

**TREFFERT WAY FOR THE EXCEPTIONAL MIND CHARTER  
SCHOOL (AN INSTRUMENTALITY OF THE NORTH FOND DU LAC  
SCHOOL DISTRICT)  
NORTH FOND DU LAC, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2020**



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**WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING**

**TREFFERT WAY FOR THE EXCEPTIONAL MIND CHARTER SCHOOL (AN  
INSTRUMENTALITY OF THE NORTH FOND DU LAC SCHOOL DISTRICT)  
NORTH FOND DU LAC, WISCONSIN  
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## INDEPENDENT AUDITORS' REPORT

Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School  
School District of North Fond du Lac  
North Fond du Lac, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Treffert Way for the Exceptional Mind Charter School (the School), an instrumentality of the School District of North Fond du Lac (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School,  
an instrumentality of the School District of North Fond du Lac

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the School are intended to present the financial position and the changes in financial position of that portion of the governmental activities and the major fund of the District that is attributable to the transactions of the School. They do not purport to, and do not present fairly the financial position of the School District of North Fond du Lac as of June 30, 2020 or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Management has omitted the management’s discussion and analysis and budgetary comparison information 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 American Institute of Certified Public Accountants, 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 opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021, on our consideration of the School’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
January 20, 2021

## **BASIC FINANCIAL STATEMENTS**

**TREFFERT WAY FOR THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY  
 OF THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
 NORTH FOND DU LAC, WISCONSIN  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Grants receivable	<u>\$ 2,807</u>
 <b>LIABILITIES</b>	
Due to School District of North Fond du Lac	<u>2,807</u>
 <b>NET POSITION</b>	
Unrestricted	<u><u>\$ -</u></u>

*See accompanying Notes to Basic Financial Statements.*

**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction				
Regular Instruction	\$ 253,250	\$ 88	\$ 80,553	\$ (172,609)
Special Education Instruction	222,479	-	-	(222,479)
Total Instruction	<u>475,729</u>	<u>88</u>	<u>80,553</u>	<u>(395,088)</u>
Support Services				
Pupil Services	74,975	-	-	(74,975)
Instructional Staff Services	13,873	-	-	(13,873)
General Administration Services	534	-	-	(534)
Total Support Services	<u>89,382</u>	<u>-</u>	<u>-</u>	<u>(89,382)</u>
Total Governmental Activities	<u>\$ 565,111</u>	<u>\$ 88</u>	<u>\$ 80,553</u>	(484,470)
<b>GENERAL REVENUES</b>				
State, Federal, and District Aids Not Restricted to Specific Functions				484,470
Total General Revenues				<u>484,470</u>
<b>CHANGE IN NET POSITION</b>				
Net Position - Beginning of Year				-
<b>NET POSITION - END OF YEAR</b>				<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
 THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
 NORTH FOND DU LAC, WISCONSIN  
 GOVERNMENTAL FUND  
 BALANCE SHEET  
 JUNE 30, 2020**

	<u>General Fund</u>
<b>ASSETS</b>	
Grants receivable	<u>\$ 2,807</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Due to School District of North Fond du Lac	<u>\$ 2,807</u>
<b>FUND BALANCES</b>	
Unassigned	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,807</u>

See accompanying Notes to Basic Financial Statements.



**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>
<b>REVENUES</b>	
District Subsidy	\$ 484,470
Other Local Sources	88
Federal Sources	80,553
Total Revenues	565,111
<b>EXPENDITURES</b>	
Instruction:	
Regular Instruction	253,250
Special Education Instruction	222,479
Total Instruction	475,729
Support Services:	
Pupil Services	74,975
Instructional Staff Services	13,873
General Administration Services	534
Total Support Services	89,382
Total Expenditures	565,111
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-
<b>NET CHANGE IN FUND BALANCES</b>	-
Fund Balances - Beginning of Year	-
<b>FUND BALANCES - END OF YEAR</b>	\$ -

See accompanying Notes to Basic Financial Statements.

**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Treffert Way for the Exceptional Mind Charter School (the School) 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 School are described below:

**A. Reporting Entity**

The Treffert Way for the Exceptional Mind Charter School (the "School") is a charter school established in accordance with Wisconsin Statute 118.40 and organized as an instrumentality of the School District of North Fond du Lac (the "District"). The Board of Education of the School District of North Fond du Lac has delegated the authority to operate and manage the School to the governing body of NFDL Charter School, Inc. The School District of North Fond du Lac has control of the School's assets, provides administrative services to the School, and employs and oversees School personnel. Because the School is not legally separate from the District and its revenues and expenditures are recorded within the District's basic financial statements the School is considered a department of the District. The School's management has elected to include only the activities of the School in this report.

**B. School-Wide and Fund Financial Statements**

The school-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are primarily supported by School District of North Fond du Lac subsidy 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 the School's governmental fund. The governmental funds include the general fund. A major individual governmental fund is reported as a separate columns in the fund financial statements.

**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**B. School-Wide and Fund Financial Statements (Continued)**

The School reports the following major governmental fund:

General Fund

This is the School's primary operating fund. It accounts for all financial resources of the School.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 School 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, expenditures related to compensated absences and claims and judgments, are recorded by the District when expected to be paid from the District's financial resources and only when payment is due.

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 on behalf of the School.

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.

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

**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

Cash and Cash Equivalents

Cash deposits consist of demand and time deposits with financial institutions to which the School is entitled from the District's cash pool from unspent donations and grant funds received in advance. The School had no cash or cash equivalents at June 30, 2020.

Interfund Payables

During the course of operations the School incurs expenditures which are paid for out of the District's cash pool shared among the District's different funds and activities. The Schools operations are funded primarily from the District's general purpose revenues so the District subsidy normally decreases the amount due to the District's cash pool as expenditures are incurred. The remaining amount due to the District represents the amount the School owes to the cash pool from grant funds receivable.

Capital Assets

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

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

There were no assets meeting the School's definition of capital assets and purchased with federal or state funds that belonged to the School as of June 30, 2020.

**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

Fund Equity

**1. Governmental Fund Financial Statements**

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

Nonspendable Fund Balance: Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact. There is no nonspendable fund balance in the current year.

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. There is no restricted fund balance in the current year.

Committed Fund Balance: Amounts that are constrained for specific purposes by action of the School's governing body. These constraints can only be removed or changed by the School's governing body using the same action that was used to create them. There is no committed fund balance in the current year.

Assigned Fund Balance: Amounts that are constrained for specific purposes by action of District management. The School's governing body has not authorized a specific employee to assign fund balance. There is no assigned fund balance in the current year.

Unassigned Fund Balance: Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The School 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.

**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

Fund Equity (Continued)

**2. Government-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, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position: Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Net position that is neither classified as restricted nor as net investment in capital assets.

**E. Use of Estimates**

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

**NOTE 2 GOVERNMENT GRANTS AND STATE AID**

The School receives a significant portion of its funding in the form of government grants from state agencies and the US Department of Education.

**TREFFERT WAY OF THE EXCEPTIONAL MIND CHARTER SCHOOL (AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 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. Significant losses are covered by commercial policies up to individual limits reduced by deductible amounts. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or prior three years.

**NOTE 4 CONTINGENCY**

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



**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 and Board of Directors  
Treffert Way for the Exceptional Mind Charter School  
School District of North Fond du Lac  
North Fond du Lac, 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 and the major fund of the Treffert Way for the Exceptional Mind Charter School (the School), an instrumentality of the School District of North Fond du Lac, North Fond du Lac, Wisconsin (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 20, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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.



Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School,  
an instrumentality of the School District of North Fond du Lac

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **The District's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School'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 School's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
January 20, 2021

**TREFFERT WAY FOR THE EXCEPTIONAL MIND SCHOOL, AN INSTRUMENTALITY OF THE  
SCHOOL DISTRICT OF NORTH FOND DU LAC)  
NORTH FOND DU LAC, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

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**Section I – Internal Control Over Financial Reporting**

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**2020 – 001 Preparation of Annual Financial Report**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition:** Current District staff maintains accounting records which reflect the School's financial transactions; however, preparing the School's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The School contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.

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

**Context:** The audit firm has developed reporting templates as a convenience to our client.

**Effect:** Without our involvement, the School 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.

**Recommendation:** We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the School's annual financial report.

**Management Response:** There is no disagreement with the audit finding.



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Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School  
School District of North Fond du Lac  
North Fond du Lac, Wisconsin

This Executive Audit Summary and Board Communications present information which we believe is important to you as members of the Board of Education. We encourage you to review the sections of this report, the audited financial statements, and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation, and assistance extended to us during the course of our work.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

David Maccoux, CPA  
Principal  
January 20, 2021

**TREFFERT WAY FOR THE EXCEPTIONAL MIND SCHOOL, AN  
INSTRUMENTALITY OF THE SCHOOL DISTRICT OF NORTH FOND  
DU LAC**

**EXECUTIVE AUDIT SUMMARY AND BOARD COMMUNICATIONS**

**JUNE 30, 2020**

**TREFFERT WAY FOR THE EXCEPTIONAL MIND SCHOOL, AN INSTRUMENTALITY OF  
THE SCHOOL DISTRICT OF NORTH FOND DU LAC  
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**EXECUTIVE AUDIT SUMMARY  
TREFFERT WAY FOR THE EXCEPTIONAL MIND SCHOOL, AN INSTRUMENTALITY OF THE  
SCHOOL DISTRICT OF NORTH FOND DU LAC  
YEAR ENDED JUNE 30, 2020**

We prepared this Executive Audit Summary in conjunction with our audit of the School's financial statements for the year ended June 30, 2020.

**Audit Opinion**

The financial statements are fairly stated. We issued what is known as a "clean" audit report.

**Internal Controls**

Our report on internal control included the following deficiencies in internal controls over financial reporting:

Significant Deficiency:

- Finding 2020-001 Preparation of Annual Financial Report

In addition, there were no deficiencies in internal control over compliance reported.

**Compliance Findings**

There were no separate compliance findings reported.



## FORMAL REQUIRED COMMUNICATIONS

Board of Education  
School District of North Fond du Lac  
North Found Du Lac, Wisconsin

We have audited the financial statements of the governmental activities and major fund of Treffert Way for the Exceptional Mind School (the School), an instrumentality of the School District of North Fond du Lac (the District) as of and for the year ended June 30, 2020, and have issued our report thereon dated January 20, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

##### **Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2020.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgements by management.

##### **Financial Statement Disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School,  
an instrumentality of the School District of North Fond du Lac

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

### ***Corrected Misstatements***

None of the misstatements detected as a result of audit procedures and corrected by management are material, either individually or in the aggregate, to the financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated January 20, 2021.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Significant Issues Discussed with Management Prior to Engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the School's auditors. The following summarizes the significant findings or issues arising from the audit that were discussed, or the subject of correspondence, with management:

- CliftonLarsonAllen LLP prepared the financial statements.



Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School,  
an instrumentality of the School District of North Fond du Lac

***Other Information in Documents Containing Audited Financial Statements***

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \*

This communication is intended solely for the information and use of the Board of Education, the Board of Directors of NFDL Charter School, Inc., and management of the Treffert Way for the Exceptional Mind Charter School, an instrumentality of the School District of North Fond du Lac and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
January 20, 2021



## INTERNAL CONTROL COMMUNICATIONS

Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School  
School District of North Fond du Lac  
North Fond du Lac, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities and major fund of Treffert Way for the Exceptional Mind School (the School), an instrumentality of the School District of North Fond du Lac (the District) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 School's financial statements will not be prevented, or detected and corrected, on a timely basis.

### **Material Weaknesses**

Given the limitations described in the second paragraph, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School,  
an instrumentality of the School District of North Fond du Lac

### **Significant deficiencies**

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. We consider the following deficiency in the entity's internal control to be a significant deficiency:

### **Preparation of Annual Financial Report**

- Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations and disclosures in the financial statements, in conformity with accounting principles generally accepted in the United States of America (GAAP). Current District staff maintain accounting records which reflect the School's financial transactions; however, preparing the School's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in entities of your size and is a result of management's cost benefit decision to rely on auditor expertise rather than incurring this internal resource cost. The design of internal controls over the financial reporting process affects the ability of the organization to report their financial data consistently with the assertions of management in the financial statements.

None of the identified significant deficiencies are considered to be material weaknesses.

### **Other deficiencies in internal control and other matters**

During our audit, we became aware of other deficiencies in internal control and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiencies in internal control were not considered important enough to merit the attention of the Board of Education, they are considered of sufficient importance to merit management's attention and are included herein to provide a single, comprehensive communication for both those charged with governance and management.

### **Review of Payroll Reconciliation**

A key control is to have a second individual reviewing payroll reports, which is not occurring at the School. Per discussion with Bonnie Deter, after she completes the payroll reconciliations, there is no one else that reviews these documents. This provides the opportunity for error or fraud to occur. Our recommendation is to have a second individual, such as the Director of Business Services, to review the reconciliation reports created by Bonnie. By implementing a review process, the District will limit the chance of error or fraud occurring.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

\* \* \*

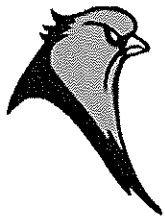
Board of Education and Board of Directors  
Treffert Way for the Exceptional Mind Charter School,  
an instrumentality of the School District of North Fond du Lac

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

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

**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
January 20, 2021



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# THE SCHOOL DISTRICT OF NORTH FOND DU LAC

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**1115 Thurke Avenue  
North Fond du Lac, WI 54937  
Telephone (920) 929-3750**

January 20, 2021

CliftonLarsonAllen LLP  
2200 Riverside Drive  
P.O. Box 23819  
Green Bay, WI 54305-8319

This representation letter is provided in connection with your audit of the financial statements of Treffert Way for the Exceptional Mind Charter School, an instrumentality of the School District of North Fond du Lac (the School), which comprise the respective financial position of the governmental activities and major fund as of June 30, 2020, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of January 20, 2021, the following representations made to you during your audit of the financial statements as of and for the year ended June 30, 2020.

## Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated [Insert Date], for the preparation and fair presentation of the financial statements for the School. The financial statements include all properly classified funds and other financial information of the School. The financial statements do not constitute a complete presentation of the financial statements of the School District of North Fond du Lac (the District) which generally accepted accounting principles require to be included in the District's financial reporting entity but are otherwise prepared in accordance with GAAP.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
8. We have not identified or been notified of any uncorrected financial statement misstatements. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal or state award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
13. We are following GASB Statement 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.

### Information Provided

1. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.

[Click here and type date]

CliftonLarsonAllen LLP

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- b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - e. All communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
  - f. All communications from regulatory agencies concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
  - g. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal or state award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.

[Click here and type date]

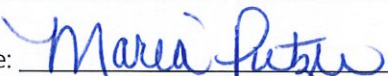
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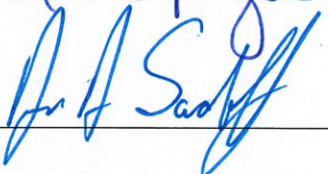
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8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.
12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
13. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to School District of North Fond du Lac, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
19. The financial statements include only the activities of the School District of North Fond du Lac that represent the Treffert Way for the Exceptional Mind Charter School and not a complete presentation of the School District of North Fond du Lac.



20. The financial statements properly classify all funds and activities of the School.
21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
22. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
30. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, schedule of expenditures of federal awards and schedule of expenditures of state awards. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature:  Title: Business Manager

Signature:  Title: Administrator