

NICOLET HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2020

NICOLET HIGH SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Nicolet High School District
Milwaukee County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nicolet High School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Nicolet High School District's 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.

Auditor's 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 of 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nicolet High School District as of June 30, 2020, and the respective changes in financial position, where applicable, and the respective budgetary comparisons for the General Fund and Special Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of the Net Pension liability (Asset) Wisconsin Retirement System and Schedule of Contributions Wisconsin Retirement System, Schedule of Changes in the Total Pension Liability (Asset) Supplemental Pension Plan, Schedule of Total Pension Liability (Asset) as Percentage of Covered-Employee Payroll Supplemental Pension Plan, Schedule of Changes in OPEB Liability (Asset) Other Postemployment Benefits plan, Schedule of Total OPEB Liability (Asset) as Percentage of Covered-Employee Payroll Other Postemployment Benefits Plan, Schedule of Annual Money-Weighted Rate of Return on Investments Other Postemployment Benefits Plan and related Notes to Required Supplementary Information, and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplemental financial information; and the schedules of expenditures of federal awards and state awards, as required by the audit requirements of Title 2 U.S. Code of Federal regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and by the Wisconsin Department of Administration; are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental financial information and schedules of expenditures of federal awards and state awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information and the schedules of expenditures of federal awards 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 December 2, 2020 on our consideration of the Nicolet High School District'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

FELD, SCHUMACHER & COMPANY, LLP

A handwritten signature in cursive script that reads "Feld, Schumacher & Company, LLP".

West Allis, Wisconsin
December 2, 2020

**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**



NICOLET HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2020

The discussion and analysis of the Nicolet High School District's financial performance provides an overall review of financial activities for the fiscal year and focuses on school District financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The General Fund (Fund 10) fund balance increased \$478,988 from \$6.79 million to \$7.27 million. The fund balance is 33.7% of the \$21.58 million Fund 10 expenditures for the 2019-2020 fiscal year.
- The school board policy is to maintain a minimum General Fund balance equal to 25% of expenditures. The district has met this minimum fund balance as of June 30, 2020.
- Capital assets have been reported at \$41.68 million and accumulated depreciation of \$21.2 million for a net capital asset value of \$20.47 million. The amount listed represents the estimated historical cost of all sites, site improvements, buildings and building improvements, furniture and equipment with a unit value of at least \$5,000. Independent physical inventories are conducted annually. Capital assets are assigned to an expense function and annual and accumulated depreciation for each expense function has been incorporated into the financial statements (see Note 3 in the Notes to the Financial Statements).
- The district follows GASB #73, *Accounting and Financial Reporting for Pensions* for its Supplemental Pension Plan, GASB 74, *Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This allows the District to report its total supplemental pension liability and net OPEB liability. As of June 30, 2020, a \$1,519,452 supplemental pension liability and a \$690,470 net OPEB liability are reported in the Statement of Net Position.
- The District follows GASB #68, *Accounting and Financial Reporting for Pension* and GASB #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for its membership in the Wisconsin Retirement System (WRS) pension plan. This allows the District to report its proportionate share of the WRS plan net pension asset. As of June 30, 2020, a \$2,324,444 net pension asset is reported in the Statement of Net Position.
- The District's overall financial status, as reflected in total net position, increased by \$2,025,784.
- Financial activity resulted in a decrease in fund balance in the Food Service Fund (Fund 50) of \$101,621. Expenditures of \$766,167 exceeded revenues of \$664,546 resulting in an ending fund balance of \$81,731.
- Financial activity resulted in a decrease in fund balance in the Community Service Fund (Fund 80) of \$111,842. Expenditures of \$746,961 exceeded revenues of \$635,479. The fund balance in Fund 80 is \$(52,525). The Community Service fund provides recreational activities and adult education opportunities to the four communities served by the District.
- Total revenues for Governmental Funds were \$25.5 million. This amount includes \$19.45 million of local property taxes, \$1.59 million of general federal and state aids and \$1.71 million of specific grants and contributions. Property taxes represent 65% of all revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of four parts:

1. Management's Discussion and Analysis
2. Basic Financial Statements (District-Wide and Fund Statements)
3. Notes to the Financial Statements.
4. Required and Additional Supplementary Information

The basic financial statements consist of *District-Wide Financial Statements* and *Fund Statements* that present different views of the District's financial activities.

District-Wide Financial Statements

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. These statements present an aggregate view of the District's finances. These statements contain useful long-term information as well as information for the 2019-2020 fiscal year.
- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues (charges for services and/or operating grants and contributions). General revenue and any extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue and recognizing the change in net position for the District from the previous year.

Fund Financial Statements

- The remaining statements: *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds* focuses on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements and support the *Statement of Net Position*.
- The *Notes to Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosure so statement users have a complete picture of the District's financial activities and position.
- *Required Supplementary Information* further explains and supports the financial statements by including a comparison of the District's budget data for the year and includes all reports in the financial statements through and including the financial notes.
- *Additional Supplementary Information* provides information specific to nonmajor governmental funds.

The major features of the District's financial statements, including the portion of the activities reported and type of information contained is shown in the following table (Table 1).

Table 1 - Major Features of District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Fund Statements	Proprietary Fund Statements	Fiduciary Fund Statements
Scope	Entire district (except fiduciary funds)	The activity of the District that is not proprietary or fiduciary, such as instructional, support services and community services.	An activity the District operates similar to private businesses. <u>The District does not report any program for this designation.</u>	Assets held by the District on behalf of someone else. Student and other groups that have funds on deposit with the District are reported here. All expendable and non-expendable scholarship funds are reported here. The District's Post-Retirement Health Insurance Benefit Trust is reported here.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Basis of Accounting and Measurement Focus	Accrual accounting Economic resources focus	Modified accrual accounting Current financial resources focus	Accrual accounting Economic resources focus	Accrual accounting Economic resources focus
Type of Asset and Liability Information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities, both financial and capital, short-term and long term.	All assets and liabilities, both financial and capital, short-term and long-term. <u>The District's fiduciary funds do not currently contain capital assets.</u>
Type of Inflow and Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and the related liabilities are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

Table 2 - Condensed Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>% Change</u>
<u>Assets</u>			
Current Assets	\$ 13,741,109	\$ 13,007,357	5.6
Non-Current Assets	22,791,819	20,889,665	9.1
Deferred Outflows of Resources	<u>6,280,856</u>	<u>7,483,791</u>	(16.1)
Total Assets & Deferred Outflows	<u>\$ 42,813,784</u>	<u>\$ 41,380,813</u>	3.5
<u>Liabilities</u>			
Current Liabilities	\$ 3,138,625	\$ 2,849,982	10.1
Non-Current Liabilities	5,065,289	9,262,044	(45.3)
Deferred Inflows of Resources	<u>7,251,160</u>	<u>3,935,861</u>	84.2
Total Liabilities & Deferred Inflows	<u>\$ 15,455,074</u>	<u>\$ 16,047,887</u>	(3.7)
<u>Net Position</u>			
Invested in Capital, Net of Related Debt	\$ 16,651,016	\$ 15,943,397	4.4
Restricted	6,737,302	4,272,922	57.7
Unrestricted	<u>3,970,392</u>	<u>5,116,607</u>	(22.4)
Total Net Position	<u>\$ 27,358,710</u>	<u>\$ 25,332,926</u>	8.0

As of June 30, 2020, the District reported total assets and deferred outflows of \$42.8 million and total liabilities and deferred inflows of \$15.5 million. Net position amounts to \$27.4 million. Noncurrent asset reporting includes historical cost of sites, site improvements, buildings, building improvements, furniture and equipment (all net of accumulated depreciation).

**Table 3 - Change in Net Position from Operating Results
For Governmental Activities**

		<u>Actual 2019-2020</u>	<u>%</u>	<u>Actual 2018-2019</u>	<u>%</u>
<u>Revenues:</u>					
Program	Charges for Services	\$ 2,068,196	8.1	\$ 2,897,163	9.8
	Operating Grants & Cont.	1,709,121	6.7	1,781,792	6.0
General	Property & Other Taxes	19,451,323	76.3	19,185,533	65.1
	General Federal and State Aids	1,587,407	6.2	1,480,574	5.0
	Gifts	199,361	0.8	128,831	0.4
	Other	<u>477,951</u>	<u>1.9</u>	<u>4,002,176</u>	<u>13.6</u>
Total Revenue		<u>\$ 25,493,359</u>	<u>100.0</u>	<u>\$ 29,476,069</u>	<u>100.0</u>

**Table 3 - Change in Net Position from Operating Results
For Governmental Activities
(continued)**

	Actual 2019-2020	%	Actual 2018-2019	%
<u>Expenses:</u>				
Instruction	\$ 11,853,185	50.5	\$ 12,685,989	47.1
Pupil/Instructional services	2,133,007	9.1	2,589,147	9.6
Administration and business	7,507,187	32.0	10,013,783	37.2
Other support	1,110,559	4.7	504,142	1.9
Interest on debt	150,002	0.6	159,417	0.6
Community service	713,635	3.0	984,030	3.7
Total Expense	\$ 23,467,575	100.0	\$ 26,936,508	100.0
Change in Net Position	\$ 2,025,784		\$ 2,539,561	

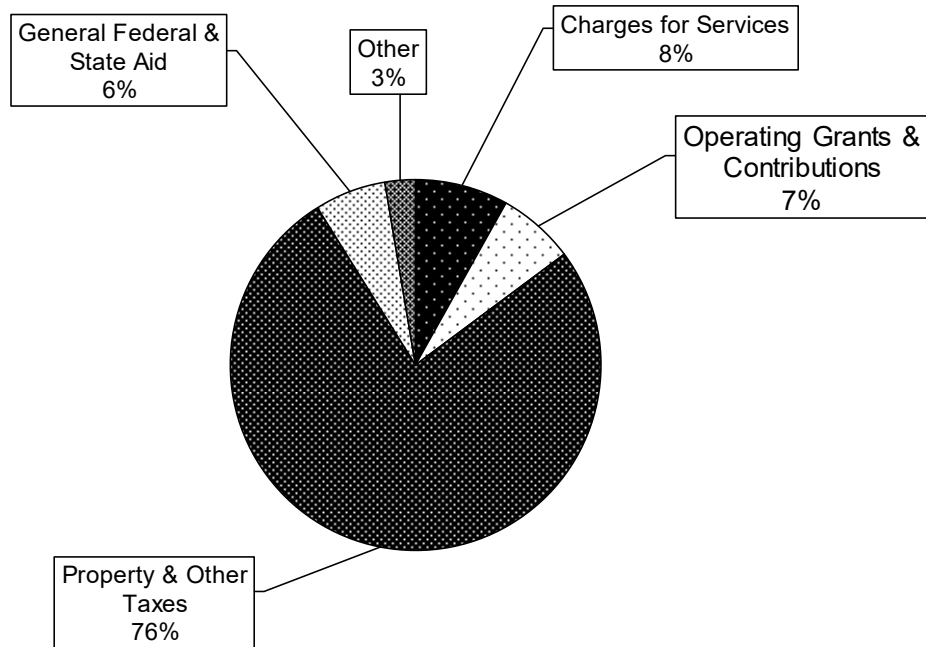
Revenues

- The District received \$25.5 million in revenue for the 2019-2020 fiscal year. Seventy-six percent (76%) of the District's total revenue came from local school property tax and prior year charge backs. The District received approximately fifteen percent (15%) in the form of specific use State Grants, Federal Aid, and direct fees for services. Six percent (6%) of the total came from general federal and state aids and three percent (3%) from other sources. The overall make-up of the sources of revenue did not vary significantly from the previous fiscal year.
- Individuals who directly participated or benefited from a program contributed \$2.1 million of the cost. Book and activity fees, admissions to athletic events, open enrollment tuition, recreation fees, and food services are included as charges for services.
- Federal and State governments subsidized certain specific programs with grants and contributions of approximately \$1.7 million. Special Education Aid, Transportation Aid and Integration Aid are examples of operating grants and contributions.
- General Revenues in the form of property taxes accounted for \$19.4 million and general state and federal aids for \$1.5 million.
- Other revenue includes a \$5,855 loss on the sale of equipment.

Expenses

- The District's total expenditure amount was \$23.5 million for fiscal year 2019-2020. Fifty-nine (59%) was directed to pupil instruction and instructional services. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services. Administration and other support account for thirty-eight percent (38%). These costs include administration and support salaries/benefits, district maintenance, utility costs, pupil transportation, legal services, and school business insurance. The costs associated with Community Service account for approximately four percent (3%) of all district expenses.

REVENUE BY SOURCE



EXPENSES BY FUNCTION

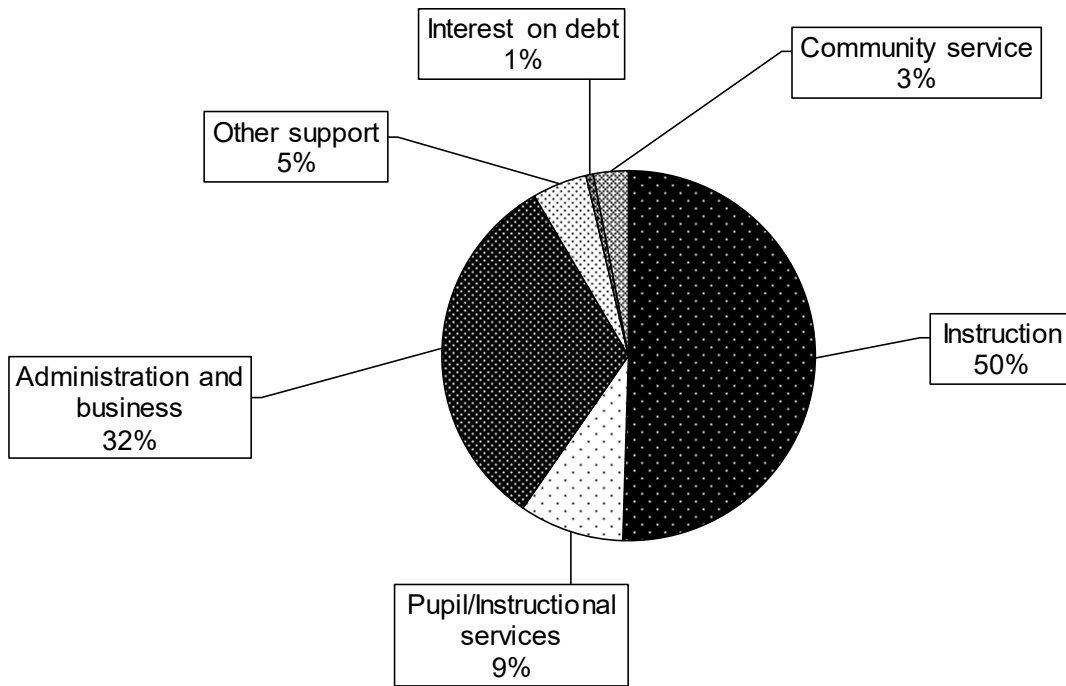


Table 4 - Net Cost of Governmental Activities

	2020		2019	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 11,853,185	\$ 9,517,046	\$ 12,685,989	\$ 10,150,548
Pupil/Instructional services	2,133,007	1,815,476	2,589,147	2,291,742
Administration and business	7,507,187	6,754,453	10,013,783	8,836,185
Other support	1,110,559	1,101,145	504,142	488,859
Interest on debt	150,002	150,002	159,417	159,417
Community service	713,635	352,136	984,030	330,802
Total	<u>\$ 23,467,575</u>	<u>\$ 19,690,258</u>	<u>\$ 26,936,508</u>	<u>\$ 22,257,553</u>

- The net cost of governmental activities was \$19.7 million. The net cost is the total cost less the program revenues. Refer to the Statement of Activities for the detailed adjustments made for the net cost.

General Fund Budgetary Comparison

The District adopts an interim budget in June for the subsequent year. Consistent with current state statutes and regulations, the original budget is amended in October to reflect the actual revenue cap and state aid certification. The budget was subsequently amended in June of 2020.

General Fund final budget was approved with a deficit of \$(115,085). Actual results for 2019-2020 show an increase of \$478,988 to the fund balance. The favorable variance is primarily related to savings on legal costs, transportation, textbooks, athletics, and salaries.

Fund Balances

- The District shows a total for all fund balances of \$11.6 million as of June 30, 2020. (See Note 11 in the financial statements for the detail of total governmental fund balances).
- \$7.27 million is in the General Fund (Fund 10). The District utilizes this fund balance for funding short-term operations. The interest earned on investment of these funds provides additional spending capacity.
- \$3.3 million is in the capital projects fund.
- \$81,731 is in the Food Service Fund (Fund 50) and is used for food service equipment replacements.
- The District had a \$(52,525) fund balance in the Community Service Fund (Fund 80) at June 30, 2020.
- The remaining amounts are the balance of the Gift Fund (Fund 21) in the amount of \$153,816 and the Debt Service Fund in the amount of \$858,351. Fund 21 reflects the balance of awards and donations to the District unspent by June 30, 2020.

Governmental Activities

The District's current financial position can be credited to effective and conservative fiscal management.

- Beginning with the 2018-19 fiscal year, the District has worked with budget managers to add more accountability and transparency to the budget process. This accountability has led to an increased awareness for budget managers to stay within budget parameters that are set.
- The District has a strict budgetary process that minimizes the opportunity to spend beyond the District's means. There is a formal budget request system, which leads to the implementation of budget guidelines, that are then followed to generate a formal narrative budget document.
- The Board of Education is committed to maintaining the Nicolet facility in good standing. The District commits a significant amount of dollars to capital maintenance and upkeep. The District maintains a 10-year capital improvement plan that is funded via the Capital Improvement Trust Fund (Fund 46).
- Like the District's capital improvement plan, a five-year technology replacement plan has been implemented to ensure technology infrastructure, equipment, and computers are replaced on schedule within the general fund budget and without the use of capital leases/borrowing.
- The District uses an energy management program through Constellation Energy to directly purchase natural gas. This direct purchase of natural gas gives the District stability of pricing and has resulted in significant energy savings.

Capital Asset and Debt Administration

Capital Assets

- At June 30, 2019, the District Reported \$41.7 million of capital assets and \$21.2 million of accumulated depreciation.

Long Term Debt

- As of June 30, 2020 the District had \$3.84 million in long-term obligations which includes bonds and notes payable, capital leases and accrued compensated absences (Footnote 5 details the District's long-term obligations).

General Obligation Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin State Statutes require that the first property tax receipts be segregated for use for annual debt service payment. The Nicolet High School District complies with all these statutory requirements.

Decisions that Will Impact the Future of the District

During the 2019-20 school year, the District achieved significant savings within the operational budget. As a result of that savings, the District was able to accomplish financial goals that it previously did not anticipate. Those included:

- As a result of savings during 2019-20, the District made a sizable contribution (\$250K) to prefund future capital expenditures. This contribution is housed within Fund 46 and will be used to fund projects within the District's 10-year capital improvement plan.
- As a result of savings during 2019-20, The District made a double contribution (\$910K) to the District's OPEB Fund (Fund 73) to fund future retirement benefits expenses. This contribution accelerated the District's goal to fully fund this trust fund.

- As a result of savings during 2019-20, The District was able to make a sizable contribution to fund balance. This fund balance will stabilize the financial results associated with the District's current six-year operational referendum.

The District also moved forward on a number of initiatives during the 2019-20 school year that will impact Nicolet moving forward. Those included:

- The District began constructing softball/recreation ball fields in 2019-20 utilizing funds from the prior sale of District property. That project will conclude in 2020-21 and will cost approximately \$2.5M. This is another step towards fulfilling the goals associated with the long-range master athletics facilities plan.
- The District conducted a facilities assessment during the 2019-20 school year. The results of that assessment showed that the District has significant capital needs that must be addressed during the coming years. The District is exploring the best options(s) to address identified needs.
- The District has continued its work on the teacher compensation model. The goal is to have a new compensation model for teachers in place by the 2021-22 school year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, please contact:

Jeffrey Pruefer, Director of Business Services
Maryann Newenhouse, District Accountant
Nicolet High School District
6701 W. Jean Nicolet Road
Glendale, WI 53217

Phone: (414) 351-7548
Fax: (414) 351-8167
jeffrey.pruefer@nicolet.us
maryann.newenhouse@nicolet.us

BASIC FINANCIAL STATEMENTS

NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

ASSETS

Current Assets

Cash and investments	\$ 11,065,217
Taxes receivable	2,267,876
Accounts receivable	44,811
Due from other governments	344,132
Inventories	13,000
Prepaid expenses	6,073
	<u>13,741,109</u>

Total Current Assets

Noncurrent Assets

Capital assets	41,675,480
Less: Accumulated depreciation	(21,208,105)
	<u>20,467,375</u>

Net Capital Assets

20,467,375

Net WRS Pension Asset

2,324,444

Total Non-current Assets

22,791,819

Total Assets

36,532,928

Deferred Outflows of Resources

Deferred outflows of resources from WRS pension	5,047,599
Deferred outflows of resources from supplemental pension	225,725
Deferred outflows of resources from OPEB	1,007,532
	<u>6,280,856</u>

Total Deferred Outflows of Resources

6,280,856

Total Assets and Deferred Outflows of Resources

\$ 42,813,784

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	\$ 1,997,889
Current portion of deferred debt premium	3,797
Current portion of long-term obligations	997,544
Other current liabilities	139,395
	<u>3,138,625</u>

Total Current Liabilities

3,138,625

Noncurrent Liabilities

Net supplemental pension liability	1,519,452
Net OPEB liability	690,470
Noncurrent portion of deferred debt premium	9,796
Noncurrent portion of long-term obligations	2,845,571
	<u>5,065,289</u>

Total Non-current Liabilities

5,065,289

Total Liabilities

8,203,914

Deferred Inflows of Resources

Deferred inflows of resources from Supplemental Pension	30,258
Deferred inflows of resources from WRS pension	6,986,136
Deferred inflows of resources from OPEB	234,766
	<u>7,251,160</u>

Total Liabilities and Deferred Inflows of Resources

15,455,074

NET POSITION

Net investment in capital assets	16,651,016
Restricted	6,737,302
Unrestricted	3,970,392
	<u>27,358,710</u>

Total Net Position

27,358,710

Total Liabilities, Deferred Inflows and Net Position

\$ 42,813,784

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	
Instruction				
Regular	\$ 8,004,957	\$ 825,762	\$ 860,741	\$ (6,318,454)
Physical	554,753	61,592	-	(493,161)
Vocational	864,183	94,419	-	(769,764)
Special education	1,702,356	-	419,631	(1,282,725)
Other	726,936	73,994	-	(652,942)
Total Instruction	11,853,185	1,055,767	1,280,372	(9,517,046)
Support Services				
Pupil services	1,100,522	-	54,615	(1,045,907)
Instructional support services	1,032,485	-	262,916	(769,569)
General administrative services	601,828	-	-	(601,828)
Building administrative services	909,588	-	-	(909,588)
Business administrative services	5,471,344	650,930	89,044	(4,731,370)
Central services	256,060	-	12,760	(243,300)
Insurance and judgements	268,367	-	-	(268,367)
Other support services	1,110,559	-	9,414	(1,101,145)
Interest and fees	150,002	-	-	(150,002)
Community Service	713,635	361,499	-	(352,136)
Total Support Services	11,614,390	1,012,429	428,749	(10,173,212)
Total Activities	\$ 23,467,575	\$ 2,068,196	\$ 1,709,121	(19,690,258)
General Revenues				
Taxes				
Property taxes				
General purposes				18,177,799
Debt service				1,018,069
Community Service				255,455
Federal and State aids not restricted to specific functions				1,587,407
Gifts				199,361
Investment income				124,907
Miscellaneous				358,899
Total General Revenues				21,721,897
Other Revenue (Expenses)				
Loss on sale of capital assets				(5,855)
Change in Net Position				2,025,784
Net Position, beginning of year				25,332,926
NET POSITION, end of year				\$ 27,358,710

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 6,831,593	\$ 3,136,584	\$ 1,097,039	\$ 11,065,216
Taxes receivable	2,267,876	-	-	2,267,876
Accounts receivable	39,768	-	5,044	44,812
Due from other funds	-	250,000	-	250,000
Due from other governments	341,118	-	3,014	344,132
Inventories	-	-	13,000	13,000
Prepaid expenses	2,511	-	3,562	6,073
	Total Assets	\$ 3,386,584	\$ 1,121,659	\$ 13,991,109
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 203,138	\$ 56,075	\$ 5,359	\$ 264,572
Accrued salaries and wages	1,105,574	-	-	1,105,574
Payroll taxes and withholdings	627,746	-	-	627,746
Due to other funds	250,000	-	-	250,000
Other current liabilities	22,801	-	74,927	97,728
	Total Liabilities	56,075	80,286	2,345,620
Fund Balances				
Nonspendable	2,511	-	16,562	19,073
Restricted	1,451	3,330,509	1,080,898	4,412,858
Assigned	55,000	-	-	55,000
Unassigned	7,214,645	-	(56,087)	7,158,558
	Total Fund Balances	3,330,509	1,041,373	
	Total Liabilities and Fund Balances	\$ 3,386,584	\$ 1,121,659	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,467,375
The District's proportionate share net pension and OPEB assets(liabilities) as well as pension and OPEB related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	(855,782)
Long term liabilities, including bonds and notes payable and related accrued interest and deferred premium, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,898,372)</u>
Net Position of Governmental Activities	<u><u>\$ 27,358,710</u></u>

See accompanying notes to the financial statements.

NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local	\$ 18,731,182	\$ 87,046	\$ 2,416,777	\$ 21,235,005
Interdistrict	543,266	-	232,626	775,892
Intermediate	34,224	-	-	34,224
State	2,933,381	-	-	2,933,381
Federal	321,750	-	7,172	328,922
Other	77,921	-	113,865	191,786
Total Revenues	22,641,724	87,046	2,770,440	25,499,210
Expenditures				
Instruction				
Regular	7,723,259	-	3,855	7,727,114
Physical	576,058	-	-	576,058
Special education	1,652,234	-	-	1,652,234
Vocational	883,086	-	-	883,086
Other	692,056	-	47,195	739,251
Total Instruction	11,526,693	-	51,050	11,577,743
Support Services				
Pupil services	982,829	-	6,267	989,096
Instructional support services	1,059,155	-	-	1,059,155
General administrative services	563,603	-	500	564,103
Building administrative services	964,148	-	-	964,148
Business administrative services	3,940,759	243,802	1,033,569	5,218,130
Central services	242,075	-	933	243,008
Insurance and judgements	268,367	-	-	268,367
Other support services	1,212,109	-	23,636	1,235,745
Debt service				
Principal	32,424	-	1,230,000	1,262,424
Interest and fees	12,021	-	147,934	159,955
Community Services	-	-	732,079	732,079
Total Support Services	9,277,490	243,802	3,174,918	12,696,210
Non-Program				
General tuition payments	606,985	-	-	606,985
Other non-program services	172,481	-	-	172,481
Total Non-Program	779,466	-	-	779,466
Total Expenditures	21,583,649	243,802	3,225,968	25,053,419
Excess (deficiency) of revenue over expenditures	1,058,075	(156,756)	(455,528)	445,791
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	6,500	-	-	6,500
Proceeds from capital leases	132,515	-	-	132,515
Transfers (to) from other funds	(718,102)	250,000	468,102	-
Net Change in Fund Balances	478,988	93,244	12,574	584,806
Fund Balances, beginning of year	6,794,619	3,237,265	1,028,799	11,060,683
FUND BALANCES, end of year	\$ 7,273,607	\$ 3,330,509	\$ 1,041,373	\$ 11,645,489

See accompanying notes to the financial statements.

NICOLET HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 584,806

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 as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 536,373	
Depreciation expense reported in the Statement of Activities	(946,309)	
Proceeds from disposal of fixed assets	(6,500)	
Gain (loss) on disposal of fixed assets	<u>(5,855)</u>	(422,291)

Net difference between OPEB and pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities. 709,281

Capital lease and long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of capital lease and long-term debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded payments 1,129,909

Premiums in association with debt financing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements when received. 3,807

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 governmental funds. 20,272

Change in Net Position **\$ 2,025,784**

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020**

	Agency	Employee Benefit Trust
ASSETS		
Cash and investments	\$ 236,242	\$ 3,972,049
Total Assets	\$ 236,242	\$ 3,972,049
LIABILITIES		
Due to student groups	\$ 233,306	\$ -
Accounts payable	2,936	-
Total Liabilities	236,242	-
NET POSITION		
Restricted	-	3,972,049
Total Net Position	-	3,972,049
Total Liabilities and Net Position	\$ 236,242	\$ 3,972,049

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2020**

	<u>Employee Benefit Trust Post- employment Benefits</u>
Additions	
Contributions	\$ 963,884
Investment earnings	<u>338,059</u>
	<u>1,301,943</u>
Deductions	
Administrative fees	23,924
Other postretirement benefits	<u>650,449</u>
	<u>674,373</u>
CHANGE IN NET POSITION	627,570
Net Position, beginning of year	<u>3,344,479</u>
NET POSITION, end of year	<u><u>\$ 3,972,049</u></u>

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Nicolet High School District conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The Nicolet High School District is organized as a union high school district. The District, governed by a five member elected school board, operates grades 9 through 12 and is comprised of four taxing districts. This report includes all of the funds of the Nicolet High School District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

B. BASIS OF PRESENTATION

District-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the Statement of Activities. 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 or segment. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Fund Financial Statements

Fund Financial Statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses.

Funds are organized as major funds or non-major funds within the governmental, proprietary and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

Governmental funds are identified as either general or special revenue funds based upon the following guidelines:

General Fund

The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Permanent Funds

Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

Fiduciary Funds (not included in District-Wide statements)

Employee Benefit Trust Funds

Employee Benefit Trust Funds are used to account for resources legally held in trust for the District's post-retirement health insurance benefits.

Agency Funds

Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

Major Funds

The District reports the following major governmental funds:

General Fund
Capital Projects Fund

Nonmajor Funds

The District reports the following nonmajor funds:

Special Revenue Funds -
Gift Fund
Food Service Fund
Community Service Fund
Transportation Services Fund
Debt Service Fund

Fiduciary Funds

The District reports the following fiduciary funds:

Employee Benefit Trust Funds –
Post-Retirement Health Trust Fund

Agency Fund –
Student Activity Fund

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies (continued)

C. BASIS OF ACCOUNTING

The District-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenues in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1 the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the District's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

Property taxes are collected by the City of Glendale and the Villages of River Hills, Fox Point and Bayside until May 31. Real estate tax collections after that date are made by Milwaukee and Ozaukee Counties, which assume all responsibility for delinquent real estate taxes.

The aggregate amount of property taxes to be levied for school purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing district for collection. Property taxes attach as an enforceable lien as of January 1. Taxes are levied in October on the assessed value as of the prior January 1.

Property tax calendar - 2019 tax roll:

Lien date and levy date	October, 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	March 31, 2020
Third installment due	May 31, 2020
Personal property taxes in full	January 31, 2020

State general and categorical aids and other entitlements are recognized as revenues in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenues. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and investment income. Other general revenues are recognized as revenue when received in cash or when measurable and available.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies (continued)

C. BASIS OF ACCOUNTING (continued)

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

For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred inflows is removed from the combined balance sheet and revenue is recognized.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. MEASUREMENT FOCUS

On the district-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unearned revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the District-wide and enterprise fund financial statements but are excluded from the governmental funds financial statements. The related expenditures are recognized in the governmental funds financial statements when the liabilities are liquidated.

E. INVENTORIES

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

F. LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the District-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of capital leases, unfunded prior service cost, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest are reported as expenditures.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies (continued)

G. CAPITAL ASSETS

District-Wide Statements

In the District-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The minimum capitalization threshold used by the District is \$5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Site Improvements	20 years
Buildings	50 years
Furniture and equipment	5-20 years
Text and library books	5 years
Computer and related technology	5 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

H. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments, if any, adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by School Board resolution. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgetary expenditure control is exercised at the function level in the General Fund and at the fund level for all other funds.

J. ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies (continued)

K. PENSIONS

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

L. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

The District's policy allows employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Employees normally use their entire vacation during the fiscal year. In some instances, employees are not able to use their entire vacation during the fiscal year and the District allows carryover of these benefits. Upon retirement or termination of employment, the employee is entitled to payment in cash.

The District's policy allows certain employees to earn varying amounts of sick pay for each year employed. The employees are allowed to accumulate a maximum of ninety days. Upon retirement, the employee is entitled to receive payment for up to twenty-five days. These benefits are recorded as an expenditure in the governmental funds in the period in which they are paid and are accrued and recorded as expense in the District-wide statements when earned.

The District also allows early retirement elections. Under this program health insurance and early retirement incentive benefits are paid in future fiscal years. These benefits, though related to services currently received, are recorded as expenditures of the governmental funds in the period in which they are paid rather than the period in which the early retirement occurs. (See Notes 7 and 8).

M. OTHER ASSETS

In governmental funds, debt issuance costs or premiums are recognized in the current period. For the district-wide financial statements, the district has elected to prospectively amortize debt issue costs or premiums over the life of the debt issue. At June 30, 2020 the district had \$13,593 of net unamortized bond premiums.

N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies (continued)

O. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the District-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

P. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

Q. EQUITY CLASSIFICATIONS

District-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
- b. Restricted - Consists of net position with constraints placed on use either 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.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance and is reported in the following categories:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c. Committed – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School Board (the district's highest level of decision-making authority).

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 1 - Summary of Significant Accounting Policies (continued)

Q. EQUITY CLASSIFICATIONS (continued)

Fund Statements (continued)

- d. Assigned - Amounts that are intended to be used for a particular purpose expressed by the School Board or other authorized committee or individual.
- e. Unassigned – All amounts not included in other spendable classifications.

It is the policy of the District to spend restricted amounts first, followed by committed, assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the fund balance classifications could be used.

Minimum Fund Balance Policy

The District has a minimum fund balance policy for the General Fund to meet cash flow requirements and contingencies. The minimum fund balance is 25% of the proposed general fund expenditures, and the maximum is the percentage of proposed general fund expenditures at which the District no longer has a need to borrow for cash flow purposes.

Note 2 - Cash and Investments

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 per depositor at each financial institution. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered. At June 30, 2020, \$7,536,664 of the District's bank deposits are uninsured. The District's bank also has pledged collateral of \$8,757,142 as of June 30, 2020, leaving all bank funds protected against loss.

Fluctuating cash flows during the year due to tax collection, receipt of state aid and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts than reported at the balance sheet date.

Investment of District funds is restricted by state statutes. Available deposits and investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, district, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 2 - Cash and Investments (continued)

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it.

At June 30, 2020 the District had the following investments:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 months</u>	<u>6 - 24 Months</u>
Wisconsin Investment Series Cooperative Investment Series	Amortized Cost	\$ 3,317,486	\$ 3,317,486	\$ -
Local Government Investment Pool	Amortized Cost	1,116	1,116	-
OPEB Trust (Note 8) - Associated Trust Company	Fair Value - Level 2	3,972,049	3,972,049	-
General Obligation Bond Sinking Fund	Cost	641,813	8,894	632,919
		<u>\$ 7,932,464</u>	<u>\$ 7,299,545</u>	<u>\$ 632,919</u>

PMA Financial Network is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network. The WISC is not registered with the Securities and Exchange Commission but invests its funds in accordance with applicable Wisconsin statutes. The WISC values its invested funds using various fair value measurements as applicable, depending on the type of investment as shown in the table above. Measurement methods include cost, amortized cost and fair value hierarchy - level 2. The Wisconsin Investment Series Cooperative (WISC) is a money market fund. WISC funds are invested overnight leaving a zero balance at USBank, the WISC custodian at the end of each day. Since there is a zero balance at the end of the day collateral is not required. Furthermore, the WISC Board of Commissioners, made up of representatives from participating public entities, provide additional oversight and input on behalf of their colleagues. The WISC (CMS & IS) are AAAM rated investment pools by Standard & Poors (S&P) which is the highest principal stability fund rating assigned by S&P Global Ratings and demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk.

Investments in the Local Government Investment Pool (LGIP) are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the Pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund Insurance. The District is exposed to market risk through its investment in the LGIP. The District's invested funds in the LGIP are valued at cost.

Investments in the bond sinking fund is a mandatory requirement of the Qualified School Construction Bonds. The District covenanted to make mandatory sinking fund deposits to be held by the Fiscal Agent and applied to the payment of the bonds at maturity. The Fiscal Agent may invest the sinking fund in any security authorized by §67.11 of the Wisconsin Statutes. Investments in the bond sinking fund are measured at cost.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments. *Credit risk* for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For investments, *interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to greater risk.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance 7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2020</u>
Capital assets not being depreciated				
Sites	\$ 325,000	\$ -	\$ -	\$ 325,000
Construction in Progress	25,000	182,770	(80,000)	127,770
Total Capital Assets Not Being Depreciated	<u>350,000</u>	<u>182,770</u>	<u>(80,000)</u>	<u>452,770</u>
Capital assets being depreciated				
Land improvements	2,688,298	32,670	-	2,720,968
Buildings	32,946,815	80,000	-	33,026,815
Equipment and Furnishings	5,235,197	320,933	(81,203)	5,474,927
Total Capital Assets Being Depreciated	<u>40,870,310</u>	<u>433,603</u>	<u>(81,203)</u>	<u>41,222,710</u>
Total Capital Assets	<u>41,220,310</u>	<u>616,373</u>	<u>(161,203)</u>	<u>41,675,480</u>
Less: Accumulated depreciation for				
Land improvements	1,282,918	116,958	-	1,399,876
Buildings	14,787,972	617,183	-	15,405,155
Equipment	4,259,755	212,168	(68,849)	4,403,074
Total Accumulated Depreciation	<u>20,330,645</u>	<u>946,309</u>	<u>(68,849)</u>	<u>21,208,105</u>
Net Capital Assets	<u>\$ 20,889,665</u>	<u>\$ (329,936)</u>	<u>\$ (92,354)</u>	<u>\$ 20,467,375</u>

Depreciation expense was charged to functions as follows:

Instruction	
Regular	\$ 107,747
Vocational	12,924
Physical	600
Special Education	1,126
Co-Curricular	1,802
Support Services	
Instructional support services	1,200
Administration	55,100
Building and grounds	728,455
Food services	4,405
Other support services	32,950
	<u>\$ 946,309</u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 4 – Tax and Revenue Anticipation Notes Payable

When needed, the district issues tax and revenue anticipation notes in advance of property tax collections. The fiscal year begins July 1, but tax collections from the municipalities are received beginning the following January. The District's short-term debt activity for the year ended June 30, 2020 is as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 07/01/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/20</u>
Tax and Revenue Anticipation Note	11/1/2020	LIBOR + 2%	\$ -	\$ 1,650,000	\$ (1,650,000)	\$ -

Total short-term interest paid and expended during the year was \$1,473.

Note 5 – Long-Term Obligations

A. Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Balance 6/30/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2020</u>	<u>Due Within One Year</u>
General obligation bonds and notes payable	\$ 4,940,000	\$ -	\$ 1,230,000	\$ 3,710,000	\$ 930,000
Capital leases	6,268	132,515	32,424	106,359	40,788
	<u>4,946,268</u>	<u>132,515</u>	<u>1,262,424</u>	<u>3,816,359</u>	<u>970,788</u>
Other Liabilities:					
Accrued compensated absences vacation and sick leave	40,879	8,616	22,739	26,756	26,756
Totals	<u>\$ 4,987,147</u>	<u>\$ 141,131</u>	<u>\$ 1,285,163</u>	<u>\$ 3,843,115</u>	<u>\$ 997,544</u>

Total long-term interest paid and expended during the year was \$145,034 and \$138,887, respectively.

B. All general obligation debt is secured by the full faith and credit of unlimited taxing powers of the District. Bonds payable in the governmental fund will be funded by future property tax levies.

<u>Type</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>Original Indebtedness</u>	<u>Balance Outstanding 6/30/2020</u>
General Obligation Debt					
Refunding Bond (QSCB)	9/13/2010	9/1/2023	4.35%	1,510,000	\$ 1,510,000
Promissory Note	10/22/2013	3/1/2022	2.00-2.50%	1,975,000	405,000
Promissory Note	7/15/2014	3/1/2024	1.05-3.00%	3,665,000	1,515,000
Refunding Bond	11/1/2016	3/1/2022	1.10-1.55%	1,715,000	<u>280,000</u>
Total General Obligation Debt					<u>\$ 3,710,000</u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 5 – Long-Term Obligations (continued)

C. Debt service requirements to maturity on general obligation debt are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 930,000	\$ 125,000	\$ 1,055,000
2022	255,000	96,103	351,103
2023	350,000	89,852	439,852
2024	<u>2,175,000</u>	<u>49,135</u>	<u>2,224,135</u>
Totals	<u>\$ 3,710,000</u>	<u>\$ 360,090</u>	<u>\$ 4,070,090</u>

D. The Qualified School Construction Bond Program is a tax credit program created by the American Recovery and Reinvestment Act (ARRA). The federal QSCB program provides eligible districts with an opportunity to save on interest costs associated with financing school renovations and new construction. The federal government provides eligible schools districts with a reimbursement, up to 100%, of interest costs paid by the district on qualified school construction bonds. The district received \$92,517 during 2020.

E. The 2019 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$4,320,904,500. The legal debt limit and margin of indebtedness as of June 30, 2020 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$4,320,904,500)	\$ 216,045,225
Deduct: Long-term debt applicable to debt margin	<u>3,710,000</u>
Margin of indebtedness	<u><u>\$ 212,335,225</u></u>

F. The District has financed office equipment under capital leases with an original cost of \$274,656 as of June 30, 2020. The following is a schedule by year of the future minimum lease payments together with the present value of net minimum lease payments as of June 30, 2020:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 40,788
2022	40,327
2023	40,327
2024	<u>3,361</u>
Subtotal	124,803
Less: Amounts representing interest	<u>18,444</u>
Present value of minimum lease payments	<u><u>\$ 106,359</u></u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 6 - WRS Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 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 issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

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

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

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 benefits. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 6 - WRS Pension Plan (continued)

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

During the reporting period, the WRS recognized \$732,968 in contributions from the District.

Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the Nicolet High School District reported a liability (asset) of \$(2,324,444) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Nicolet High School District's proportion of the net pension liability (asset) was based on the Nicolet High School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Nicolet High School District's proportion was 0.07209%, which was a decrease of .00125% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the Nicolet High School District recognized pension expense of \$848,311.

At June 30, 2020, the Nicolet High School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,412,326	\$ 2,208,074
Net differences between projected and actual earnings on pension plan investments	-	4,751,991
Changes in Assumption	181,135	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	26,071
Employer contributions subsequent to the measurement date	454,138	-
Total	\$ 5,047,599	\$ 6,986,136

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 6 - WRS Pension Plan (continued)

\$454,138 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflow (Inflows) of Resources
2020	\$ (713,233)
2021	\$ (531,529)
2022	\$ 77,120
2023	\$ (1,225,033)
Thereafter	\$ 0

Actuarial assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 6 - Pension Plans (continued)

**Asset Allocation Targets and Expected Returns
As of December 31, 2019**

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (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, 2019. 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 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 6 - WRS Pension Plan (continued)

Sensitivity of the Nicolet High School District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Nicolet High School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Nicolet High School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Nicolet High School District's proportionate share of the net pension liability (asset)	\$ 5,985,861	\$ (2,324,444)	\$ (8,537,354)

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>

Note 7- Supplemental Pension Plan

Plan Description. The Nicolet High School District provides a defined benefit supplemental pension plan to eligible administrators and teachers hired prior to July 1, 2012. Currently, full-time teachers are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 15 years of service. Administrators are eligible to retire after the attainment of age 55 and the completion of 10 years of service.

There are 51 active and 21 retired employees in the plan as of June 30, 2018, the most recent actuarial valuation date. The pension benefit is equal to \$11,200 per year for administrators and \$10,000 per year for teachers.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the Nicolet High School District reported a liability of \$1,519,452 for its supplemental pension liability. The supplemental pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the total pension liability. A discount rate of 3.50% was used in calculating the District's pension liabilities (based upon all projected payments discounted at a municipal bond rate of 3.50%). The discount rate is based on the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

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

For the year ended June 30, 2020, the Nicolet High School District recognized pension expense of \$80,228. The pension expense is made up of certain changes in the total pension liability and amortization of deferred outflows (inflows).

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 7- Supplemental Pension Plan (continued)

At June 30, 2020, the Nicolet High School District reported deferred outflows of resources related to the supplemental pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,333
Changes of assumptions or other input	13,271	28,925
Employer contributions subsequent to the measurement date	212,454	-
Total	\$ 225,725	\$ 30,258

Deferred outflows of resources related to the supplemental pension plan resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to the supplemental pension plan will be recognized in pension expense as follows:

Year ended June 30:	Net Outflows (Inflows) of Resources
2020	\$ (4,808)
2021	\$ (4,808)
2022	\$ (4,808)
2023	\$ (4,807)
2024	\$ 33
Thereafter	\$ 2,221

Major assumptions. The total supplemental pension liability in the June 30, 2020, was determined using the following major assumptions:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Reporting Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal - Level Percentage of Salary
Discount Rate	Discount rate for valuing liabilities – 3.5% Municipal bond rate – 3.5% Implicit in this rates is 2.5% assumed rate of inflation
Municipal Bond Rate Source	Bond Buyer 20-Bond GO Index
Actuarial Assumptions	Based on an experience study conducted in 2015 using Wisconsin Retirement System WRS experience from 2012-14.
Mortality Assumptions	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%).

Single Discount rate. A single discount rate of 3.5% was used to measure the total supplemental pension liability.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 7- Supplemental Pension Plan (continued)

Sensitivity of the Nicolet High School District's supplemental pension liability (asset) to changes in the discount rate. The following presents the Nicolet High School District's supplemental pension liability (asset) calculated using the discount rate of 3.50 percent, as well as what the Nicolet High School District's supplemental pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Nicolet High School District's net administrators pension liability (asset)	\$ 1,582,573	\$ 1,519,452	\$ 1,458,292

Note 8 - Other Postemployment Benefits

Plan Description. The District operates a single-employer retiree benefit plan that provides postemployment health and life insurance benefits to eligible employees and their spouses. There are 177 active and 31 retired members in the plan as of June 30, 2018, the most recent actuarial valuation date. Benefits and eligibility are established and amended by the governing body.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2020, the Nicolet High School District reported a liability of \$690,470 for its net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that the employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. A discount rate of 6% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 6%).

Funding Policy. The district established the Nicolet High School District OPEB Trust to accumulate assets to fund post-retirement benefits for district employees. The District has \$3,972,049 of invested plan assets accumulated for payment of future benefits. For the year ended June 30, 2020 the District contributed \$910,418 to the Trust. Plan member contributions were \$53,466.

At June 30, 2020, the Nicolet High School District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 132,957
Changes of assumptions or other input	97,114	-
Net difference between projected and actual earnings on OPEB plan investments	-	101,809
Employer contributions subsequent to the measurement date	910,418	-
Total	\$ 1,007,532	\$ 234,766

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 8 - Other Postemployment Benefits (continued)

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Net Outflows and Inflows
2020	\$ (46,017)
2021	\$ (46,017)
2022	\$ (22,850)
2023	\$ (7,405)
2024	\$ (5,120)
Thereafter	\$ (10,243)

For the year ended June 30, 2020, the Nicolet High School District recognized OPEB expense of \$(257,800). The pension expense is made up of certain changes in the total pension liability and amortization of deferred outflows.

Major assumptions. The total OPEB liability in the June 30, 2020, was determined using the following major assumptions:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Reporting Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal - Level Percentage of Salary
Medical Care Trend	5.00% in the first year, 7.00% in the second year and 6.50% in the third year, then decreasing by .10% per year down to 5.0%, and level thereafter
Discount Rate	6.00%
Actuarial Assumptions	Based on an experience study conducted in 2015 using Wisconsin Retirement System WRS experience from 2012-14.
Mortality Assumptions	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%).

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 8 - Other Postemployment Benefits (continued)

Single Discount rate. A single discount rate of 6.0% was used to measure the total OPEB liability.

Sensitivity of the Nicolet High School District's OPEB liability (asset) to changes in the discount rate. The following presents the Nicolet High School District's OPEB liability (asset) calculated using the discount rate of 6.0% percent, as well as what the Nicolet High School District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate:

	1% Decrease to Discount Rate (5.0%)	Current Discount Rate (6.0%)	1% Increase to Discount Rate (7.0%)
Total OPEB Liability	\$4,949,408	\$4,662,519	\$4,396,467
Fiduciary Net Position	3,972,049	3,972,049	3,972,049
Net OPEB liability (asset)	\$ 977,359	\$ 690,470	\$ 424,418

Sensitivity of the Nicolet High School District's OPEB liability (asset) to changes in the healthcare trend rates. The following presents the Nicolet High School District's OPEB liability (asset) calculated using the current trend rates, as well as what the Nicolet High School District's net OPEB liability (asset) would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease to Trend Rates	Current Trend Rates	1% Increase To Trend Rates
Total OPEB Liability	\$4,363,339	\$4,662,519	\$4,995,050
Fiduciary Net Position	3,972,049	3,972,049	3,972,049
Net OPEB Liability	\$ 391,290	\$ 690,470	\$1,023,001

Note 9 - Lease Agreements, as Lessee

The District has entered into lease agreements for vehicles with terms expiring through February, 2023. The District is obligated to make future minimum lease payments as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 26,472
2022	25,494
2023	7,490
	<u>\$ 59,456</u>

Lease expense was \$43,279 for the year ended June 30, 2020.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 10 - Governmental Activities Net Position

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2020 includes the following:

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 20,467,375
Less: related long-term debt outstanding	<u>3,816,359</u>
Total Net Investment in Capital Assets	<u>16,651,016</u>
Restricted	
General Fund	1,451
Capital Projects Fund	3,330,509
Gift Fund	153,816
Food Service Fund	68,731
Debt Service	858,351
WRS Net Pension Asset	<u>2,324,444</u>
Total Restricted	<u>6,737,302</u>
Unrestricted	<u>3,970,392</u>
Total Governmental Activities Net Position	<u><u>\$ 27,358,710</u></u>

Note 11 - Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at June 30, 2020 include the following:

Nonspendable	
Inventories and prepaid expenses:	
General Fund	\$ 2,511
Food Service	13,000
Community Service	<u>3,562</u>
Total Nonspendable Fund Balance	<u>19,073</u>
Restricted	
General Fund	1,451
Capital Projects	3,330,509
Gift	153,816
Food Service	68,731
Debt Service	<u>858,351</u>
Total Restricted Fund Balance	<u>4,412,858</u>
Assigned	
General Funds for book purchases	<u>55,000</u>
Total Assigned Fund Balance	<u>55,000</u>
Unassigned	<u>7,158,558</u>
Total Governmental Fund Balances	<u><u>\$ 11,645,489</u></u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 12 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	<u>\$ 20,467,375</u>
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The District's proportionate share of pension and OPEB liabilities (assets) and related deferred outflows and deferred inflows of resources that are recognized in the government-wide statements include:

Net WRS pension asset	\$ 2,324,444
Net supplemental pension liability	(1,519,452)
Net OPEB liability	(690,470)
Deferred outflows of resources from WRS pension	5,047,599
Deferred outflows of resources from supplemental pension	225,725
Deferred outflows of resources from OPEB	1,007,532
Deferred inflows of resources from WRS pension	(6,986,136)
Deferred inflows of supplemental pension	(30,258)
Deferred inflows of resources from OPEB	<u>(234,766)</u>
Combined Adjustment	<u>\$ (855,782)</u>

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

General obligation bonds and notes payable	\$ (3,710,000)
Capital leases	(106,359)
Net deferred debt premium	(13,593)
Accrued compensated absences	(26,756)
Accrued interest on long-term obligations	<u>(41,664)</u>
Combined Adjustment	<u>\$ (3,898,372)</u>

Note 13 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the Statement of Activities. This adjustment is a combination of the following items:

Capital expenditures	\$ 536,373
Depreciation expense	(946,309)
Proceeds from disposal of fixed assets	(6,500)
Gain on disposal of fixed assets	<u>(5,855)</u>
Combined Adjustment	<u>\$ (422,291)</u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 13 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (continued)

Differences between pension system contributions recognized occur because pension expense in the statement of activities is adjusted to account for the net pension asset(liability), deferred outflows and deferred inflows. The adjustment is a combination of the following items:

Employer WRS Contributions	\$ 732,968
WRS pension expense adjustment	(848,311)
Supplemental pension benefits paid	191,843
Supplemental pension expense adjustment	(80,228)
OPEB benefits paid	455,209
OPEB expense adjustment	<u>257,800</u>
Combined Adjustment	<u><u>\$ 709,281</u></u>

Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenues and principal payments are recorded as expenditures in the governmental fund statements. In the Statement of Activities, long-term debt proceeds are recorded as a liability and principal payments are recorded as a reduction of liabilities. This adjustment is as follows:

Proceeds from capital leases	\$ (132,515)
Principal payments on long-term debt and capital leases	<u>1,262,424</u>
Combined Adjustment	<u><u>\$ 1,129,909</u></u>

Premiums in association with debt refinancing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements. The adjustment is as follows:

Amortization of debt premium	<u><u>\$ 3,807</u></u>
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported when the liability is incurred. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

Compensated absences	\$ 14,123
Accrued interest	<u>6,149</u>
Combined Adjustment	<u><u>\$ 20,272</u></u>

Note 14- Risk Management

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

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 15 - Commitments and Contingencies

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

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

The Nicolet High School District, as described in Note 8, has agreed to provide "other post-employment benefits" ("OPEB") to employees who have terminated their employment with the District and have satisfied specified eligibility standards. This activity is accounted for in the Nicolet High School OPEB Trust (the "Trust"). The District's funding obligation for OPEB costs is to pay current expenses as they become due. There is no legal or accounting requirement that the District pay, in any year, an amount in excess of current benefits.

Note 16- Limitation of School District Revenues

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature.

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

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

Note 17 – Interfund Receivables/Payables and Transfers

The following is a schedule of interfund receivables and payables as of June 30, 2020 including any overdrafts on pooled cash and investment accounts. These amounts are all due within one year.

	Due from Other Funds	Due to Other Funds
Governmental Activities		
General Fund	\$ -	\$ 250,000
Capital Projects Fund	250,000	-
	\$ 250,000	\$ 250,000
Total		

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 17 – Interfund Receivables/Payables and Transfers (continued)

The principal purpose of these interfunds is to cover overdrafts of cash. All remaining balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

The following is a schedule of interfund transfers.

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Transportation Services Fund	General Fund	\$ 43,102
Debt Services Fund	General Fund	425,000
Capital Projects Fund	General Fund	<u>250,000</u>
Total - Fund Financial Statements		718,102
Less: Eliminations		<u>(718,102)</u>
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ -</u></u>

Generally, transfers are used to use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

For the statement of activities, interfund transfers within the governmental activities are netted and eliminated.

Note 18 – Subsequent Event

Management has evaluated subsequent events for possible recognition or disclosure through December 2, 2020, the date the financial statements were available to be distributed.

Note 19 – Recently Issued Accounting Standards

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

The GASB issued Statement No. 87 Leases in June 2017. This statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

The GASB issued Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61* in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The

NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 19 – Recently Issued Accounting Standards (continued)

requirements of the related statement are effective for financial statement periods beginning after December 15, 2019.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of the related statement are effective for financial statement periods beginning after December 15, 2021.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address these and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 19 – Recently Issued Accounting Standards (continued)

GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the

reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective as follows: The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The effect these standards may have on future financial statements is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2020

	Budget		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Local	\$ 18,484,225	\$ 18,799,951	\$ 18,731,182	\$ (68,769)
Interdistrict	529,870	529,870	543,266	13,396
Intermediate	19,025	19,025	20,736	1,711
State	2,317,000	2,317,000	2,344,224	27,224
Federal	160,869	160,869	154,389	(6,480)
Other	35,000	35,000	74,843	39,843
Total Revenues	<u>21,545,989</u>	<u>21,861,715</u>	<u>21,868,640</u>	<u>6,925</u>
Expenditures				
Instruction				
Regular	7,918,327	7,918,327	7,723,259	195,068
Physical	592,694	592,694	576,058	16,636
Vocational	893,106	892,356	883,086	9,270
Other	882,357	882,357	692,056	190,301
Total Instruction	<u>10,286,484</u>	<u>10,285,734</u>	<u>9,874,459</u>	<u>411,275</u>
Support Services				
Pupil services	722,106	723,359	718,194	5,165
Instructional support services	855,088	849,180	809,509	39,671
General administrative services	792,251	792,251	563,603	228,648
Building administrative services	983,425	982,172	964,148	18,024
Business administrative services	4,219,312	4,220,062	3,856,676	363,386
Central services	247,900	253,808	236,776	17,032
Insurance and Judgements	273,783	273,783	268,367	5,416
Other support services	764,832	897,348	1,212,109	(314,761)
Debt service	48,676	48,676	44,445	4,231
Total Support Services	<u>8,907,374</u>	<u>9,040,640</u>	<u>8,673,827</u>	<u>366,813</u>
Non-Program				
General tuition payments	449,084	449,084	466,228	(17,144)
Other non-program services	72,653	72,653	152,347	(79,694)
Total Non-Program	<u>521,737</u>	<u>521,737</u>	<u>618,575</u>	<u>(96,838)</u>
Total Expenditures	<u>19,715,596</u>	<u>19,848,111</u>	<u>19,166,861</u>	<u>681,250</u>
Excess of revenues over expenditures	1,830,393	2,013,604	2,701,779	688,175
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	-	-	6,500	6,500
Proceeds from capital leases	-	132,515	132,515	-
Transfers to other funds	(1,836,204)	(2,261,204)	(2,361,806)	(100,602)
Net Change in Fund Balances	(5,811)	(115,085)	478,988	594,073
Fund Balances, beginning of year	<u>6,794,619</u>	<u>6,794,619</u>	<u>6,794,619</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 6,788,808</u>	<u>\$ 6,679,534</u>	<u>\$ 7,273,607</u>	<u>\$ 594,073</u>

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2020**

	Budget		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Intermediate	\$ 12,000	\$ 12,000	\$ 13,488	\$ 1,488
State	665,369	665,369	589,157	(76,212)
Federal	281,346	281,346	167,361	(113,985)
Other	-	-	3,078	3,078
Total Revenues	<u>958,715</u>	<u>958,715</u>	<u>773,084</u>	<u>(185,631)</u>
Expenditures				
Instruction				
Special education	1,723,423	1,723,423	1,652,234	71,189
Total Instruction	<u>1,723,423</u>	<u>1,723,423</u>	<u>1,652,234</u>	<u>71,189</u>
Support Services				
Pupil services	278,466	278,466	264,635	13,831
Instructional support services	252,535	252,535	249,646	2,889
Business administrative services	278,083	278,083	84,083	194,000
Central services	6,400	6,400	5,299	1,101
Total Support Services	<u>815,484</u>	<u>815,484</u>	<u>603,663</u>	<u>211,821</u>
Non-Program				
General tuition payments	159,482	159,482	140,757	18,725
Other non-program services	-	-	20,134	(20,134)
Total Non-Program	<u>159,482</u>	<u>159,482</u>	<u>160,891</u>	<u>(1,409)</u>
Total Expenditures	<u>2,698,389</u>	<u>2,698,389</u>	<u>2,416,788</u>	<u>281,601</u>
Deficiency of revenues over expenditures	(1,739,674)	(1,739,674)	(1,643,704)	95,970
Other Financing Uses				
Transfers (to) from other funds	1,739,674	1,739,674	1,643,704	(95,970)
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning of year	-	-	-	-
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years* (which may be built prospectively)**

	2020	2019	2018	2017	2016	2015
Nicolet High School District's proportion of the net pension liability (asset)	.0721%	.0733%	.0735%	.0728%	0.0721%	0.0714%
Nicolet High School District's proportionate share of the net pension liability (asset)	(\$2,324,444)	2,609,142	(\$2,182,043)	\$600,095	\$1,172,095	\$(1,753,792)
Nicolet High School District's covered-employee payroll	\$11,190,302	\$11,135,974	\$10,988,732	\$10,616,106	\$10,350,720	\$10,074,890
Nicolet High School District's proportionate share of the net pension liability (asset) as a percentage of the covered-employee payroll	(20.77%)	23.43%	(19.86%)	5.65%	11.32%	(17.41%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.96%	96.45%	102.93%	99.12%	98.2%	102.74%

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

(See Note 6 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years* (which may be built prospectively)**

	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$732,968	\$746,275	\$747,234	\$702,205	\$703,849	\$705,246
Contributions in relation to the contractually required contributions	\$732,968	\$746,275	\$747,234	\$702,205	\$703,849	\$705,246
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nicolet High School District's covered-employee payroll	\$11,190,302	\$11,135,974	\$10,988,732	\$10,616,106	\$10,350,720	\$10,074,890
Contributions as a percentage of covered-employee payroll	6.55%	6.7%	6.8%	6.61%	6.8%	7%

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

(See Note 6 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY (ASSET)
SUPPLEMENTAL PENSION PLAN
Last 10 Fiscal Years (which may be built prospectively)
(See Notes 7 and Notes to Required Supplementary Information)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability, beginning of year	<u>\$ 1,590,165</u>	<u>\$ 1,685,140</u>	<u>\$ 1,814,464</u>	<u>\$ 1,936,686</u>
Changes for the year:				
Service Cost	48,700	60,991	65,675	65,675
Interest	56,947	56,594	52,219	55,436
Differences between expected and actual experience	-	(1,865)	-	-
Changes of assumptions or other input	15,483	(13,376)	(33,900)	-
Benefit payments	<u>(191,843)</u>	<u>(197,319)</u>	<u>(213,318)</u>	<u>(243,333)</u>
Net Changes	<u>(70,713)</u>	<u>(94,975)</u>	<u>(129,324)</u>	<u>(122,222)</u>
Total Pension Liability, end of year	<u><u>\$ 1,519,452</u></u>	<u><u>\$ 1,590,165</u></u>	<u><u>\$ 1,685,140</u></u>	<u><u>\$ 1,814,464</u></u>

(See Note 7 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY (ASSET) AS PERCENTAGE OF
COVERED-EMPLOYEE PAYROLL
SUPPLEMENTAL PENSION
Last 10 Fiscal Years (which may be built prospectively)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability (asset)	\$ 1,519,452	\$ 1,590,165	\$ 1,685,140	\$ 1,814,464
Covered-employee payroll	\$ 4,278,813	\$ 4,278,813	\$ 5,076,366	\$ 5,076,366
Total Pension liability (asset) as a percentage of the covered-employee payroll	35.51%	37.16%	33.20%	35.74%

(See Note 7 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY (ASSET)
OTHER POSTEMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (which may be built prospectively)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Total OPEB Liability</u>				
Total OPEB liability - beginning	\$ 4,658,955	\$ 4,598,930	\$ 4,494,587	\$ 4,436,931
Changes for the year:				
Service Cost	132,855	144,765	144,765	144,765
Interest	271,499	270,989	264,860	260,141
Benefit payments	-	(309,646)	(305,282)	(347,250)
Differences between expected and actual experience	(400,790)	(170,945)	-	-
Changes of assumptions or other input	-	124,862	-	-
Net Changes	<u>3,564</u>	<u>60,025</u>	<u>104,343</u>	<u>57,656</u>
Total OPEB liability - ending (a)	<u>\$ 4,662,519</u>	<u>\$ 4,658,955</u>	<u>\$ 4,598,930</u>	<u>\$ 4,494,587</u>
<u>Fiduciary Net Position</u>				
Fiduciary net position - beginning	\$ 3,113,031	\$ 2,683,089	\$ 2,245,024	\$ 2,070,582
Changes for the year:				
Contributions - Employer	455,209	515,711	503,915	510,868
Net Investment Income	199,183	243,777	256,008	24,923
Benefit payments	(400,790)	(309,646)	(305,282)	(347,250)
Administrative expense	(22,154)	(19,900)	(16,576)	(14,099)
Net Changes	<u>231,448</u>	<u>429,942</u>	<u>438,065</u>	<u>174,442</u>
Fiduciary net position - ending (b)	<u>\$ 3,344,479</u>	<u>\$ 3,113,031</u>	<u>\$ 2,683,089</u>	<u>\$ 2,245,024</u>
<u>Net OPEB Liability</u>				
Net OPEB liability - ending (a) - (b)	<u>\$ 1,318,040</u>	<u>\$ 1,545,924</u>	<u>\$ 1,915,841</u>	<u>\$ 2,249,563</u>

(See Note 8 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL OPEB LIABILITY (ASSET) AS PERCENTAGE OF
COVERED-EMPLOYEE PAYROLL
OTHER POSTEMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (which may be built prospectively)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net OPEB liability (asset)	\$ 1,318,040	\$ 1,545,924	\$ 1,915,841	\$ 2,249,563
Covered-employee payroll	\$ 10,566,958	\$ 10,566,958	\$ 5,749,481	\$ 5,749,481
Total OPEB liability (asset) as a percentage of the covered-employee payroll	12.47%	14.63%	33.32%	39.13%

(See Note 8 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS
OTHER POSTEMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (which may be built prospectively)**

<u>Year Ending June 30</u>	<u>Rate of Return</u>
2020	0.20%
2019	5.64%
2018	8.35%
2017	10.68%

(See Note 8 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020**

Note 1 – Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1C. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over

Excess Expenditures Over Appropriations

The following general fund functions had an excess of actual expenditures over appropriations for the year ended June 30, 2020.

Fund - Function	Excess Expenditures
General Fund	
Other support services	\$ 314,761
General tuition payments	\$ 17,144
Other non-program services	\$ 79,694
Special Education Fund	
Other non-program services	\$ 20,134

Note 2 – Wisconsin Retirement System (WRS) Pension Data

The data presented in the Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions is derived from data provided by the Wisconsin Department of Employee Trust Funds.

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

Changes of assumptions. No significant change in assumptions were noted from the prior year.

Note 3 – Supplemental Pension Data

There are no assets accumulated in a trust that is irrevocable or an equivalent arrangement.

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

Changes of assumptions. The discount rate was changed to be reflective of a 20-year AA municipal bond rate (3.50%) as of the measurement date in order to be compliant with GASB 73. All other assumptions and methods remained unchanged from the valuation performed as of June 30, 2018.

Note 4 – Other Postemployment Benefit Plan

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

Changes of assumptions. All assumptions and methods remained unchanged from the valuation performed as of June 30, 2018.

SUPPLEMENTAL FINANCIAL INFORMATION

**NICOLET HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Gift Fund	Food Service	Community Service	Transportation Services		
ASSETS						
Cash and investments	\$ 155,832	\$ 68,578	\$ 16,590	\$ -	\$ 856,039	\$ 1,097,039
Accounts receivable	-	157	1,825	-	3,062	5,044
Inventory	-	13,000	-	-	-	13,000
Due from other governments	-	-	3,014	-	-	3,014
Prepaid expenses	-	-	3,562	-	-	3,562
Total Assets	\$ 155,832	\$ 81,735	\$ 24,991	\$ -	\$ 859,101	\$ 1,121,659
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 2,016	\$ 4	\$ 3,339	\$ -	\$ -	\$ 5,359
Other current liabilities	-	-	74,177	-	750	74,927
Total Liabilities	2,016	4	77,516	-	750	80,286
Fund Balances						
Nonspendable	-	13,000	3,562	-	-	16,562
Restricted	153,816	68,731	-	-	858,351	1,080,898
Unassigned	-	-	(56,087)	-	-	(56,087)
Total Fund Balances	153,816	81,731	(52,525)	-	858,351	1,041,373
Total Liabilities and Fund Balances	\$ 155,832	\$ 81,735	\$ 24,991	\$ -	\$ 859,101	\$ 1,121,659

See accompanying notes to the financial statements.

NICOLET HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Gift Fund	Food Service	Community Service	Transportation Services		
REVENUES						
Local	\$ 111,347	\$ 650,886	\$ 620,197	\$ -	\$ 1,034,347	\$ 2,416,777
Interdistrict	-	-	422	232,204	-	232,626
Federal	-	7,172	-	-	-	7,172
Other revenue	-	6,488	14,860	-	92,517	113,865
Total Revenues	<u>111,347</u>	<u>664,546</u>	<u>635,479</u>	<u>232,204</u>	<u>1,126,864</u>	<u>2,770,440</u>
EXPENDITURES						
Instruction						
Regular	3,855	-	-	-	-	3,855
Other	47,195	-	-	-	-	47,195
Total Instruction	<u>51,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,050</u>
Support Services						
Pupil Services	6,267	-	-	-	-	6,267
General administrative services	500	-	-	-	-	500
Business administrative services	850	757,413	-	275,306	-	1,033,569
Central services	933	-	-	-	-	933
Other support services	-	8,754	14,882	-	-	23,636
Debt Service						
Principal	-	-	-	-	1,230,000	1,230,000
Interest	-	-	-	-	147,934	147,934
Community Services	-	-	732,079	-	-	732,079
Total Support Services	<u>8,550</u>	<u>766,167</u>	<u>746,961</u>	<u>275,306</u>	<u>1,377,934</u>	<u>3,174,918</u>
Total Expenditures	<u>59,600</u>	<u>766,167</u>	<u>746,961</u>	<u>275,306</u>	<u>1,377,934</u>	<u>3,225,968</u>
Excess (deficiency) of revenues over expenditures	51,747	(101,621)	(111,482)	(43,102)	(251,070)	(455,528)
OTHER FINANCING SOURCES						
Transfers (to) from other fund	-	-	-	43,102	425,000	468,102
Net Change in Fund Balances	<u>51,747</u>	<u>(101,621)</u>	<u>(111,482)</u>	<u>-</u>	<u>173,930</u>	<u>12,574</u>
Fund Balances, beginning of year	<u>102,069</u>	<u>183,352</u>	<u>58,957</u>	<u>-</u>	<u>684,421</u>	<u>1,028,799</u>
FUND BALANCES, end of year	<u>\$ 153,816</u>	<u>\$ 81,731</u>	<u>\$ (52,525)</u>	<u>\$ -</u>	<u>\$ 858,351</u>	<u>\$ 1,041,373</u>

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
PUPIL ACTIVITY FUNDS
For the Year Ended June 30, 2020**

	<u>Balance 7/1/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/20</u>
ASSETS				
Cash and investments	\$ 193,674	\$ 672,500	\$ 629,932	\$ 236,242
Account receivable	265	-	265	-
Total Assets	<u>\$ 193,939</u>	<u>\$ 672,500</u>	<u>\$ 630,197</u>	<u>\$ 236,242</u>
LIABILITIES				
Due to student organizations	\$ 185,177	\$ 429,004	\$ 380,875	\$ 233,306
Accounts payable	8,762	243,496	249,322	2,936
Total Liabilities	<u>\$ 193,939</u>	<u>\$ 672,500</u>	<u>\$ 630,197</u>	<u>\$ 236,242</u>

See accompanying notes to the financial statements.

**SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND OTHER AUDITORS' REPORTS**

NICOLET HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program of Award Amount	Accrued Receivable 7/1/2019	Expenditures		Revenues	Accrued Receivable 6/30/2020
					Grantor	Local	Grantor Reimbursements	
U.S. DEPARTMENT OF EDUCATION								
State of Wisconsin								
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Title 1								
<u>Title 1 - Basic Grant</u>	84.010	2020-402177-TIA-141						
July 1, 2018 - June 30, 2019			84,373	\$ 41,553	\$ -	\$ -	\$ 41,553	\$ -
July 1, 2019 - June 30, 2020			84,647	-	84,013	-	67,498	16,515
<u>Title 1 - Milwaukee Public Schools</u>	84.010	2020-402177-TIA-141						
July 1, 2019 - June 30, 2020			372	-	372	-	-	372
Total Title 1				<u>41,553</u>	<u>84,385</u>	<u>-</u>	<u>109,051</u>	<u>16,887</u>
Special Education Cluster								
<u>IDEA Flow Through</u>	84.027	2020-402177-DPI-IDEA-F-341						
July 1, 2018 - June 30, 2019			236,701	67,689	-	-	67,689	-
July 1, 2019 - June 30, 2020	298,181	-	204,196	-	165,394	-	38,802	
Total Special Education Cluster				<u>67,689</u>	<u>204,196</u>	<u>-</u>	<u>233,083</u>	<u>38,802</u>
<u>Title IIIA - English Language Acquisition</u>	84.365	2020-402177-DPI-T3 -391						
July 1, 2019 - June 30, 2020			2,868	-	2,868	-	2,868	-
<u>Carl Perkins</u>	84.048	2020-402177-CTE-400						
July 1, 2019 - June 30, 2020			17,868	-	17,868	-	17,766	102
<u>Title II- A - Quality Teachers and Principals</u>	84.367	2020-402177-TIIA-365						
July 1, 2019 - June 30, 2020- Public			27,057	-	23,289	-	23,289	-
<u>Title IV-A Student Support and Aced Enrich Grant</u>	84.424	2020-402177-TIVA - DPI-381						
July 1, 2019 - June 30, 2020- Private			985	-	956	-	956	-
July 1, 2019 - June 30, 2020- Public	9,299	-	9,296	-	9,296	-		
Total U.S. Department of Education				<u>109,242</u>	<u>342,858</u>	<u>-</u>	<u>396,309</u>	<u>55,791</u>
U.S. DEPARTMENT OF AGRICULTURE								
<u>School Milk</u>	10.556	2020-402177-DPI-SMP-548						
July 1, 2018 - June 30, 2019			10,839	1,743	-	-	1,743	-
July 1, 2019 - June 30, 2020	6,604	-	6,604	-	6,604	-		
<u>School Milk - COVID-19</u>	10.556	2020-402177-DPI-SMP-548						
July 1, 2019 - June 30, 2020			568	-	568	-	568	-
Total U.S. Department of Agriculture				<u>1,743</u>	<u>7,172</u>	<u>-</u>	<u>8,915</u>	<u>-</u>
				<u>\$ 110,985</u>	<u>\$ 350,030</u>	<u>\$ -</u>	<u>\$ 405,224</u>	<u>\$ 55,791</u>

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

NICOLET HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2020

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Accrued Receivable 7/1/2019</u>	<u>Revenue/ Expenditures</u>	<u>Reimbursements</u>	<u>Accrued Receivable 6/30/2020</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Entitlement Programs						
Major Programs						
Equalization Aid	255.201	402177-116	\$ 6,327	\$ 230,025	\$ 230,563	\$ 5,789
Integration Aid - Non-resident	255.204	402177-106	-	721,510	721,510	-
Per Pupil Adjustment Aid	255.945	402177-113	-	786,520	786,520	-
Supplemental Per Pupil Adjustment Aid	255.245	402177-181	-	3,558	3,558	-
Total Major Programs			<u>6,327</u>	<u>1,741,613</u>	<u>1,742,151</u>	<u>5,789</u>
Nonmajor Programs						
Handicapped Pupils and School Age Parents	255.101	402177-100	-	571,142	571,142	-
Categorical Aid - CESA	255.101	402177-100	-	13,488	13,488	-
Common School Library Fund	255.103	402177-104	-	71,613	71,613	-
Pupil Transportation	255.107	402177-102	-	26,113	26,113	-
Early college Credit Program	255.445	402177-178	-	84	84	-
Educator Effective Eval Sys Grants	255.940	402177-154	-	8,640	8,640	-
Career and Technical Education	255.950	402177-152	-	12,555	12,555	-
High Cost Special Education	255.210	402177-119	-	18,015	18,015	-
Total Nonmajor Programs			<u>-</u>	<u>721,650</u>	<u>721,650</u>	<u>-</u>
Total Wisconsin Department of Public Instruction			<u>6,327</u>	<u>2,463,263</u>	<u>2,463,801</u>	<u>5,789</u>
WISCONSIN DEPARTMENT OF REVENUE						
Nonmajor Programs						
Personal Property Tax Aid	-	-	-	137,895	137,895	-
Exempt Computer Aid	-	-	222,305	222,305	222,305	222,305
Total Wisconsin Department of Revenue			<u>222,305</u>	<u>360,200</u>	<u>360,200</u>	<u>222,305</u>
Total			<u>\$ 228,632</u>	<u>\$ 2,823,463</u>	<u>\$ 2,824,001</u>	<u>\$ 228,094</u>

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

NICOLET HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS
June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state awards (the "Schedules") includes the federal and state award activity of the District. The information in these Schedules 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 Wisconsin State Single Audit Guidelines. 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 - Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Wisconsin State Single Audit Guidelines.

The District did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance Section 200.414 *Indirect (F&A) Costs*.

Note 3 - Oversight Agencies

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

Note 4 - Eligible Costs for Special Education

Eligible costs for special education under project 011 were \$2,140,160 for the year ended June 30, 2020.

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

Board of Education
Nicolet High School District
Milwaukee County, Wisconsin

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Nicolet High School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Nicolet High School District's basic financial statements and have issued our report thereon dated December 2, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting that we consider to be material weaknesses. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items **2020-001** and **2020-002** that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

Nicolet High School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information of the Board of Education, management, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

FELD, SCHUMACHER & COMPANY, LLP



West Allis, Wisconsin
December 2, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE STATE SINGLE AUDIT GUIDELINES**

Board of Education
Nicolet High School District
Milwaukee County, Wisconsin

Report on Compliance for Each Major State Program

We have audited Nicolet High School District's compliance with the types of compliance requirements described in the Wisconsin State Single Audit Guidelines issued by the Wisconsin Department of Administration and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction that could have a direct and material effect on each of Nicolet High School District's major state programs for the year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Nicolet School District complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

FELD, SCHUMACHER & COMPANY, LLP



West Allis, Wisconsin
December 2, 2020

**NICOLET HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

Section I: Summary of Auditors' Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

State Awards

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Type of auditor's report issued on compliance for major programs.	Unmodified	
Any audit findings disclosed that are required in accordance with the State Single Audit Guidelines	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of major state programs

<u>State Identification Number</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aid – General Aids Cluster
255.204	Integration Aid – General Aids Cluster
255.945	Per Pupil Aid – Per Pupil Aid Cluster
255.245	Supplemental Per Pupil Aid-Per Pupil Aid Cluster

**NICOLET HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

Section II: Financial Statement Findings

Finding 2020-001:

Criteria - *Government Auditing Standards* considers the inability to comply with guidelines accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

Condition - The District's internal control over financial reporting extends through completion of the general ledger, but not to preparation of financial statements and notes. As auditors, we were requested to draft the financial statements including adjustments required under GASB 34, and the accompanying notes to the financial statements. The auditors believe, in the auditors' judgment, the District does possess the necessary expertise to prepare the financial statements but has chosen to hire the auditor's to perform this service.

Effect - As a result of not having an individual on staff to prepare GAAP basis financial statements, the District has an internal control deficiency.

Cause - Management and those charged with governance have accepted this condition because of cost.

Recommendation - We recommend that management and those charged with governance continue to oversee and accept responsibility of the financial statement preparation services.

Corrective Action Plan - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Finding 2020-002:

Criteria – The Wisconsin Department of Public Instruction sets guidelines regarding the types of activities to be classified as a student activity. Student activity funds consist of activities that revolve around a student organization and club. The students in the organization are involved in the management of the organization activity. Districts have an obligation to ensure the proper classification of funds and misclassification would be considered an internal control deficiency.

Condition – Activities that did not meet the qualifications for a student activity were improperly recorded in the student activity fund.

Effect - As a result of improper classification the district has an internal control weakness over the student activity funds.

Cause – Misunderstandings by District personal lead to some district activities being accounted for as student activities.

Recommendation – As part of the District's implementation of GASB 84, the District should review all activities reported in the student activity fund to determine proper classification. Those that do not qualify as a student activity, and thus do not qualify as a fiduciary account, should be reallocated to the appropriate fund.

**NICOLET HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

Finding 2020-002 (continued):

Corrective Action Plan - The Nicolet Business Office fully understands that the District has been reporting transactions that do not qualify to be reported in the Fund 60 Student Activity Accounts, for many years. The Business Office decided at the end of 2017/18 to defer making changes to how these transactions are reported until 2019/20 when the Governmental Accounting Standards Board (GASB) would be promulgating GASB Statement #84 on accounting for fiduciary activities. This decision was made to make efficient use of department resources and to avoid making activity group advisers change accounting practices twice in two years.

GASB delayed the effective date of GASB 84 by one year, making it effective for reporting periods beginning after December 15, 2019. That means it must be complied with for the 2020/2021 fiscal year. On July 1, 2020 all Activity Account balances were transferred from Fund 60 to Fund 10 or Fund 21. The Nicolet School District is now in full compliance with GASB 84.

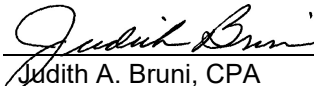
Section IV: Other issues

1. Does the auditor's report of the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? ___ Yes X No ___ N/A

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

Department of Health Services	___ Yes	<u> X </u> No	___ N/A
Department of Workforce Development	___ Yes	<u> X </u> No	___ N/A
Department of Corrections	___ Yes	<u> X </u> No	___ N/A

3. Was a Management letter or other document conveying audit comments issued as a result of this audit? X Yes ___ No ___ N/A

4. Name and signature of partner 

Judith A. Bruni, CPA

5. Date of report December 2, 2020



NICOLET HIGH SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2020

Financial Statement Findings

Finding 2020-001:

Criteria - Government Auditing Standards considers the inability to report financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

Condition - The District's internal control over financial reporting extends through completion of the general ledger, but not to preparation of financial statements and notes. As auditors, we were requested to draft the financial statements including adjustments required under GASB 34, and the accompanying notes to the financial statements. The auditors believe, in the auditors' judgment, the District does possess the necessary expertise to prepare the financial statements but has chosen to hire the auditor's to perform this service.

Effect - As a result of not having an individual on staff to prepare GAAP basis financial statements, the District has an internal control deficiency.

Cause - Management and those charged with governance have accepted this condition because of cost.

Recommendation - We recommend that management and those charged with governance continue to oversee and accept responsibility of the financial statement preparation services.

Corrective Action Plan - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Finding 2020-002:

Criteria – The Wisconsin Department of Public Instruction sets guidelines regarding the types of activities to be classified as a student activity. Student activity funds consist of activities that revolve around a student organization and club. The students in the organization are involved in the management of the organization activity. Districts have an obligation to ensure the proper classification of funds and misclassification would be considered an internal control deficiency.

Condition – Activities that did not meet the qualifications for a student activity were improperly recorded in the student activity fund.

Effect - As a result of improper classification the district has an internal control weakness over the student activity funds.

Cause – Misunderstandings by District personal lead to some district activities being accounted for as student activities.

Recommendation – As part of the District's implementation of GASB 84, the District should review all activities reported in the student activity fund to determine proper classification. Those that do not qualify as a student activity, and thus do not qualify as a fiduciary account, should be reallocated to the appropriate fund.



NICOLET HIGH SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2020

Finding 2020-002 (continued):

Corrective Action Plan - The Nicolet Business Office fully understands that the District has been reporting transactions that do not qualify to be reported in the Fund 60 Student Activity Accounts, for many years. The Business Office decided at the end of 2017/18 to defer making changes to how these transactions are reported until 2019/20 when the Governmental Accounting Standards Board (GASB) would be promulgating GASB Statement #84 on accounting for fiduciary activities. This decision was made to make efficient use of department resources and to avoid making activity group advisers change accounting practices twice in two years.

GASB delayed the effective date of GASB 84 by one year, making it effective for reporting periods beginning after December 15, 2019. That means it must be complied with for the 2020/2021 fiscal year. On July 1, 2020 all Activity Account balances were transferred from Fund 60 to Fund 10 or Fund 21. The Nicolet School District is now in full compliance with GASB 84.

**NICOLET HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2020**

Finding 2019-001:

Criteria - *Government Auditing Standards* considers the inability to report financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

Condition - The District's internal control over financial reporting extends through completion of the general ledger, but not to preparation of financial statements and notes. As auditors, we were requested to draft the financial statements including adjustments required under GASB 34, and the accompanying notes to the financial statements. The auditors believe, in the auditors' judgment, the District does possess the necessary expertise to prepare the financial statements, but has chosen to hire the auditor's to perform this service.

Effect - As a result of not having an individual on staff to prepare GAAP basis financial statements, the District has an internal control deficiency.

Cause - Management and those charged with governance have accepted this condition because of cost.

Recommendation - We recommend that management and those charged with governance continue to oversee and accept responsibility of the financial statement preparation services.

Corrective Action Plan - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Status of Finding - No Change

Finding 2019-002:

Criteria – The Wisconsin Department of Public Instruction sets guidelines regarding the types of activities to be classified as a student activity. Student activity funds consist of activities that revolve around a student organization and club. The students in the organization are involved in the management of the organization activity. Districts have an obligation to ensure the proper classification of funds and misclassification would be considered an internal control deficiency.

Condition – Activities that did not meet the qualifications for a student activity were improperly recorded in the student activity fund.

Effect - As a result of improper classification the district has an internal control weakness over the student activity funds.

Cause – Misunderstandings by District personal lead to some district activities being accounted for as student activities.

Recommendation – As part of the District's implementation of GASB 84, the District should review all activities reported in the student activity fund to determine proper classification. Those that do not qualify as a student activity, and thus do not qualify as a fiduciary account, should be reallocated to the appropriate fund.

Corrective Action Plan - The Nicolet Business Office fully understands that the District has been reporting transactions that do not qualify to be reported in the Fund 60 Student Activity Accounts, for many years. The Business Office decided at the end of 2017/18 to defer making changes to how these transactions are reported until 2019/20 when the Governmental Accounting Standards Board (GASB) would be promulgating

**NICOLET HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2020**

Finding 2019-002 (continued):

GASB Statement #84 on accounting for fiduciary activities. This decision was made to make efficient use of department resources and to avoid making activity group advisers change accounting practices twice in two years.

GASB delayed the effective date of GASB 84 by one year, making it effective for reporting periods beginning after December 15, 2019. That means it must be complied with for the 2020/2021 fiscal year. On July 1, 2020 all Activity Account balances were transferred from Fund 60 to Fund 10 or Fund 21. The Nicolet School District is now in full compliance with GASB 84.

Status of Finding - Resolved