

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the 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 appropriate 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 combining nonmajor governmental fund financial statements, the schedule of charter school authorizer services and costs, and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor governmental fund financial statements, the schedule of charter school authorizer services and costs, and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Wausau, Wisconsin  
November 16, 2023

## **BASIC FINANCIAL STATEMENTS**



**NORTHLAND PINES SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 9,298,835
Receivables:	
Taxes	5,827,948
Due from Other Governments	985,753
Capital Assets:	
Nondepreciable and Nonamortizable	482,397
Depreciable and Amortizable	29,801,899
Total Assets	<u>46,396,832</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on Advance Refunding	141,730
Pension Related Amounts	12,179,384
Other Postemployment Related Amounts	863,688
Total Deferred Outflows of Resources	<u>13,184,802</u>
<b>LIABILITIES</b>	
Accounts Payable	68,638
Accrued and Other Current Liabilities	689,496
Accrued Interest Payable	17,150
Deposits Payable	49,817
Long-Term Obligations:	
Due in One Year	2,586,052
Due in More than One Year	585,870
Other Postemployment Benefits Liability:	
Due in One Year	152,935
Due in More than One Year	4,828,040
Net Pension Liability	3,351,736
Total Liabilities	<u>12,329,734</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Amounts	7,022,103
Other Postemployment Related Amounts	1,163,822
Total Deferred Inflows of Resources	<u>8,185,925</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	27,187,583
Restricted:	
Scholarships	242,406
Food Service	318,230
Capital Projects	884,724
Other	193,099
Unrestricted	10,239,933
Total Net Position	<u><u>\$ 39,065,975</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

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	\$ 13,739,397	\$ 1,286,652	\$ 2,772,596	\$ (9,680,149)
Support Services	11,678,222	258,639	2,666,630	(8,752,953)
Community Services	134,258	54,181	-	(80,077)
Nonprogram	861,844	24,000	104,668	(733,176)
Interest and Fiscal Charges	286,484	-	-	(286,484)
Depreciation - Unallocated	1,059,369	-	-	(1,059,369)
Total Governmental Activities	<u>\$ 27,759,574</u>	<u>\$ 1,623,472</u>	<u>\$ 5,543,894</u>	(20,592,208)
<b>GENERAL REVENUES</b>				
Property Taxes				20,678,591
State and Federal Aids not Restricted to Specific Functions				1,403,035
Interest and Investment Earnings				360,097
Miscellaneous				288,736
Total General Revenues				<u>22,730,459</u>
<b>CHANGE IN NET POSITION</b>				2,138,251
Net Position - Beginning of Year				<u>36,927,724</u>
<b>NET POSITION - END OF YEAR</b>				<u><u>\$ 39,065,975</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General	Referendum Debt Service	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and Investments	\$ 7,392,233	\$ 35,996	\$ 1,870,606	\$ 9,298,835
Receivables:				
Taxes	5,827,948	-	-	5,827,948
Due from Other Governments	985,753	-	-	985,753
Total Assets	<u>\$ 14,205,934</u>	<u>\$ 35,996</u>	<u>\$ 1,870,606</u>	<u>\$ 16,112,536</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 67,668	\$ -	\$ 970	\$ 68,638
Accrued and Other Current Liabilities	689,496	-	-	689,496
Deposits Payable	-	-	49,817	49,817
Total Liabilities	<u>757,164</u>	<u>-</u>	<u>50,787</u>	<u>807,951</u>
<b>FUND BALANCES</b>				
Restricted	-	35,996	1,619,613	1,655,609
Committed	-	-	200,206	200,206
Unassigned	13,448,770	-	-	13,448,770
Total Fund Balances	<u>13,448,770</u>	<u>35,996</u>	<u>1,819,819</u>	<u>15,304,585</u>
Total Liabilities and Fund Balances	<u>\$ 14,205,934</u>	<u>\$ 35,996</u>	<u>\$ 1,870,606</u>	<u>\$ 16,112,536</u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT  
RECONCILIATION TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS  
JUNE 30, 2023**

Total Fund Balances as Shown on Previous Page	\$ 15,304,585
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and intangible assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	30,284,296
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Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Loss on Advance Refunding	141,730
Deferred Outflows Related to Pensions	12,179,384
Deferred Inflows Related to Pensions	(7,022,103)
Deferred Outflows Related to Other Postemployment Benefits	863,688
Deferred Inflows Related to Other Postemployment Benefits	(1,163,822)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable	(2,633,904)
Leases Liability - Right to Use	(538,018)
Other Postemployment Benefits Liability	(4,980,975)
Net Pension Liability	(3,351,736)
Accrued Interest on Long-Term Obligations	<u>(17,150)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 39,065,975</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, 2023**

	General	Referendum Debt Service	Other Governmental Funds	Total
<b>REVENUES</b>				
Property Taxes	\$ 18,016,457	\$ 2,479,540	\$ 182,594	\$ 20,678,591
Other Local Sources	467,490	-	646,434	1,113,924
Interdistrict Sources	1,159,247	-	-	1,159,247
Intermediate Sources	169,055	-	-	169,055
State Sources	3,407,592	-	16,227	3,423,819
Federal Sources	2,486,200	-	606,405	3,092,605
Other Sources	260,584	-	-	260,584
Total Revenues	25,966,625	2,479,540	1,451,660	29,897,825
<b>EXPENDITURES</b>				
Instruction:				
Regular Instruction	8,255,617	-	63,006	8,318,623
Vocational Instruction	616,279	-	4,588	620,867
Special Education Instruction	2,835,423	-	-	2,835,423
Other Instruction	1,029,699	-	192,175	1,221,874
Total Instruction	12,737,018	-	259,769	12,996,787
Support Services:				
Pupil Services	1,175,025	-	-	1,175,025
Instructional Staff Services	1,790,665	-	-	1,790,665
General Administration Services	555,094	-	-	555,094
School Administration Services	1,384,256	-	180	1,384,436
Business Services	384,428	-	-	384,428
Operations and Maintenance of Plant	3,123,193	-	104,085	3,227,278
Pupil Transportation Services	1,550,186	-	14,709	1,564,895
Food Services	-	-	928,986	928,986
Central Services	168,461	-	1,109	169,570
Insurance	155,379	-	-	155,379
Other Support Services	1,203,848	-	-	1,203,848
Total Support Services	11,490,535	-	1,049,069	12,539,604
Debt Service:				
Principal	46,850	2,380,000	70,000	2,496,850
Interest and Fiscal Charges	22,143	130,480	7,600	160,223
Total Debt Service	68,993	2,510,480	77,600	2,657,073
Community Service	1,410	-	130,354	131,764

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, 2023**

	General	Referendum Debt Service	Other Governmental Funds	Total
<b>EXPENDITURES (CONTINUED)</b>				
Nonprogram:				
General Tuition Payments	\$ 691,560	\$ -	\$ 19,500	\$ 711,060
Scholarship Expenditures	-	-	83,050	83,050
Special Education Tuition Payments	65,799	-	-	65,799
Adjustments and Refunds	1,935	-	-	1,935
Total Nonprogram	<u>759,294</u>	<u>-</u>	<u>102,550</u>	<u>861,844</u>
Total Expenditures	<u>25,057,250</u>	<u>2,510,480</u>	<u>1,619,342</u>	<u>29,187,072</u>
Excess of Revenues Over (Under) Expenditures	909,375	(30,940)	(167,682)	710,753
<b>OTHER FINANCING SOURCES (USES)</b>				
Leases	147,841	-	-	147,841
Transfers In	-	-	150,000	150,000
Transfers Out	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
Total Other Financing Sources (Uses)	<u>(2,159)</u>	<u>-</u>	<u>150,000</u>	<u>147,841</u>
<b>NET CHANGE IN FUND BALANCE</b>	907,216	(30,940)	(17,682)	858,594
Fund Balances - Beginning of Year	<u>12,541,554</u>	<u>66,936</u>	<u>1,837,501</u>	<u>14,445,991</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 13,448,770</u></u>	<u><u>\$ 35,996</u></u>	<u><u>\$ 1,819,819</u></u>	<u><u>\$ 15,304,585</u></u>

See accompanying Notes to Basic Financial Statements.

**NORTHLAND PINES SCHOOL DISTRICT  
RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances as Shown on Previous Page \$ 858,594

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	1,647,702
Depreciation/Amortization Expense Reported in the Statement of Activities	(1,215,530)
Net Book Value of Disposals	(37,111)

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

Long-Term Lease Issued	(147,841)
Principal Repaid	2,496,850

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	15,470
Amortization of Loss on Advance Refunding	(141,731)
Net Pension Asset	(5,103,581)
Net Pension Liability	(3,351,736)
Deferred Outflows of Resources Related to Pensions	2,530,716
Deferred Inflows of Resources Related to Pensions	5,005,445
Other Postemployment Benefits	675,941
Deferred Outflows of Resources Related to Other Postemployment Benefits	(118,936)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(976,001)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ 2,138,251
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**NORTHLAND PINES SCHOOL DISTRICT  
STATEMENT OF NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2023**

	Student Activities Custodial Fund
<b>ASSETS</b>	
Cash and Investments	<u>\$        104,439</u>
<b>NET POSITION</b>	
Restricted for Student Activities	<u><u>\$        104,439</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, 2023**

	Student Activities Custodial Fund
<b>ADDITIONS</b>	
Other Local Sources	\$ 95,222
<b>DEDUCTIONS</b>	
Disbursements to Organizations	<u>75,189</u>
<b>CHANGE IN NET POSITION</b>	20,033
Net Position - Beginning of Year	<u>84,406</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 104,439</u></u>

*See accompanying Notes to Basic Financial Statements.*

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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 5<sup>th</sup> through 8<sup>th</sup> 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, 2023**

**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, 2023**

**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 20<sup>th</sup> 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, 2023**

**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, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. 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 assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets 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, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. Lease Payable**

The District determines if an arrangement is a lease at inception. Leases are included in right-to-use (lease assets) and lease liabilities in the statement of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District recognizes payments for short-term leases with a lease term of 12 months or less, including options to extend, as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the District has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

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

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**9. Pensions**

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

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

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

**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, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. 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.
- **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, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. 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, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

The carrying amount of the District's cash and investments totaled \$9,403,274 on June 30, 2023 as summarized below:

Petty Cash and Cash on Hand	\$ 400
Deposits with Financial Institutions	683,759
Investments:	
Repurchase Agreements	8,719,115
Total	<u>\$ 9,403,274</u>
Government-Wide Statement of Net Position:	
Cash and Investments	\$ 9,298,835
Fiduciary Fund Statement of Net Position:	
Custodial Fund	104,439
Total	<u>\$ 9,403,274</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, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Custodial Credit Risk (Continued)

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

As of June 30, 2023, \$313,818 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, 2023, the District held repurchase agreement investments of \$8,719,115 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, 2023, 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, 2023**

**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>\$ 8,719,115</u>	<u>\$ 8,719,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**B. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 255,876	\$ -	\$ -	\$ 255,876
Construction in Progress	-	226,521	-	226,521
Total Capital Assets, Nondepreciable	255,876	226,521	-	482,397
Capital Assets, Being Depreciation and Amortized				
Land Improvements	884,015	88,579	40,765	931,829
Buildings and Improvements	47,186,453	-	-	47,186,453
Machinery and Equipment	2,320,069	1,184,761	83,666	3,421,164
Right-to-Use Lease Asset:				
Machinery and Equipment	467,665	147,841	-	615,506
Subtotals	50,858,202	1,421,181	124,431	52,154,952
Less: Accumulated Depreciation and Amortization for:				
Land Improvements	527,171	29,168	40,765	515,574
Buildings and Improvements	18,828,045	986,849	-	19,814,894
Machinery and Equipment	1,835,811	167,163	46,555	1,956,419
Right-to-Use Lease Asset:				
Machinery and Equipment	33,816	32,350	-	66,166
Subtotals	21,224,843	1,215,530	87,320	22,353,053
Total Capital Assets Depreciable, and Amortizable, Net	29,633,359	205,651	37,111	29,801,899
Governmental Activities, Capital Assets, Net	<u>\$ 29,889,235</u>	<u>\$ 432,172</u>	<u>\$ 37,111</u>	30,284,296
Less: Capital Related Debt				(3,171,922)
Less: Capital Related Accounts Payable				(66,521)
Add: Loss on Advance Refunding				141,730
Net Investment in Capital Assets				<u>\$ 27,187,583</u>

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets (Continued)**

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

Governmental Activities:

Instruction	\$ 31,730
Support Services	124,429
Unallocated	1,059,371
Total Depreciation and Amortization Expense	<u>\$ 1,215,530</u>

**C. Interfund Receivables, Payables, and Transfers**

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

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 150,000
Long-Term Capital Improvement	150,000	-
Total	<u>\$ 150,000</u>	<u>\$ 150,000</u>

Interfund transfers were made for the following purposes:

To Fund Future Capital Improvement Projects:	\$ 150,000
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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, 2023:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 4,830,000	\$ -	\$ 2,380,000	\$ 2,450,000	\$ 2,450,000
Notes from Direct Borrowings	253,904	-	70,000	183,904	70,000
Total General Obligation Debt	5,083,904	-	2,450,000	2,633,904	2,520,000
Leases	437,027	147,841	46,850	538,018	66,052
Governmental Activities Long-Term Obligations	<u>\$ 5,520,931</u>	<u>\$ 147,841</u>	<u>\$ 2,496,850</u>	<u>\$ 3,171,922</u>	<u>\$ 2,586,052</u>

Total interest paid during the year on long-term debt totaled \$160,217.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/23</u>
General Obligation Bonds	6/3/15	4/1/24	0.40 - 2.80%	\$ 16,565,000	\$ 2,450,000
General Obligation Notes	2/15/18	6/26/26	2.95%	603,904	183,904
Total Outstanding General Obligation Debt					<u>\$ 2,633,904</u>

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$2,712,740 on June 30, 2023 are detailed below:

Year Ended June 30,	Governmental Activities				
	Bonded Debt		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
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>\$ 2,450,000</u>	<u>\$ 68,600</u>	<u>\$ 183,904</u>	<u>\$ 10,236</u>	<u>\$ 2,712,740</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, 2023 was \$451,117,977 as follows:

Equalized Valuation of the District	\$ 4,537,518,813
Statutory Limitation Percentage	10%
General Obligation Debt Limitation, Per	
Section 67.03 of the Wisconsin Statutes	453,751,881
Total Outstanding General Obligation Debt	
Applicable to Debt Limitation	2,633,904
Legal Margin for New Debt	<u>\$ 451,117,977</u>

Direct Borrowing Disclosures

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$183,904 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, 2023**

**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 \$68,993 for the year ended June 30, 2023. 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>
2024	\$ 66,052	\$ 22,715	\$ 88,767
2025	70,268	19,656	89,924
2026	74,703	16,404	91,107
2027	58,947	13,213	72,160
2028	42,041	11,209	53,250
2029-2030	226,007	13,096	239,103
Total	<u>\$ 538,018</u>	<u>\$ 96,293</u>	<u>\$ 634,311</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, 2023**

**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, 2023**

**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>
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
2022	7.4	15

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, 2023, the WRS recognized \$762,984 in contributions from the District.

Contribution rates as of June 30, 2023 are:

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

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Pension Plan (Continued)**

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

On June 30, 2023, the District reported a liability of \$3,351,736 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. On December 31, 2022, the District's proportion was 0.06326773%, which was a decrease of 0.00005069% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,704,934.

On June 30, 2023, 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	\$ 5,338,278	\$ 7,013,299
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	5,693,828	-
Changes in Assumptions	659,090	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	17,932	8,804
Employer Contributions Subsequent to the Measurement Date	470,256	-
Total	<u>\$ 12,179,384</u>	<u>\$ 7,022,103</u>

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Pension Plan (Continued)**

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

\$470,296 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 liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2024	\$ 193,757
2025	971,753
2026	998,000
2027	2,523,515
Total	<u>\$ 4,687,025</u>

Actuarial Assumptions

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

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

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

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Pension Plan (Continued)**

Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022, is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	48.0%	7.6%	5.0%
Public Fixed Income	25.0%	5.3%	2.7%
Inflation Sensitive Assets	19.0%	3.6%	1.1%
Real Estate	8.0%	5.2%	2.6%
Private Equity/Debt	15.0%	9.6%	6.9%
Cash	-15.0%	0.9%	N/A
Total Core Fund	<u>100.0%</u>	7.4%	4.8%
Variable Fund Asset Class:			
U.S. Equities	70.0%	7.2%	4.6%
International Equities	30.0%	8.1%	5.5%
Total Variable Fund	<u>100.0%</u>	7.7%	5.1%

New England Pension Consultants Long-Term 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, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Pension Plan (Continued)**

Actuarial Assumptions (Continued)

**Single Discount Rate** – A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** – The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, 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>\$ 11,124,305</u>	<u>\$ 3,351,736</u>	<u>\$ (1,995,123)</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** – The District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended June 30, 2023.

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

Employees Covered by Benefit Terms

On June 30, 2022, the following employees were covered by the benefit terms:

	Active Employees Covered	Retirees Receiving Benefits
Administration	13	1
Certified Staff	127	6
Support Staff	53	1
Total	<u>193</u>	<u>8</u>

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, 2022 and was determined by an actuarial valuation as of June 30, 2022. 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Salary Increases:	3.00%
Healthcare Cost Trend Rates:	7.0% Decreasing to 6.5% then by 0.10% Per Year Down to 5.0% and Level Thereafter
Dental Cost Trend Rates:	Level at 4.5%

The discount rate used in the actuarial valuation as of June 30, 2022 was 4.00% compared to 2.25% used in the prior year. Mortality rates are based on the 2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the June 30, 2022 valuation were based on an experience study conducted in 2021 from Wisconsin Retirement System experience from 2018-2020.



**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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 4.00%.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance - July 1, 2021	\$ 5,656,916
Changes for the Year:	
Service Cost	466,075
Interest	130,617
Differences Between Expected and Actual Experience	(608,678)
Changes of Assumptions	(494,438)
Benefit Payments	(169,517)
Net Changes	(675,941)
Balance - June 30, 2022	<u>\$ 4,980,975</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 (3.00%) or one-percentage-point higher (5.00%) than the current rate:

	One Percent Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	One Percent Increase to Discount Rate (5.00%)
Total OPEB Liability	<u>\$ 5,313,622</u>	<u>\$ 4,980,975</u>	<u>\$ 4,661,868</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 (6.0% decreasing to 3.5%) or one-percentage-point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	One Percent Decrease (6.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% Decreasing to 4.5%)	One Percent Increase (8.0% Decreasing to 5.5%)
Total OPEB Liability	<u>\$ 4,521,727</u>	<u>\$ 4,980,975</u>	<u>\$ 5,512,576</u>

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023, the District recognized OPEB expense of \$571,931. On June 30, 2023, 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	\$ 498,104	\$ 553,344
Changes in Assumptions	212,649	610,478
District Benefit Payments Subsequent to the Measurement Date	152,935	-
Total	<u>\$ 863,688</u>	<u>\$ 1,163,822</u>

\$152,935 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, 2023, and reported in the year ended June 30, 2024. 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>
2024	\$ (24,761)
2025	(24,761)
2026	(24,761)
2027	(24,761)
2028	(24,761)
Thereafter	(329,264)
Total	<u>\$ (453,069)</u>

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023, restricted fund balance was as follows:

Special Revenue Funds:

Restricted for:

Food Service	\$ 318,230
Community Service	168,377
Scholarships	242,406

Debt Service Funds:

Restricted for:

Nonreferendum Debt Service	5,876
Referendum Debt Service	35,996

Capital Projects Fund:

Restricted for:

Other Capital Projects	66,169
Long-Term Capital Improvement Trust	818,555
Total Restricted Fund Balance	<u>\$ 1,655,609</u>

Committed Fund Balance

On June 30, 2023, fund balance was assigned as follows:

Special Revenue Fund:

Committed for:

Donations	\$ 200,206
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**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 18,016,457	\$ 18,016,457	\$ 18,016,457	\$ -
Other Local Sources	230,740	230,740	467,490	236,750
Interdistrict Sources	1,131,668	1,131,668	1,135,247	3,579
Intermediate Sources	10,026	10,026	15,451	5,425
State Sources	2,311,259	2,311,259	2,411,395	100,136
Federal Sources	2,358,631	2,358,631	2,066,740	(291,891)
Other Sources	325,400	325,400	260,584	(64,816)
Total Revenues	24,384,181	24,384,181	24,373,364	(10,817)
<b>EXPENDITURES</b>				
Instruction:				
Regular Instruction	8,535,855	8,535,855	8,255,617	280,238
Vocational Instruction	604,543	604,543	616,279	(11,736)
Other Instruction	1,045,863	1,045,863	1,029,699	16,164
Total Instruction	10,186,261	10,186,261	9,901,595	284,666
Support Services:				
Pupil Services	711,137	711,137	731,986	(20,849)
Instructional Staff Services	1,817,966	1,817,966	1,593,571	224,395
General Administration Services	523,324	523,324	555,094	(31,770)
School Administration Services	1,370,919	1,370,919	1,384,256	(13,337)
Business Services	397,137	397,137	384,428	12,709
Operations and Maintenance of Plant	3,301,995	3,301,995	3,113,693	188,302
Pupil Transportation Services	1,448,000	1,448,000	1,475,775	(27,775)
Central Services	171,236	171,236	167,262	3,974
Insurance	146,017	146,017	155,379	(9,362)
Other Support Services	1,119,923	1,119,923	1,203,848	(83,925)
Total Support Services	11,007,654	11,007,654	10,765,292	242,362
Debt Service:				
Principal	75,800	75,800	46,850	28,950
Interest and Fiscal Charges	19,575	19,575	22,143	(2,568)
Total Debt Service	95,375	95,375	68,993	26,382
Community Service	22,244	22,244	1,410	20,834

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, 2023**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Nonprogram:				
General Tuition Payments	\$ 687,193	\$ 687,193	\$ 691,560	\$ (4,367)
Adjustments and Refunds	-	-	1,935	(1,935)
Total Nonprogram	<u>687,193</u>	<u>687,193</u>	<u>693,495</u>	<u>(6,302)</u>
 Total Expenditures	<u>21,998,727</u>	<u>21,998,727</u>	<u>21,430,785</u>	<u>567,942</u>
 Excess of Revenues Over Expenditures	2,385,454	2,385,454	2,942,579	557,125
<b>OTHER FINANCING SOURCES (USES)</b>				
Leases	-	-	147,841	147,841
Proceeds from Sale of Capital Assets	10,000	10,000	-	(10,000)
Transfers Out	<u>(2,328,770)</u>	<u>(2,328,770)</u>	<u>(2,183,204)</u>	<u>145,566</u>
Total Other Financing Sources (Uses)	<u>(2,318,770)</u>	<u>(2,318,770)</u>	<u>(2,035,363)</u>	<u>283,407</u>
 <b>NET CHANGE IN FUND BALANCE</b>	66,684	66,684	907,216	840,532
 Fund Balance - Beginning of Year	<u>12,541,554</u>	<u>12,541,554</u>	<u>12,541,554</u>	<u>-</u>
 <b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 12,608,238</u></u>	<u><u>\$ 12,608,238</u></u>	<u><u>\$ 13,448,770</u></u>	<u><u>\$ 840,532</u></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, 2023**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interdistrict Sources	\$ 32,000	\$ 32,000	\$ 24,000	\$ (8,000)
Intermediate Sources	150,000	150,000	153,604	3,604
State Sources	893,544	893,544	996,197	102,653
Federal Sources	430,573	430,573	419,460	(11,113)
Total Revenues	1,506,117	1,506,117	1,593,261	87,144
<b>EXPENDITURES</b>				
Instruction:				
Special Education Instruction	2,757,854	2,757,854	2,835,423	(77,569)
Support Services:				
Pupil Services	467,084	467,084	443,039	24,045
Instructional Staff Services	240,758	240,758	197,094	43,664
Operations and Maintenance of Plant	42,191	42,191	9,500	32,691
Pupil Transportation Services	146,000	146,000	74,411	71,589
Central Services	-	-	1,199	(1,199)
Total Support Services	896,033	896,033	725,243	170,790
Nonprogram:				
Special Education Tuition Payments	81,000	81,000	65,799	15,201
Total Expenditures	3,734,887	3,734,887	3,626,465	108,422
Excess of Revenues Under Expenditures	(2,228,770)	(2,228,770)	(2,033,204)	195,566
<b>OTHER FINANCING SOURCES</b>				
Transfers In	2,228,770	2,228,770	2,033,204	(195,566)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service Cost	\$ 466,075	\$ 455,819	\$ 340,780	\$ 328,467	\$ 322,644	\$ 322,644
Interest	130,617	121,113	161,951	157,402	144,198	138,556
Changes of Benefit Terms	-	-	(557,926)	-	-	-
Differences Between Expected and Actual						
Experience	(608,678)	-	662,539	-	62,932	-
Changes of Assumptions	(494,438)	-	234,348	76,382	(295,149)	-
Benefit Payments	<u>(169,517)</u>	<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	(675,941)	427,111	704,341	422,390	54,282	41,563
Total OPEB Liability - Beginning of Year	<u>5,656,916</u>	<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>\$ 4,980,975</u></u>	<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>\$ 11,473,686</u></u>	<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	43.41%	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, 2023**

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%
12/31/22	0.06326773%	3,351,736	11,547,438	29.03%	95.72%

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%
6/30/23	762,984	762,984	-	11,816,288	6.46%

See accompanying Notes to Required Supplementary Information.

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 1 OTHER POSTEMPLOYMENT BENEFITS**

**Changes of Benefit Terms**

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 2018-2021 for the Wisconsin Retirement System compared to the prior year which used an actuarial experience study for the period 2015-2017 for the Wisconsin Retirement System. Based on the experience study, actuarial assumptions used to develop total OPEB liability changed, including the discount rate, which increased from 2.25% to 4.0%, 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 wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**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, 2023.

**NORTHLAND PINES SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

**Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund. 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)	\$ 24,373,364	\$ 1,593,261
Reclassification of Special Education	<u>1,593,261</u>	<u>(1,593,261)</u>
Total Revenues	25,966,625	-
Expenditures:		
Actual Amounts (Budgetary Basis)	21,430,785	3,626,465
Reclassification of Special Education	<u>3,626,465</u>	<u>(3,626,465)</u>
Total Expenditures	25,057,250	-
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	2,942,579	(2,033,204)
Reclassification of Special Education	<u>(2,033,204)</u>	<u>2,033,204</u>
Excess of Revenues Over (Under) Expenditures	909,375	-
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(2,035,363)	2,033,204
Reclassification of Special Education	<u>2,033,204</u>	<u>(2,033,204)</u>
Total Other Financing Sources (Uses)	<u>(2,159)</u>	\$ -
Net Change In Fund Balance:		
Actual Amounts (Budgetary Basis)	<u>907,216</u>	
Fund Balance - Beginning of Year:		
Actual Amounts (Budgetary Basis)	<u>12,541,554</u>	
Fund Balance - End of Year:		
Actual Amounts (Budgetary Basis)	<u><u>\$ 13,448,770</u></u>	

## **SUPPLEMENTARY INFORMATION**

**NORTHLAND PINES SCHOOL DISTRICT  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	Special Revenue		
	Donations	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	<u>\$ 442,612</u>	<u>\$ 369,017</u>	<u>\$ 168,377</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 970	\$ -
Deposits Payable	-	49,817	-
Total Liabilities	-	50,787	-
<b>FUND BALANCES</b>			
Restricted	242,406	318,230	168,377
Committed	200,206	-	-
Total Fund Balances	<u>442,612</u>	<u>318,230</u>	<u>168,377</u>
Total Liabilities and Fund Balances	<u>\$ 442,612</u>	<u>\$ 369,017</u>	<u>\$ 168,377</u>

**NORTHLAND PINES SCHOOL DISTRICT  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023**

	Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	Nonreferendum Debt Service	Other Capital Projects	Long-Term Capital Improvement	
<b>ASSETS</b>				
Cash and Investments	<u>\$ 5,876</u>	<u>\$ 66,169</u>	<u>\$ 818,555</u>	<u>\$ 1,870,606</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 970
Deposits Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,817</u>
Total Liabilities	-	-	-	50,787
<b>FUND BALANCES</b>				
Restricted	5,876	66,169	818,555	1,619,613
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,206</u>
Total Fund Balances	<u>5,876</u>	<u>66,169</u>	<u>818,555</u>	<u>1,819,819</u>
Total Liabilities and Fund Balances	<u>\$ 5,876</u>	<u>\$ 66,169</u>	<u>\$ 818,555</u>	<u>\$ 1,870,606</u>



**NORTHLAND PINES SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

	Special Revenue		
	Donations	Food Service	Community Service
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ 105,000
Other Local Sources	316,334	246,917	60,549
State Sources	-	16,227	-
Federal Sources	-	606,405	-
Total Revenues	316,334	869,549	165,549
<b>EXPENDITURES</b>			
Instruction:			
Regular Instruction	63,006	-	-
Vocational Instruction	3,360	-	1,228
Other Instruction	192,175	-	-
Total Instruction	258,541	-	1,228
Support Services:			
School Administration Services	180	-	-
Operations and Maintenance of Plant	-	290	97,489
Pupil Transportation Services	14,709	-	-
Food Services	-	928,986	-
Central Services	60	1,049	-
Total Support Services	14,949	930,325	97,489
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Debt Service	-	-	-
Community Service	-	-	130,354
Nonprogram:			
General Tuition Payments	19,500	-	-
Scholarship Expenditures	83,050	-	-
Total Nonprogram	102,550	-	-
Total Expenditures	376,040	930,325	229,071
Excess of Revenues Over (Under) Expenditures	(59,706)	(60,776)	(63,522)
<b>OTHER FINANCING SOURCES</b>			
Transfers In	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(59,706)	(60,776)	(63,522)
Fund Balances - Beginning of Year	502,318	379,006	231,899
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 442,612</u>	<u>\$ 318,230</u>	<u>\$ 168,377</u>

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

	Debt Service	Capital Projects	Long-Term Capital Improvement	Total Nonmajor Governmental Funds
	Nonreferendum Debt Service	Other Capital Projects		
<b>REVENUES</b>				
Property Taxes	\$ 77,594	\$ -	\$ -	\$ 182,594
Other Local Sources	-	-	22,634	646,434
State Sources	-	-	-	16,227
Federal Sources	-	-	-	606,405
Total Revenues	<u>77,594</u>	<u>-</u>	<u>22,634</u>	<u>1,451,660</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular Instruction	-	-	-	63,006
Vocational Instruction	-	-	-	4,588
Other Instruction	-	-	-	192,175
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,769</u>
Support Services:				
School Administration Services	-	-	-	180
Operations and Maintenance of Plant	-	746	5,560	104,085
Pupil Transportation Services	-	-	-	14,709
Food Services	-	-	-	928,986
Central Services	-	-	-	1,109
Total Support Services	<u>-</u>	<u>746</u>	<u>5,560</u>	<u>1,049,069</u>
Debt Service:				
Principal	70,000	-	-	70,000
Interest and Fiscal Charges	7,600	-	-	7,600
Total Debt Service	<u>77,600</u>	<u>-</u>	<u>-</u>	<u>77,600</u>
Community Service	-	-	-	130,354
Nonprogram:				
General Tuition Payments	-	-	-	19,500
Scholarship Expenditures	-	-	-	83,050
Total Nonprogram	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,550</u>
Total Expenditures	<u>77,600</u>	<u>746</u>	<u>5,560</u>	<u>1,619,342</u>
Excess of Revenues Over (Under) Expenditures	(6)	(746)	17,074	(167,682)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(6)	(746)	167,074	(17,682)
Fund Balances - Beginning of Year	<u>5,882</u>	<u>66,915</u>	<u>651,481</u>	<u>1,837,501</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,876</u>	<u>\$ 66,169</u>	<u>\$ 818,555</u>	<u>\$ 1,819,819</u>

**NORTHLAND PINES SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOL AUTHORIZER SERVICES AND COSTS  
YEAR ENDED JUNE 30, 2023**

	Function	Montessori Learning Center	SOAR Middle School	SOAR High School
<b>SERVICES PROVIDED</b>				
Undifferentiated Curriculum	110000	\$ 289,220	\$ 267,430	\$ 20,531
Regular Curriculum	120000	48,809	32,480	278,216
Physical Curriculum	140000	25,146	25,454	-
Special Education	150000	25,610	43,911	256
Guidance	213000	185	166	-
Instructional Staff Training	221300	-	1,946	-
Other Instructional Staff Services	220000	126,135	56,932	597
Building Administration	240000	101,475	98,191	600
Pupil Transportation	256000	19,331	21,389	2,778
Information	263000	306	543	244
Total		<u>\$ 636,217</u>	<u>\$ 548,442</u>	<u>\$ 303,222</u>
<b>OPERATING ACTIVITY</b>				
	Object			
Employee Salaries	100	\$ 423,527	\$ 354,250	\$ 195,734
Employee Benefits	200	185,273	151,618	83,295
Purchased Services	300	19,954	24,805	3,972
Noncapital Objects	400	5,656	14,457	6,806
Capital Objects	500	-	1,310	12,534
Other	900	1,807	2,002	881
Total		<u>\$ 636,217</u>	<u>\$ 548,442</u>	<u>\$ 303,222</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 Northland Pines School District, as of and for the year ended June 30, 2023, 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 16, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 Northland Pines School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2023-001 and 2023-002 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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. 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 16, 2023

## **FEDERAL AND STATE AWARDS**



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

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 the *State Single Audit Guidelines* 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, 2023. 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, 2023.

***Basis for Opinion on Each Major Federal and State Program***

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

### **Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Wausau, Wisconsin  
November 16, 2023

**NORTHLAND PINES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

<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 7/1/22</u>	<u>Value or Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/23</u>	<u>Total Federal Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Child Nutrition Cluster:							
School Breakfast Program	10.553	WI DPI	2023-631526-SB-SEVERE-546	\$ -	\$ 135,139	\$ -	\$ 135,139
National School Lunch Program	10.555	WI DPI	2023-631526-DPI-NSL-547	-	397,935	-	397,935
Donated Commodities	10.555	WI DPI	Unknown	-	62,306	-	62,306
Total National School Lunch Program				-	460,241	-	460,241
COVID 19 - Summer Food Service Program for Children	10.559	WI DPI	2023-631526-DPI-SFSP-586	-	11,025	-	11,025
Total Child Nutrition Cluster				-	606,405	-	606,405
Total U.S. Department of Agriculture				-	606,405	-	606,405
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-631526-DPI-TI-A-141	(121,695)	301,438	110,394	290,137
Special Education Cluster (IDEA):							
Special Education Grants to States	84.027	WI DPI	2023-631526-DPI-IDEA-FT-341	(137,217)	197,092	352,497	412,372
Special Education Preschool Grants	84.173	WI DPI	2023-631526-DPI-IDEA-P-347	(941)	7,349	680	7,088
Total Special Education Cluster (IDEA)				(138,158)	204,441	353,177	419,460
Improving Teacher Quality State Grant (Title II)	84.367	WI DPI	2023-631526-DPI-TIIIA-365	(22,447)	43,936	14,439	35,928
Student Support and Academic Enrichment Program	84.424	WI DPI	2023-631526-DPI-TIV-A-381	(14,590)	28,090	2,052	15,552
COVID 19 - Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2022-631526-DPI-ESSERFII-163	(286,744)	491,259	155,925	360,440
COVID 19 - Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2022-631526-DPI-ESSERFIII-165	(64,515)	931,742	336,361	1,203,588
Total Elementary and Secondary School Emergency Relief				(351,259)	1,423,001	492,286	1,564,028
COVID 19 - Congressionally Directed Spending- Rehabilitation Services and Disability Research	84.427	WI DPI	2022-631526-DPI-ARPHCYI-168	(9,980)	10,563	64	647
Total U.S. Department of Education				(658,129)	2,011,469	972,412	2,325,752
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Medicaid Cluster:							
Medical Assistance Program	93.778	WI DHS	44229900	-	125,027	-	125,027
Total U.S. Department of Health and Human Services				-	125,027	-	125,027
Total Expenditures of Federal Awards				<u>\$ (658,129)</u>	<u>\$ 2,742,901</u>	<u>\$ 972,412</u>	<u>\$ 3,057,184</u>

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, 2023**

<u>Grantor Agency/State Program Title</u>	<u>State I.D. Number</u>	<u>Pass-Through Agency</u>	<u>State Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/22</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/23</u>	<u>Total State Expenditures</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
Special Education and School Age Parents	255.101	Direct Program	631526-100	\$ -	\$ 923,749	\$ -	\$ 923,749
State School Lunch Aid	255.102	Direct Program	631526-107	-	6,481	-	6,481
Common School Fund Library Aid	255.103	Direct Program	631526-104	-	71,376	-	71,376
General Transportation Aid	255.107	Direct Program	631526-102	-	144,817	-	144,817
WI School Day Milk Program	255.115	Direct Program	631526-109	-	4,911	-	4,911
Special Adjustment Aid	255.203	Direct Program	631526-118	-	18,326	-	18,326
High Cost Special Education Aid	255.210	Direct Program	631526-119	-	68,626	-	68,626
Aid for School Mental Health Programs	255.227	Direct Program	631526-176	-	93,605	-	93,605
State School Breakfast Aid	255.344	Direct Program	631526-108	-	4,835	-	4,835
Achievement Gap Reduction	255.504	Direct Program	631526-160	-	454,781	-	454,781
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	-	9,840	-	9,840
Per Pupil Aid	255.945	Direct Program	631526-113	-	960,890	-	960,890
High Cost Transportation Aid	255.947	Direct Program	631526-114	-	442,863	-	442,863
Career and Technical Education Incentive Grants	255.950	Direct Program	631526-171	-	9,850	-	9,850
Assessments of Reading Readiness	255.956	Direct Program	631526-166	-	5,410	-	5,410
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	631526-168	-	3,822	-	3,822
Total Wisconsin Department of Public Instruction				-	3,293,087	-	3,293,087
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>							
Digital Mapping of School Buildings	455.206	Direct Program	17390	-	-	6,521	6,521
Total Expenditures of State Programs				\$ -	\$ 3,293,087	\$ 6,521	\$ 3,299,608

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, 2023**

**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 2023 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 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, 2023**

**NOTE 4    OVERSIGHT AGENCIES**

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

Federal - U.S. Department of Education

State - Wisconsin Department of Public Instruction

**NOTE 5    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

**NORTHLAND PINES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

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***Section I – Summary of the Auditors’ Results***

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***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 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? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ 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)? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ 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

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, 2023**

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

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***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**

255.945

255.203

255.926

**Name of State Program**

Per Pupil Aid

Special Adjustment Aid

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, 2023**

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***Section II – Financial Statement Findings***

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**2023-001 Preparation of Annual Financial Report**

Significant Deficiency in Internal Control over Financial Reporting

**Type of Finding**

Significant deficiency in internal control over financial reporting.

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

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

**Effect:** 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.

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

**Repeat Finding:** Repeat of Finding 2022-001

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

**Views of Reasonable Officials and Planned Corrective Actions:** There is no disagreement with the audit finding.

**NORTHLAND PINES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section II – Financial Statement Findings***

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**2023-002 Segregation of Duties**

**Type of Finding:** Significant deficiency in internal control over financial reporting

**Condition:** During the year the Business Manager assumed additional responsibilities due to turnover within the Business Office. As such, for a period of time, certain duties related to cash handling, reconciliation, and journal entries occurred without adequate segregation of duties.

**Criteria or Specific Requirements:** Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

**Effect:** Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

**Cause:** The District experienced turnover in multiple positions within the business office. The District was not able to train and reassign duties immediately to the newly hired individuals which resulted in the business manager performing multiple duties for a period of time.

**Repeat Finding:** No

**Recommendation:** We recommend the District perform an assessment of the various responsibilities and duties of the positions within the Business Office. As the individuals within the office are fully trained in their responsibilities, we recommend that the District completes a Risk Assessment to identify and assess the District's internal controls to ensure adequate segregation of duties exists.


**Views of Reasonable Officials and Planned Corrective Actions:** There is no disagreement with the audit finding.

**NORTHLAND PINES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section IV – Other Issues***

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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 16, 2023



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