than the preparer for activity associated with the ESSER grant. Accordingly, this does not allow for a proper segregation of duties for internal control purposes over allowable costs and activities compliance requirements.

Criteria

In order to ensure all costs coded to a grant are accurate and allowable, internal controls should be designed and implemented to prevent and detect errors in the underlying costs and activities. Segregation of duties is an internal control intended to prevent or decrease the occurrence of error or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

Questioned Costs

None

Context

In the course of our audit, we tested 6 of the 19 journal entries with activity pertaining to the ESSER Grant, none had documentation of a separate approval and review done by someone other than the preparer.

Cause

The District has not fully implemented procedures that require the approval of journal entry before the activity is posted into the general ledger.

Effect

The District could record activity pertaining to the grant which is not allowable under the grant requirements.

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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

2022-002 (Continued)

Repeat Finding

No

Recommendation

We recommend the District review its written procedures to ensure there are adequate controls over journal entry reviews.

Views of responsible officials

There is no disagreement with the audit finding.

2022-003

Procurement Documentation

Federal Agency: U.S. Department of Education

Federal Program Title: Special Education Cluster (IDEA)

Federal ALN: 84.027, 84.173A

Pass-Through Agency: Wisconsin Department of Public Instruction

Pass-Through Numbers: 2022-631526-DPI-IDEA-FT-341, 2022-631526-DPI-IDEA-P-347

Award Period: July 1, 2021 - June 30, 2022

Type of Finding

Significant deficiency in internal control over compliance

Other Matters

Compliance Requirement

Procurement

Condition

The District entered into a contract over \$10,000 and did not maintain any documentation of price comparisons if the procurement transaction was classified as a small purchase or justification if the procurement was classified as a sole source.

Criteria

Uniform Guidance requires Districts to implement a procurement policy that complies with federal regulations regarding the types of procurement and the dollar thresholds involved. Uniform Guidance also requires that Districts to implement a system of internal controls to ensure procurement transactions complies with their own policy and the uniform guidance regulations.

Questioned Costs

None

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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

2022-003 (Continued)

Context

The District entered into one procurement transaction in excess of the micropurchase threshold during the grant period. Documentation of the procurement method was not maintained.

Cause

The District policy does not provide any guidance as to the procedures to follow between the micropurchase threshold of \$10,000 and the \$150,000 procurement threshold requiring competitive proposals.

Effect

The District could utilize a method of procurement in violation of federal uniform grant guidance.

Repeat Finding

Repeat of Finding 2021-003

Recommendation

We recommend that the District review its procurement policies in relation to the federal requirements and consider implementing a micro-purchase method of procurement as well as eliminating any discrepancies in dollar amounts listed in the policy. In addition, we recommend the district review its procedures and internal controls to maintain documentation to support the method of procurement

Views of responsible officials

There is no disagreement with the audit finding.

**NORTHLAND PINES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

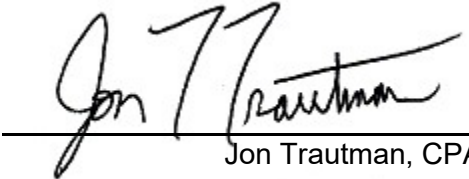
Section IV – Other Issues

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

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

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

4. Name and signature of partner



Jon Trautman, CPA

5. Date of report November 9, 2022

