

**NICOLET HIGH SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2019**

**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, 2019, 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, 2019, 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 November 11, 2019 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

*Feld, Schumacher & Company, LLP*

West Allis, Wisconsin  
November 11, 2019

**MANAGEMENT'S DISCUSSION  
AND  
ANALYSIS**



## NICOLET HIGH SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2019

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 \$372,765 from \$6.42 million to \$6.79 million. The fund balance is 30.7% of the \$22.13 million Fund 10 expenditures for the 2018-2019 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, 2019.
- Capital assets have been reported at \$41.2 million and accumulated depreciation of \$20.3 million for a net capital asset value of \$20.9 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, 2019, a \$1,590,165 supplemental pension liability and a \$913,686 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 liability. As of June 30, 2019, a \$2,609,142 net pension liability is reported in the Statement of Net Position.
- The District's overall financial status, as reflected in total net position, increased by \$2,539,561.
- Financial activity resulted in a decrease in fund balance in the Food Service Fund (Fund 50) of \$58,011. Expenditures of \$1,095,650 exceeded revenues of \$1,037,639 resulting in an ending fund balance of \$183,352.
- Financial activity resulted in a decrease in fund balance in the Community Service Fund (Fund 80) of \$56,349. Expenditures of \$976,429 exceeded revenues of \$920,080. The fund balance in Fund 80 is \$58,957. 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 \$29.48 million. This amount includes \$19.19 million of local property taxes, \$1.48 million of general federal and state aids and \$1.78 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 2018-2019 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**

	<b>District-Wide Statements</b>	<b>Governmental Fund Statements</b>	<b>Proprietary Fund Statements</b>	<b>Fiduciary Fund Statements</b>
<b>Scope</b>	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. <b><u>The District does not report any program for this designation.</u></b>	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.
<b>Required Financial Statements</b>	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
<b>Basis of Accounting and Measurement Focus</b>	Accrual accounting  Economic resources focus	Modified accrual accounting  Current financial resources focus	Accrual accounting  Economic resources focus	Accrual accounting  Economic resources focus
<b>Type of Asset and Liability Information</b>	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. <b><u>The District's fiduciary funds do not currently contain capital assets.</u></b>
<b>Type of Inflow and Outflow Information</b>	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>2019</u>	<u>2018</u>	<u>% Change</u>
<b><u>Assets</u></b>			
Current Assets	\$ 13,007,357	\$ 10,440,537	24.6
Non-Current Assets	20,889,665	23,442,480	(10.9)
Deferred Outflows of Resources	<u>7,483,791</u>	<u>4,365,004</u>	71.4
<b>Total Assets &amp; Deferred Outflows</b>	<b><u>\$ 41,380,813</u></b>	<b><u>\$ 38,248,021</u></b>	8.2
<b><u>Liabilities</u></b>			
Current Liabilities	\$ 2,849,982	\$ 2,899,242	(1.7)
Non-Current Liabilities	9,262,044	8,134,707	13.9
Deferred Inflows of Resources	<u>3,935,861</u>	<u>4,420,707</u>	(11.0)
<b>Total Liabilities &amp; Deferred Inflows</b>	<b><u>\$ 16,047,887</u></b>	<b><u>\$ 15,454,656</u></b>	3.8
<b><u>Net Position</u></b>			
Invested in Capital, Net of Related Debt	\$ 15,943,397	\$ 15,580,084	2.3
Restricted	4,272,922	1,829,739	133.5
Unrestricted	<u>5,116,607</u>	<u>5,383,542</u>	(5.0)
<b>Total Net Position</b>	<b><u>\$ 25,332,926</u></b>	<b><u>\$ 22,793,365</u></b>	11.1

As of June 30, 2019, the District reported total assets and deferred outflows of \$41.3 million and total liabilities and deferred inflows of \$16 million. Net position amounts to \$25.3 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 2018-2019</u>	<u>%</u>	<u>Actual 2017-2018</u>	<u>%</u>
<b><u>Revenues:</u></b>					
<b>Program</b>	Charges for Services	\$ 2,897,163	9.8	\$ 3,158,351	12.4
	Operating Grants & Cont.	1,781,792	6.0	1,525,312	6.0
<b>General</b>	Property & Other Taxes	19,185,533	65.1	19,100,188	75.0
	General Federal and State Aids	1,480,574	5.0	1,118,093	4.4
	Gifts	128,831	0.4	212,979	0.8
	Other	<u>4,002,176</u>	<u>13.6</u>	<u>360,885</u>	<u>1.4</u>
	<b>Total Revenue</b>	<b><u>\$ 29,476,069</u></b>	<b><u>100.0</u></b>	<b><u>\$ 25,475,808</u></b>	<b><u>100.0</u></b>

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

	<b>Actual 2018-2019</b>	<b>%</b>	<b>Actual 2017-2018</b>	<b>%</b>
<b><u>Expenses:</u></b>				
Instruction	\$ 12,685,989	47.1	\$ 12,118,899	48.3
Pupil/Instructional services	2,589,147	9.6	2,465,722	9.8
Administration and business	10,013,783	37.2	9,178,151	36.6
Other support	504,142	1.9	199,179	0.8
Interest on debt	159,417	0.6	166,786	0.7
Community service	984,030	3.7	954,008	3.8
<b>Total Expense</b>	<b>\$ 26,936,508</b>	<b>100.0</b>	<b>\$ 25,082,745</b>	<b>100.0</b>
<b>Change in Net Position</b>	<b>\$ 2,539,561</b>		<b>\$ 393,063</b>	

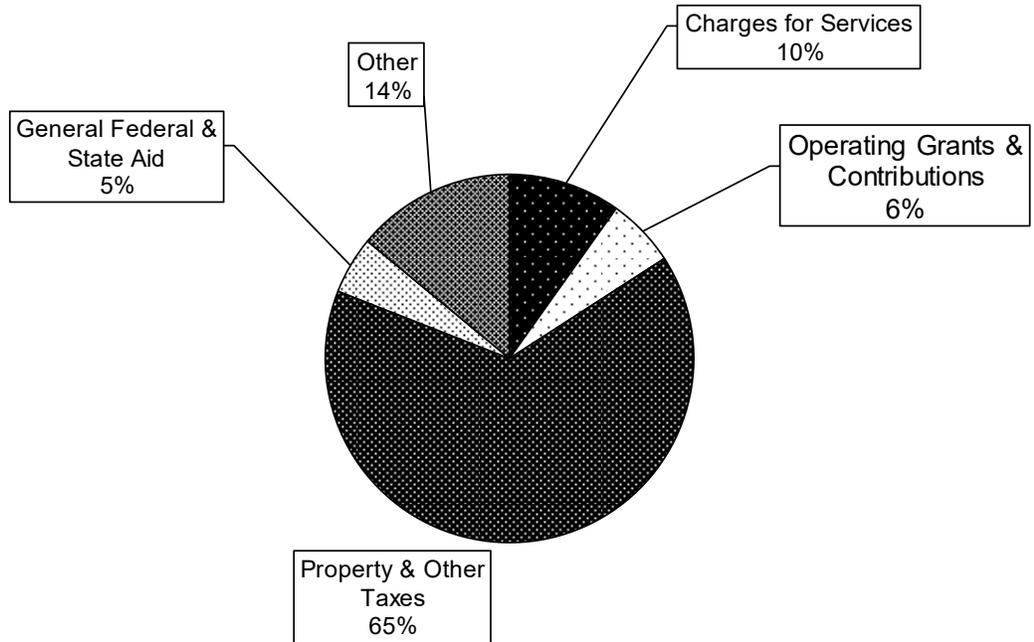
**Revenues**

- The District received \$29.5 million in revenue for the 2018-2019 fiscal year. Sixty-five percent (65%) of the District's total revenue came from local school property tax and prior year charge backs. The District received approximately sixteen percent (16%) in the form of specific use State Grants, Federal Aid, and direct fees for services. Five percent (5%) of the total came from general federal and state aids and 14% 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 \$2.9 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 \$1.8 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 \$19.2 million and general state and federal aids for \$1.5 million.
- Other revenue includes a \$3.5 million gain on the sale of the upper field property.

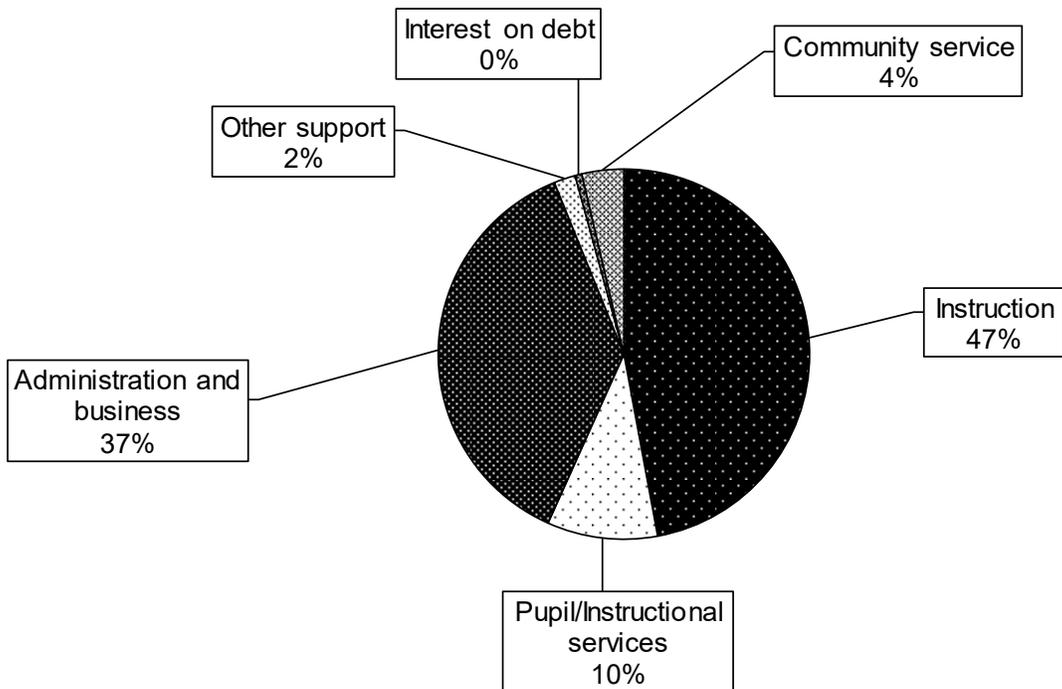
**Expenses**

- The District's total expenditure amount was \$26.9 million for fiscal year 2018-2019. Fifty-seven percent (57%) 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-nine percent (39%). 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 (4%) of all district expenses.

## REVENUE BY SOURCE



## EXPENSES BY FUNCTION



**Table 4 - Net Cost of Governmental Activities**

	2019		2018	
	<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	\$ 12,685,989	\$ 10,150,548	\$ 12,118,899	\$ 9,451,476
Pupil/Instructional services	2,589,147	2,291,742	2,465,722	2,240,158
Administration and business	10,013,783	8,836,185	9,178,151	8,141,349
Other support	504,142	488,859	199,179	193,141
Interest on debt	159,417	159,417	166,786	105,613
Community service	984,030	330,802	954,008	267,345
<b>Total</b>	<b><u>\$ 26,936,508</u></b>	<b><u>\$ 22,257,553</u></b>	<b><u>\$ 25,082,745</u></b>	<b><u>\$ 20,399,082</u></b>

- The net cost of governmental activities was \$22.3 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 2019.

General Fund final budget was approved with a deficit of \$37,906. Actual results for 2018-2019 show an increase of \$372,765 to the fund balance. The favorable variance is primarily related to savings on wages, benefits, and transportation.

### **Fund Balances**

- The District shows a total for all fund balances of \$11.1 million as of June 30, 2019. (See Note 11 in the financial statements for the detail of total governmental fund balances).
- \$6.8 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.
- \$3.2 million is in the capital projects fund. The District sold the upper field property in 2018-19 with the proceeds being held in the capital projects fund for future construction projects.
- \$183,352 is in the Food Service Fund (Fund 50), and is used for food service equipment replacements.
- The District had a \$58,957 fund balance in the Community Service Fund (Fund 80) at June 30, 2019.
- The remaining amounts are the balance of the Gift Fund (Fund 21) in the amount of \$102,069 and the Debt Service Fund in the amount of \$684,421. Fund 21 reflects the balance of awards and donations to the District unspent by June 30, 2019.

## **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.
- It has been the goal of the Board of Education to implement ongoing capital improvement projects. A list of capital improvement projects is reviewed by administration and the Board every fiscal period to insure the physical plant of the District is kept in good condition and that costly major repairs may be averted through timely facility maintenance within a long range capital improvement plan.
- Like the District's long range 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 direct 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 \$41.2 million of capital assets and \$20.3 million of accumulated depreciation.

### **Long Term Debt**

- As of June 30, 2019 the District had \$5.0 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**

The District is currently fundraising in an effort to update/renovate our existing outdoor athletic fields. The entire project is \$10.5M with the District currently housing approximately \$3M to go towards the goal.

The District is currently conducting an RFP to identify an architect to conduct a facility needs assessment. Based on the RFP, the District intends to move forward with an assessment of facility needs.

An in depth review of the teacher compensation model is currently underway. Since the majority of cost in the District relates to teacher wage, the results of this study could have a significant impact on the largest expenditure of the District.

### **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](mailto:jeffrey.pruefer@nicolet.us)  
[maryann.newenhouse@nicolet.us](mailto:maryann.newenhouse@nicolet.us)

## **BASIC FINANCIAL STATEMENTS**

**NICOLET HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2019**

**ASSETS**

**Current Assets**

Cash and investments	\$ 9,690,972
Taxes receivable	2,016,014
Accounts receivable	48,262
Due from fiduciary fund	443,276
Due from other governments	799,145
Prepaid expenses	9,688

**Total Current Assets** 13,007,357

**Noncurrent Assets**

Capital assets	41,220,310
Less: Accumulated depreciation	<u>(20,330,645)</u>

Net Capital Assets 20,889,665

**Total Non-current Assets** 20,889,665

**Total Assets** 33,897,022

**Deferred Outflows of Resources**

Deferred outflows of resources from WRS pension	6,725,751
Deferred outflows of resources from supplemental pension	191,843
Deferred outflows of resources from OPEB	<u>566,197</u>

**Total Deferred Outflows of Resources** 7,483,791

**Total Assets and Deferred Outflows of Resources** \$ 41,380,813

**LIABILITIES**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 1,860,792
Current portion of deferred debt premium	3,807
Current portion of long-term obligations	851,689
Due to fiduciary fund	42,486
Other current liabilities	<u>91,208</u>

**Total Current Liabilities** 2,849,982

**Noncurrent Liabilities**

Net supplemental pension liability	1,590,165
Net WRS pension liability	<u>2,609,142</u>

**Total pension liabilities** 4,199,307

Net OPEB liability	913,686
Noncurrent portion of deferred debt premium	13,593
Noncurrent portion of long-term obligations	<u>4,135,458</u>

**Total Non-current Liabilities** 9,262,044

**Total Liabilities** 12,112,026

**Deferred Inflows of Resources**

Deferred inflows of resources from Supplemental Pension	37,278
Deferred inflows of resources from WRS pension	3,615,359
Deferred inflows of resources from OPEB	<u>283,224</u>

**Total Liabilities and Deferred Inflows of Resources** 16,047,887

**NET POSITION**

Net investment in capital assets	15,943,397
Restricted	4,272,922
Unrestricted	<u>5,116,607</u>

**Total Net Position** 25,332,926

**Total Liabilities, Deferred Inflows and Net Position** \$ 41,380,813

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Instruction</b>				
Regular	\$ 8,436,528	\$ 968,419	\$ 780,933	\$ (6,687,176)
Physical	561,663	64,838	-	(496,825)
Vocational	907,224	108,209	-	(799,015)
Special education	1,965,406	-	523,591	(1,441,815)
Other	815,168	89,451	-	(725,717)
<b>Total Instruction</b>	<u>12,685,989</u>	<u>1,230,917</u>	<u>1,304,524</u>	<u>(10,150,548)</u>
<b>Support Services</b>				
Pupil services	1,333,856	-	48,126	(1,285,730)
Instructional support services	1,255,291	-	249,279	(1,006,012)
General administrative services	1,007,131	-	-	(1,007,131)
Building administrative services	935,509	-	-	(935,509)
Business administrative services	7,537,178	1,013,018	161,860	(6,362,300)
Central services	313,672	-	2,720	(310,952)
Insurance and judgements	220,293	-	-	(220,293)
Other support services	504,142	-	15,283	(488,859)
Interest and fees	159,417	-	-	(159,417)
Community Service	984,030	653,228	-	(330,802)
<b>Total Support Services</b>	<u>14,250,519</u>	<u>1,666,246</u>	<u>477,268</u>	<u>(12,107,005)</u>
<b>Total Activities</b>	<u>\$ 26,936,508</u>	<u>\$ 2,897,163</u>	<u>\$ 1,781,792</u>	<u>(22,257,553)</u>
<b>General Revenues</b>				
<b>Taxes</b>				
<b>Property taxes</b>				
General purposes				18,015,581
Debt service				914,497
Community Service				255,455
Federal and State aids not restricted to specific functions				1,480,574
Gifts				128,831
Investment income				149,698
Miscellaneous				343,298
<b>Total General Revenues</b>				<u>21,287,934</u>
<b>Other Revenue (Expenses)</b>				
Gain on sale of capital assets				<u>3,509,180</u>
<b>Change in Net Position</b>				
				2,539,561
Net Position, beginning of year				<u>22,793,365</u>
<b>NET POSITION, end of year</b>				<u>\$ 25,332,926</u>

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 5,505,409	\$ 3,237,265	\$ 948,297	\$ 9,690,971
Taxes receivable	2,016,014	-	-	2,016,014
Accounts receivable	47,434	-	829	48,263
Due from other funds	439,433	-	3,842	443,275
Due from other governments	660,718	-	138,428	799,146
Prepaid expenses	6,858	-	2,830	9,688
	<b>Total Assets</b>	<b>\$ 3,237,265</b>	<b>\$ 1,094,226</b>	<b>\$ 13,007,357</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 292,289	\$ -	\$ 18,113	\$ 310,402
Accrued salaries and wages	1,071,458	-	-	1,071,458
Payroll taxes and withholdings	474,958	-	-	474,958
Due to other funds	42,486	-	-	42,486
Other current liabilities	56	-	47,314	47,370
	<b>Total Liabilities</b>	<b>-</b>	<b>65,427</b>	<b>1,946,674</b>
<b>Fund Balances</b>				
Nonspendable	6,858	-	2,830	9,688
Restricted	-	3,237,265	1,025,969	4,263,234
Assigned	5,881	-	-	5,881
Unassigned	6,781,880	-	-	6,781,880
	<b>Total Fund Balances</b>	<b>3,237,265</b>	<b>1,028,799</b>	<b>11,060,683</b>
	<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,237,265</b>	<b>\$ 1,094,226</b>	

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.	20,889,665
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.	(1,565,063)
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.	(5,052,359)
<b>Net Position of Governmental Activities</b>	<b>\$ 25,332,926</b>

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, 2019**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Local	\$ 18,719,228	\$ 69,228	\$ 2,909,449	\$ 21,697,905
Interdistrict	571,399	-	364,123	935,522
Intermediate	32,772	-	-	32,772
State	2,892,529	-	-	2,892,529
Federal	326,226	-	10,839	337,065
Other	27,550	-	43,548	71,098
<b>Total Revenues</b>	<b>22,569,704</b>	<b>69,228</b>	<b>3,327,959</b>	<b>25,966,891</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular	7,766,667	-	7,406	7,774,073
Physical	545,125	-	230	545,355
Special education	1,609,511	-	-	1,609,511
Vocational	909,774	-	2,465	912,239
Other	752,063	-	70,920	822,983
<b>Total Instruction</b>	<b>11,583,140</b>	<b>-</b>	<b>81,021</b>	<b>11,664,161</b>
<b>Support Services</b>				
Pupil services	1,219,812	-	572	1,220,384
Instructional support services	1,226,584	-	-	1,226,584
General administrative services	949,995	-	500	950,495
Building administrative services	906,054	-	-	906,054
Business administrative services	4,424,780	1,376,430	1,696,279	7,497,489
Central services	292,829	-	174	293,003
Insurance and judgements	220,293	-	-	220,293
Other support services	521,621	-	-	521,621
Debt service				
Principal	39,085	-	695,000	734,085
Interest and fees	8,013	-	160,005	168,018
Community Services	-	-	976,429	976,429
<b>Total Support Services</b>	<b>9,809,066</b>	<b>1,376,430</b>	<b>3,528,959</b>	<b>14,714,455</b>
<b>Non-Program</b>				
General tuition payments	660,739	-	-	660,739
Other non-program services	74,205	-	-	74,205
<b>Total Non-Program</b>	<b>734,944</b>	<b>-</b>	<b>-</b>	<b>734,944</b>
<b>Total Expenditures</b>	<b>22,127,150</b>	<b>1,376,430</b>	<b>3,609,980</b>	<b>27,113,560</b>
Excess (deficiency) of revenue over expenditures	442,554	(1,307,202)	(282,021)	(1,146,669)
<b>Other Financing Sources (Uses)</b>				
Proceeds on sale of fixed assets	22,007	3,761,136	11,500	3,794,643
Transfers (to) from other funds	(91,796)	-	91,796	-
<b>Net Change in Fund Balances</b>	<b>372,765</b>	<b>2,453,934</b>	<b>(178,725)</b>	<b>2,647,974</b>
Fund Balances, beginning of year	6,421,854	783,331	1,207,524	8,412,709
<b>FUND BALANCES, end of year</b>	<b>\$ 6,794,619</b>	<b>\$ 3,237,265</b>	<b>\$ 1,028,799</b>	<b>\$ 11,060,683</b>

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, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 2,647,974

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	\$ 886,719	
Depreciation expense reported in the Statement of Activities	(937,029)	
Proceeds from disposal of fixed assets	(3,794,643)	
Gain (loss) on disposal of fixed assets	<u>3,509,180</u>	(335,773)

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. (520,364)

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 734,085

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. 3,797

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. 9,842

**Change in Net Position** \$ 2,539,561

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2019**

	<b>Agency</b>	<b>Employee Benefit Trust</b>
<b>ASSETS</b>		
Cash and investments	\$ 193,674	\$ 3,745,269
Accounts receivable	265	-
Due from other funds	-	42,486
	-	42,486
<b>Total Assets</b>	<b>\$ 193,939</b>	<b>\$ 3,787,755</b>
<b>LIABILITIES</b>		
Due to student groups	\$ 185,177	\$ -
Due to other funds	-	443,276
Accounts payable	8,762	-
	193,939	443,276
<b>Total Liabilities</b>	<b>193,939</b>	<b>443,276</b>
<b>NET POSITION</b>		
Restricted	-	3,344,479
<b>Total Net Position</b>	<b>-</b>	<b>3,344,479</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 193,939</b>	<b>\$ 3,787,755</b>

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, 2019**

	<u>Employee Benefit Trust Post- employment Benefits</u>
<b>Additions</b>	
Contributions	\$ 497,695
Investment earnings	68,033
Unrealized gain on investments	<u>131,150</u>
	<u>696,878</u>
<b>Deductions</b>	
Administrative fees	22,154
Other postretirement benefits	<u>443,276</u>
	<u>465,430</u>
<b>CHANGE IN NET POSITION</b>	231,448
Net Position, beginning of year	<u>3,113,031</u>
<b>NET POSITION, end of year</b>	<u><u>\$ 3,344,479</u></u>

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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, 2019**

**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, 2019**

**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, 2019**

**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 - 2018 tax roll:

Lien date and levy date	October, 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	March 31, 2019
Third installment due	May 31, 2019
Personal property taxes in full	January 31, 2019

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, 2019**

**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, 2019**

**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, 2019**

**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, 2019 the district had \$17,400 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, 2019**

**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, 2019**

**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, 2019 \$9,821,540. of the District's deposits are uninsured. The District's bank also has pledged collateral of \$5,027,779 as of June 30, 2019.

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, 2019**

**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, 2019 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				
Cash Management Series	Amortized Cost	\$ 449	\$ 449	\$ -
Investment Series	Amortized Cost	6,685,840	6,685,840	-
Savings Deposit Account	Cost	4,428	4,428	-
Certificate of Deposit	Cost	-	-	-
Local Government Investment Pool	Amortized Cost	1,099	1,099	-
OPEB Trust (Note 8) - Associated Trust Company	Fair Value - Level 2	3,745,269	3,745,269	-
		<u>\$ 10,437,085</u>	<u>\$ 10,437,085</u>	<u>\$ -</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.

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.

*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, 2019**

**Note 3 - Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
Capital assets not being depreciated				
Sites	\$ 325,000	\$ -	\$ -	\$ 325,000
Construction in Progress	209,536	25,000	(209,536)	25,000
Total Capital Assets Not Being Depreciated	<u>534,536</u>	<u>25,000</u>	<u>(209,536)</u>	<u>350,000</u>
Capital assets being depreciated				
Land improvements	2,732,998	19,000	(63,700)	2,688,298
Buildings	32,525,413	842,401	(420,999)	32,946,815
Equipment and Furnishings	5,074,117	209,854	(48,774)	5,235,197
Total Capital Assets Being Depreciated	<u>40,332,528</u>	<u>1,071,255</u>	<u>(533,473)</u>	<u>40,870,310</u>
Total Capital Assets	<u>40,867,064</u>	<u>1,096,255</u>	<u>(743,009)</u>	<u>41,220,310</u>
Less: Accumulated depreciation for				
Land improvements	1,231,451	115,167	(63,700)	1,282,918
Buildings	14,280,312	621,148	(113,488)	14,787,972
Equipment	4,094,863	200,714	(35,822)	4,259,755
Total Accumulated Depreciation	<u>19,606,626</u>	<u>937,029</u>	<u>(213,010)</u>	<u>20,330,645</u>
Net Capital Assets	<u>\$ 21,260,438</u>	<u>\$ 159,226</u>	<u>\$ (529,999)</u>	<u>\$ 20,889,665</u>

Depreciation expense was charged to functions as follows:

Instruction	
Regular	\$ 116,656
Vocational	12,828
Physical	600
Special Education	1,126
Co-Curricular	634
Support Services	
Instructional support services	2,099
Administration	48,994
Building and grounds	728,886
Food services	4,052
Other support services	21,154
	<u>\$ 937,029</u>

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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, 2019 is as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 06/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/19</u>
Tax and Revenue Anticipation Note	11/1/2019	LIBOR + 2%	\$ -	\$ 2,000,000	\$ (2,000,000)	\$ -

Total short-term interest paid and expended during the year was \$5,465.

**Note 5 – Long-Term Obligations**

A. Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2019</u>	<u>Due Within One Year</u>
General obligation bonds and notes payable	\$ 5,635,000	\$ -	\$ 695,000	\$ 4,940,000	\$ 805,000
Capital leases	45,353	-	39,085	6,268	5,810
	<u>5,680,353</u>	<u>-</u>	<u>734,085</u>	<u>4,946,268</u>	<u>810,810</u>
Other Liabilities:					
Accrued compensated absences vacation and sick leave	45,913	17,860	22,894	40,879	40,879
Totals	<u>\$ 5,726,266</u>	<u>\$ 17,860</u>	<u>\$ 756,979</u>	<u>\$ 4,987,147</u>	<u>\$ 851,689</u>

Total long-term interest paid and expended during the year was \$160,403 and \$155,599, 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 6/30/2019</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	605,000
Promissory Note	7/15/2014	3/1/2024	1.05-3.00%	3,665,000	1,865,000
Refunding Bond	11/1/2016	3/1/2022	1.10-1.55%	1,715,000	<u>960,000</u>
Total General Obligation Debt					<u>\$ 4,940,000</u>

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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>
2020	\$ 805,000	\$ 143,442	\$ 948,442
2021	930,000	125,000	1,055,000
2022	680,000	102,690	782,690
2023	350,000	89,853	439,853
2024	<u>2,175,000</u>	<u>49,135</u>	<u>2,224,135</u>
<b>Totals</b>	<u>\$ 4,940,000</u>	<u>\$ 510,120</u>	<u>\$ 5,450,120</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 \$30,806 during 2019.

E. The 2018 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$4,082,765,900. The legal debt limit and margin of indebtedness as of June 30, 2019 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$4,082,765,900)	\$ 204,138,295
Deduct: Long-term debt applicable to debt margin	<u>4,940,000</u>
Margin of indebtedness	<u>\$ 199,198,295</u>

F. The District has financed office equipment under capital leases with an original cost of \$142,141 as of June 30, 2019. 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, 2019:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 6,006
2021	<u>461</u>
Subtotal	6,467
Less: Amounts representing interest	<u>199</u>
Present value of minimum lease payments	<u>\$ 6,268</u>

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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 issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://eft.wi.gov/publications/cafr.htm>.

*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
2008	6.6	0
2009	(2.1)	(42)
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

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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 \$746,275 in contributions from the District.

Contribution rates as of June 30, 2019 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2019, the Nicolet High School District reported a liability (asset) of \$2,609,142 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the Nicolet High School District's proportion was 0.0733%, which was an increase of .00015% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the Nicolet High School District recognized pension expense of \$1,751,011.

At June 30, 2019, 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	\$ 2,032,126	\$ 3,592,069
Changes in assumptions	439,806	-
Net differences between projected and actual earnings on pension plan investments	3,810,474	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	23,290
Employer contributions subsequent to the measurement date	443,345	-
<b>Total</b>	<b>\$ 6,725,751</b>	<b>\$ 3,615,359</b>

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 6 - WRS Pension Plan (continued)**

\$443,345 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, 2019. 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
2019	\$ 961,126
2020	\$ 239,049
2021	\$ 423,854
2022	\$ 1,043,018
Thereafter	\$ 0

*Actuarial assumptions.* The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market 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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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, 2019**

**Note 6 - Pension Plans (continued)**

**Asset Allocation Targets and Expected Returns**

**As of December 31, 2018**

<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	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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

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

**Single Discount rate.** A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the 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 3.71%. 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, 2019**

**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:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
Nicolet High School District's proportionate share of the net pension liability (asset)	\$10,369,004	\$2,609,142	(\$3,160,917)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

**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, 2019, the Nicolet High School District reported a liability of \$1,590,165 for its supplemental pension liability (asset). The supplemental pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension 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 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 3.75% was used in calculating the District's pension liabilities (based upon all projected payments discounted at a municipal bond rate of 3.75%). 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, 2019, the Nicolet High School District recognized pension expense of \$145,098. 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, 2019**

**Note 7- Supplemental Pension Plan (continued)**

At June 30, 2019, the Nicolet High School District reported deferred outflows of resources related to the supplemental pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		\$ 1,599
Changes of assumptions or other input		35,679
Employer contributions subsequent to the measurement date	\$191,843	
<b>Total</b>	<b>\$191,843</b>	<b>\$37,278</b>

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, 2019. 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:

<b>Year ended June 30:</b>	<b>Net Outflows (Inflows) of Resources</b>
2019	\$ (7,020)
2020	\$ (7,020)
2021	\$ (7,020)
2022	\$ (7,020)
2023	\$ (7,019)
Thereafter	\$ (2,179)

*Actuarial assumptions.* The total supplemental pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Reporting Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal - Level Percentage of Salary
Discount Rate	Discount rate for valuing liabilities – 3.75% Municipal bond rate – 3.75% Implicit in this rates is 2.5% assumed rate of inflation
Salary Merit Scale	Annual increases including salary inflation of 3.0%
Average of Expected Remaining Service Lives	7 Years
Retirement Rates	No employees are assumed to retire prior to becoming eligible for benefits
Mortality Rates	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%).
Separation Rates	No separation rates are assumed after eligibility for retirement

*Single Discount rate.* A single discount rate of 3.75% was used to measure the total supplemental pension liability.

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	<b>1% Decrease to Discount Rate (2.75%)</b>	<b>Current Discount Rate (3.75%)</b>	<b>1% Increase to Discount Rate (4.75%)</b>
Nicolet High School District's net administrators pension liability (asset)	\$1,657,900	\$1,590,165	\$1,524,724

**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, 2019, the Nicolet High School District reported a liability of \$913,686 for its net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 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 6.0% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 6.0%).

*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 \$3,745,269 of invested plan assets accumulated for payment of future benefits. For the year ended June 30, 2019 the District contributed \$455,209 to the Trust. Plan member contributions were \$42,486.

At June 30, 2019, the Nicolet High School District reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience		\$ 151,951
Changes of assumptions or other input	\$ 110,988	
Net difference between projected and actual earnings on OPEB plan investments		\$ 131,273
Employer contributions subsequent to the measurement date	\$ 455,209	
Total	\$ 566,197	\$ 283,224

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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, 2019. 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
2019	\$ (43,730)
2020	\$ (43,730)
2021	\$ (43,730)
2022	\$ (20,563)
2023	\$ (5,120)
Thereafter	\$ (15,363)

For the year ended June 30, 2019, the Nicolet High School District recognized OPEB expense of \$83,560. The pension expense is made up of certain changes in the total pension liability and amortization of deferred outflows.

*Actuarial assumptions.* The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Reporting Date	June 30, 2019
Actuarial cost method	Entry Age Normal - Level Percentage of Salary
Interest Rate	Discount rate for valuing liabilities - 6% Interest rate on plan assets - 6% Implicit in these rates is 2.5% assumed rate of inflation
Asset Valuation Method	Market Value
Average of Expected Remaining Service Lives	9 years
Retirement Rates	No employees are assumed to retire prior to becoming eligible for benefits
Mortality Rates	Wisconsin 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%)
Separation Rates	No separation rates are assumed after eligibility for retirement
Medical & Dental Trends	Annual increases between 5.0% and 7.0% for Medical and 5.0% for Dental
Salary Merit Scale	The assumed salary inflation of 3.0% per year is added to merit increases to get the total assumed increase in salary
Age Related Health Care Cost	Health care costs are assumed to increase each year of age separate from trend due to increased cost of older participants
Percent with Coverage at Retirement	100% of active employees eligible for a post-employment benefit. 20% of active employees not eligible for a post-employment benefit and currently electing coverage were assumed to self-pay at the single coverage level in retirement for the duration of COBRA
Coverage Tier	70% of future covered retirees are assumed to cover a spouse in retirement
Spouses' Age	Males are assumed to be three years older than their spouses.

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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:

	<b>1% Decrease to Discount Rate (5.0%)</b>	<b>Current Discount Rate (6.0%)</b>	<b>1% Increase to Discount Rate (7.0%)</b>
Total OPEB Liability	\$4,952,529	\$4,658,955	\$4,387,484
Fiduciary Net Position	3,745,269	3,745,269	3,745,269
Net OPEB liability (asset)	\$1,207,260	\$ 913,686	\$ 642,215

*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:

	<b>1% Decrease to Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase To Trend Rates</b>
Total OPEB Liability	\$4,387,063	\$4,658,955	\$4,960,781
Fiduciary Net Position	3,745,269	3,745,269	3,745,269
Net OPEB Liability	\$ 641,794	\$ 913,686	\$1,215,512

**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>
2020	\$ 37,176
2021	26,472
2022	25,494
2023	<u>11,402</u>
	<u>\$ 100,544</u>

Lease expense was \$50,320 for the year ended June 30, 2019.

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 10 - Governmental Activities Net Position**

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2019 includes the following:

<b>Governmental Activities</b>	
Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 20,889,665
Less: related long-term debt outstanding	<u>4,946,268</u>
Total Net Investment in Capital Assets	15,943,397
Restricted	4,272,922
Unrestricted	<u>5,116,607</u>
Total Governmental Activities Net Position	<u><u>\$ 25,332,926</u></u>

**Note 11 - Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at June 30, 2019 include the following:

<b>Nonspendable</b>	
Inventories and prepaid expenses:	
General Fund	\$ 6,858
Community Service	<u>2,830</u>
Total Nonspendable Fund Balance	<u>9,688</u>
<b>Restricted</b>	
Capital Projects	3,237,265
Gift	102,069
Food Service	183,352
Community Service	56,127
Debt Service	<u>684,421</u>
Total Restricted Fund Balance	<u>4,263,234</u>
<b>Assigned</b>	
Fund 10 funds for Theatre	<u>5,881</u>
Total Assigned Fund Balance	<u>5,881</u>
<b>Unassigned</b>	
	<u>6,781,880</u>
Total Governmental Fund Balances	<u><u>\$ 11,060,683</u></u>

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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>\$ 20,889,665</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 liability	\$ (2,609,142)
Net supplemental pension liability	(1,590,165)
Net OPEB liability	(913,686)
Deferred outflows of resources from WRS pension	10,680,991
Deferred outflows of resources from supplemental pension	191,843
Deferred outflows of resources from OPEB	566,197
Deferred inflows of resources from WRS pension	(7,570,599)
Deferred inflows of supplemental pension	(37,278)
Deferred inflows of resources from OPEB	<u>(283,224)</u>
Combined Adjustment	<u>\$ (1,565,063)</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	\$ (4,940,000)
Capital leases	(6,268)
Net deferred debt premium	(17,400)
Accrued compensated absences	(40,879)
Accrued interest on long-term obligations	<u>(47,812)</u>
Combined Adjustment	<u>\$ (5,052,359)</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	\$ 886,719
Depreciation expense	(937,029)
Proceeds from disposal of fixed assets	(3,794,643)
Gain on disposal of fixed assets	<u>3,509,180</u>
Combined Adjustment	<u>\$ (335,773)</u>

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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	\$	746,275
WRS pension expense adjustment		(1,751,011)
Supplemental pension benefits paid		197,319
Supplemental pension expense adjustment		(145,098)
OPEB benefits paid		515,711
OPEB expense adjustment		<u>(83,560)</u>
Combined Adjustment	\$	<u><u>(520,364)</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:

Principal payments on long-term debt and capital leases	\$	<u><u>734,085</u></u>
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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>3,797</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	\$	5,034
Accrued interest		<u>4,808</u>
Combined Adjustment	\$	<u><u>9,842</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, 2019**

**Note 15 - Commitments and Contingencies**

The District is one of the defendant in a pending lawsuit. The defendants filed a motion to dismiss the complaint and a motion to stay discovery while the motion to dismiss is pending. Neither motion has been ruled on to date. No conclusions that an outcome is probable or remote have been reached, and thus there is no opinion as to the likelihood of an unfavorable outcome.

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, 2019 including any overdrafts on pooled cash and investment accounts. These amounts are all due within one year.

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
<b>Governmental Activities</b>		
General Fund	\$ 439,433	\$ 42,486
Food Service Fund	2,088	-
Community Service Fund	1,754	-
<b>Total Governmental Activities</b>	443,275	42,486
<b>Fiduciary Funds</b>		
Employee Benefit Trust	42,486	443,275
<b>Total Fiduciary Funds</b>	42,486	443,275
<b>Total</b>	\$ 485,761	\$ 485,761

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**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	\$ 91,796
Capital Projects Fund	General Fund	<u>-</u>
Total - Fund Financial Statements		91,796
Less: Eliminations		<u>(91,796)</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 19 – Subsequent Event**

Management has evaluated subsequent events for possible recognition or disclosure through November 11, 2019, the date the financial statements were available to be distributed.

**Note 21 – 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. 84 *Fiduciary Activities* in January 2017. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of the related Statement are effective for financial Statement periods beginning after December 15, 2018.

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 December 15, 2019.

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**Note 21 – Recently Issued Accounting Standards (continued)**

The GASB issued Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*. 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 requirements of the related statement are effective for financial statement periods beginning after December 15, 2018.

The GASB issued Statement No. 91, *Conduit Debt Obligations*. 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, 2020.

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, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>with Final Budget</b>
<b>Revenues</b>				
Local	\$ 18,660,211	\$ 18,556,918	\$ 18,719,228	\$ 162,310
Interdistrict	504,171	519,311	571,399	52,088
Intermediate	17,793	20,696	20,310	(386)
State	1,946,005	2,193,093	2,257,977	64,884
Federal	117,975	120,016	119,367	(649)
Other	15,200	15,000	26,236	11,236
<b>Total Revenues</b>	<b>21,261,355</b>	<b>21,425,034</b>	<b>21,714,517</b>	<b>289,483</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular	7,651,115	8,067,572	7,766,667	300,905
Physical	519,370	552,393	545,125	7,268
Special education	1,700	-	-	-
Vocational	871,805	904,263	909,774	(5,511)
Other	770,889	767,061	752,063	14,998
<b>Total Instruction</b>	<b>9,814,879</b>	<b>10,291,289</b>	<b>9,973,629</b>	<b>317,660</b>
<b>Support Services</b>				
Pupil services	787,756	805,001	950,736	(145,735)
Instructional support services	869,929	929,180	988,714	(59,534)
General administrative services	708,536	717,440	949,995	(232,555)
Building administrative services	1,076,688	1,090,920	906,054	184,866
Business administrative services	4,852,543	4,167,127	4,232,225	(65,098)
Central services	653,674	253,752	291,761	(38,009)
Insurance and Judgements	196,631	252,920	220,293	32,627
Other support services	236,516	505,702	521,621	(15,919)
Debt service	53,543	48,543	47,098	1,445
<b>Total Support Services</b>	<b>9,435,816</b>	<b>8,770,585</b>	<b>9,108,497</b>	<b>(337,912)</b>
<b>Non-Program</b>				
General tuition payments	246,985	352,092	375,352	(23,260)
Other non-program services	17,338	16,153	74,205	(58,052)
<b>Total Non-Program</b>	<b>264,323</b>	<b>368,245</b>	<b>449,557</b>	<b>(81,312)</b>
<b>Total Expenditures</b>	<b>19,515,018</b>	<b>19,430,119</b>	<b>19,531,683</b>	<b>(101,564)</b>
Excess of revenues over expenditures	1,746,337	1,994,915	2,182,834	187,919
<b>Other Financing Sources (Uses)</b>				
Proceeds on sale of fixed assets	-	200	22,007	21,807
Transfers to other funds	(1,908,745)	(2,033,021)	(1,832,076)	200,945
<b>Net Change in Fund Balances</b>	<b>(162,408)</b>	<b>(37,906)</b>	<b>372,765</b>	<b>410,671</b>
Fund Balances, beginning of year	6,421,854	6,421,854	6,421,854	-
<b>FUND BALANCES, end of year</b>	<b>\$ 6,259,446</b>	<b>\$ 6,383,948</b>	<b>\$ 6,794,619</b>	<b>\$ 410,671</b>

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, 2019**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>with Final Budget</b>
<b>Revenues</b>				
Intermediate	\$ 26,734	\$ 12,000	\$ 12,462	\$ 462
State	673,983	604,975	634,552	29,577
Federal	250,610	256,701	206,859	(49,842)
Other	-	-	1,314	1,314
<b>Total Revenues</b>	<b>951,327</b>	<b>873,676</b>	<b>855,187</b>	<b>(18,489)</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Special education	1,690,903	1,663,363	1,609,511	53,852
Other	400	-	-	-
<b>Total Instruction</b>	<b>1,691,303</b>	<b>1,663,363</b>	<b>1,609,511</b>	<b>53,852</b>
<b>Support Services</b>				
Pupil services	302,108	275,769	269,076	6,693
Instructional support services	244,846	234,405	237,870	(3,465)
Business administrative services	288,500	300,928	192,555	108,373
Central services	-	-	1,068	(1,068)
Other support services	2,000	2,368	-	2,368
<b>Total Support Services</b>	<b>837,454</b>	<b>813,470</b>	<b>700,569</b>	<b>112,901</b>
<b>Non-Program</b>				
General tuition payments	215,000	300,753	285,387	15,366
<b>Total Non-Program</b>	<b>215,000</b>	<b>300,753</b>	<b>285,387</b>	<b>15,366</b>
<b>Total Expenditures</b>	<b>2,743,757</b>	<b>2,777,586</b>	<b>2,595,467</b>	<b>182,119</b>
Deficiency of revenues over expenditures	(1,792,430)	(1,903,910)	(1,740,280)	163,630
<b>Other Financing Uses</b>				
Transfers from other funds	1,792,430	1,934,838	1,740,280	(194,558)
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>30,928</b>	<b>-</b>	<b>(30,928)</b>
Fund Balances, beginning of year	-	-	-	-
<b>FUND BALANCES, end of year</b>	<b>\$ -</b>	<b>\$ 30,928</b>	<b>\$ -</b>	<b>\$ (30,928)</b>

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)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Nicolet High School District's proportion of the net pension liability (asset)	.0733%	.0735%	.0728%	0.0721%	0.0714%
Nicolet High School District's proportionate share of the net pension liability (asset)	2,609,142	(\$2,182,043)	\$600,095	\$1,172,095	\$(1,753,792)
Nicolet High School District's covered-employee payroll	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	23.43%	(19.86%)	5.65%	11.32%	(17.41%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	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 Notes 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)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$746,275	\$747,234	\$702,205	\$703,849	\$705,246
Contributions in relation to the contractually required contributions	\$746,275	\$747,234	\$702,205	\$703,849	\$705,246
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Nicolet High School District's covered-employee payroll	\$11,135,974	\$10,988,732	\$10,616,106	\$10,350,720	\$10,074,890
Contributions as a percentage of covered-employee payroll	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 Notes 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)**

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

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

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

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

(See Notes 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>
2019	5.64%
2018	8.35%
2017	10.68%

(See Notes 8 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2019**

**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, 2019.

<b>Fund - Function</b>	<b>Excess Expenditures</b>
<b>General Fund</b>	
Vocational instruction	\$ 5,511
Pupil services	\$ 145,735
Instructional support services	\$ 59,534
General administrative services	\$ 232,555
Business administrative services	\$ 65,098
Central services	\$ 38,009
Other support services	\$ 15,919
General tuition payments	\$ 23,260
Other non-program services	\$ 58,052
<b>Special Education Fund</b>	
Instructional support services	\$ 3,465
Central services	\$ 1,068

**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.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

**NICOLET HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2019**

**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.* 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 3.75% was used in calculating the District's pension liabilities (based upon all projected payments discounted at a municipal bond rate of 3.75%). 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. All other assumptions and methods remained unchanged from the valuation performed as of June 30, 2016.

**Note 4 – Other Postemployment Benefit Plan**

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

*Changes of assumptions.* 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 6.0% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 6.0%). All other assumptions and methods remained unchanged from the valuation performed as of June 30, 2016.

**SUPPLEMENTAL FINANCIAL INFORMATION**

**NICOLET HIGH SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2019**

	<u>Special Revenue Funds</u>				<u>Debt Service</u>	<b>Total Nonmajor Governmental Funds</b>
	<u>Gift Fund</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Transportation Services</u>		
<b>ASSETS</b>						
Cash and investments	\$ 103,360	\$ 182,953	\$ 114,248	\$ (136,685)	\$ 684,421	\$ 948,297
Accounts receivable	-	829	-	-	-	829
Due from other funds	-	2,088	1,754	-	-	3,842
Due from other governments	-	1,743	-	136,685	-	138,428
Prepaid expenses	-	-	2,830	-	-	2,830
<b>Total Assets</b>	<u>\$ 103,360</u>	<u>\$ 187,613</u>	<u>\$ 118,832</u>	<u>\$ -</u>	<u>\$ 684,421</u>	<u>\$ 1,094,226</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,291	\$ 286	\$ 16,536	\$ -	\$ -	\$ 18,113
Other current liabilities	-	3,975	43,339	-	-	47,314
<b>Total Liabilities</b>	<u>1,291</u>	<u>4,261</u>	<u>59,875</u>	<u>-</u>	<u>-</u>	<u>65,427</u>
<b>Fund Balances</b>						
Nonspendable	-	-	2,830	-	-	2,830
Restricted	102,069	183,352	56,127	-	684,421	1,025,969
<b>Total Fund Balances</b>	<u>102,069</u>	<u>183,352</u>	<u>58,957</u>	<u>-</u>	<u>684,421</u>	<u>1,028,799</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 103,360</u>	<u>\$ 187,613</u>	<u>\$ 118,832</u>	<u>\$ -</u>	<u>\$ 684,421</u>	<u>\$ 1,094,226</u>

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, 2019**

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Gift Fund	Food Service	Community Service	Transportation Services		
<b>REVENUES</b>						
Local	\$ 87,602	\$ 995,774	\$ 910,749	\$ -	\$ 915,324	\$ 2,909,449
Interdistrict	-	16,200	-	347,923	-	364,123
Federal	-	10,839	-	-	-	10,839
Other revenue	85	3,326	9,331	-	30,806	43,548
<b>Total Revenues</b>	<u>87,687</u>	<u>1,026,139</u>	<u>920,080</u>	<u>347,923</u>	<u>946,130</u>	<u>3,327,959</u>
<b>EXPENDITURES</b>						
<b>Instruction</b>						
Regular	7,406	-	-	-	-	7,406
Physical	230	-	-	-	-	230
Vocational	2,465	-	-	-	-	2,465
Other	70,920	-	-	-	-	70,920
<b>Total Instruction</b>	<u>81,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,021</u>
<b>Support Services</b>						
Pupil Services	572	-	-	-	-	572
General administrative services	500	-	-	-	-	500
Business administrative services	160,910	1,095,650	-	439,719	-	1,696,279
Central services	174	-	-	-	-	174
Debt Service						
Principal	-	-	-	-	695,000	695,000
Interest	-	-	-	-	160,005	160,005
Community Services	-	-	976,429	-	-	976,429
<b>Total Support Services</b>	<u>162,156</u>	<u>1,095,650</u>	<u>976,429</u>	<u>439,719</u>	<u>855,005</u>	<u>3,528,959</u>
<b>Total Expenditures</b>	<u>243,177</u>	<u>1,095,650</u>	<u>976,429</u>	<u>439,719</u>	<u>855,005</u>	<u>3,609,980</u>
Excess (deficiency) of revenues over expenditures	(155,490)	(69,511)	(56,349)	(91,796)	91,125	(282,021)
<b>OTHER FINANCING SOURCES</b>						
Proceeds on sale of fixed assets	-	11,500	-	-	-	11,500
Transfers (to) from other fund	-	-	-	91,796	-	91,796
<b>Net Change in Fund Balances</b>	<u>(155,490)</u>	<u>(58,011)</u>	<u>(56,349)</u>	<u>-</u>	<u>91,125</u>	<u>(178,725)</u>
Fund Balances, beginning of year	257,559	241,363	115,306	-	593,296	1,207,524
<b>FUND BALANCES, end of year</b>	<u>\$ 102,069</u>	<u>\$ 183,352</u>	<u>\$ 58,957</u>	<u>\$ -</u>	<u>\$ 684,421</u>	<u>\$ 1,028,799</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, 2019**

	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/19</u>
<b>ASSETS</b>				
Cash and investments	\$ 187,858	\$ 421,405	\$ 415,589	\$ 193,674
Account receivable	-	265	-	265
<b>Total Assets</b>	<u>\$ 187,858</u>	<u>\$ 421,670</u>	<u>\$ 415,589</u>	<u>\$ 193,939</u>
<b>LIABILITIES</b>				
Due to student organizations	\$ 178,170	\$ 412,908	\$ 405,901	\$ 185,177
Accounts payable	9,688	8,762	9,688	8,762
<b>Total Liabilities</b>	<u>\$ 187,858</u>	<u>\$ 421,670</u>	<u>\$ 415,589</u>	<u>\$ 193,939</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, 2019

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program of Award Amount	Accrued Receivable 7/1/2018	Expenditures		Revenues	Accrued Receivable 6/30/2019
					Grantor	Local	Grantor Reimbursements	
<b>U.S. DEPARTMENT OF EDUCATION</b>								
State of Wisconsin								
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
<u>Title 1</u>								
<u>Title 1 - Basic Grant</u>								
July 1, 2017 - June 30, 2018	84.010	2019-402177-TIA-141	78,900	\$ 12,916	\$ -	\$ -	\$ 12,916	\$ -
July 1, 2018 - June 30, 2019			84,373	-	84,027	-	42,474	41,553
<u>Title 1 - Milwaukee Public Schools</u>								
July 1, 2017 - June 30, 2018	84.010	2019-402177-TIA-141	2,369	2,189	-	-	2,189	-
July 1, 2018 - June 30, 2019			1,090	-	1,090	-	1,090	-
<b>Total Title 1</b>				<u>15,105</u>	<u>85,117</u>	<u>-</u>	<u>58,669</u>	<u>41,553</u>
<b>Special Education Cluster</b>								
<u>IDEA Flow Through</u>								
July 1, 2017 - June 30, 2018	84.027	2019-402177-IDEA-FT-341	220,475	220,474	-	-	220,474	-
July 1, 2018 - June 30, 2019			236,701	-	184,082	-	116,393	67,689
High Cost Special Education								
July 1, 2018 - June 30, 2019	84.027	2019-402177-IDEA-FT-341	22,778	-	22,778	-	22,778	-
<b>Total Special Education Cluster</b>				<u>220,474</u>	<u>206,860</u>	<u>-</u>	<u>359,645</u>	<u>67,689</u>
<u>Title IIIA - English Language Acquisition</u>								
July 1, 2018 - June 30, 2019	84.365	2019-402177-TIIIA-391	3,749	-	3,749	-	3,749	-
<u>Carl Perkins</u>								
July 1, 2018 - June 30, 2019	84.048	2019-402177-CTE-400	16,561	-	16,561	-	16,561	-
<u>Title II- A - Quality Teachers and Principals</u>								
July 1, 2017 - June 30, 2018	84.367	2019-402177-TIIA-365	20,822	-	-	-	-	-
July 1, 2018 - June 30, 2019- Private			1,311	-	1,251	-	1,251	-
July 1, 2018 - June 30, 2019- Public			24,374	-	24,374	-	24,374	-
<u>Title IV-A Student Support and Aced Enrich Grant</u>								
July 1, 2017 - June 30, 2018	84.424	2019-402177-TIVA-381	9,993	6,173	-	-	6,173	-
July 1, 2018 - June 30, 2019- Private			292	-	-	-	-	-
July 1, 2018 - June 30, 2019- Public			9,716	-	9,716	-	9,716	-
<b>Total U.S. Department of Education</b>				<u>241,752</u>	<u>347,628</u>	<u>-</u>	<u>480,138</u>	<u>109,242</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<u>School Milk</u>								
July 1, 2017 - June 30, 2018	10.556	2019-402177-SMP-548		76	-	-	76	-
July 1, 2018 - June 30, 2019				-	10,839	-	9,096	1,743
<b>Total U.S. Department of Agriculture</b>				<u>76</u>	<u>10,839</u>	<u>-</u>	<u>9,172</u>	<u>1,743</u>
				<u>\$ 241,828</u>	<u>\$ 358,467</u>	<u>\$ -</u>	<u>\$ 489,310</u>	<u>\$ 110,985</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, 2019**

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Accrued Receivable 7/1/2018</u>	<u>Revenue/ Expenditures</u>	<u>Reimbursements</u>	<u>Accrued Receivable 6/30/2019</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
<b>Entitlement Programs</b>						
<b>Major Programs</b>						
Equalization Aid	255.201	402177-116	\$ (695)	\$ 247,378	\$ 240,356	\$ 6,327
Integration Aid - Non-resident	255.204	402177-106	-	662,572	662,572	-
High Cost Special Education	255.210	402177-119	-	85,207	85,207	-
<b>Total Major Programs</b>			<u>(695)</u>	<u>995,157</u>	<u>988,135</u>	<u>6,327</u>
<b>Nonmajor Programs</b>						
Handicapped Pupils and School Age Parents	255.101	402177-100	4,879	549,780	554,659	-
Common School Library Fund	255.103	402177-104	-	55,144	55,144	-
Pupil Transportation	255.107	402177-102	-	34,544	34,544	-
Personal Electronic Computing Device	255.296	402177-175	-	31,000	31,000	-
Peer Review and Mentoring Grant	255.301	402177-141	1,766	-	1,766	-
Educator Effective Eval Sys Grants	255.940	402177-154	-	7,600	7,600	-
Per Pupil Adjustment Aid	255.945	402177-113	-	697,818	697,818	-
Career and Technical Education	255.950	402177-152	-	10,000	10,000	-
Aid for Special Education Transition Grant	255.960	402177-168	-	12,000	12,000	-
<b>Total Nonmajor Programs</b>			<u>6,645</u>	<u>1,397,886</u>	<u>1,404,531</u>	<u>-</u>
<b>Total Wisconsin Department of Public Instruction</b>			<u>5,950</u>	<u>2,393,043</u>	<u>2,392,666</u>	<u>6,327</u>
<b>WISCONSIN DEPARTMENT OF REVENUE</b>						
<b>Major Programs</b>						
Exempt Computer Aid	-	-	217,052	222,305	217,052	222,305
<b>Nonmajor Programs</b>						
Personal Property Tax Aid	-	-	-	139,319	139,319	-
<b>Total Wisconsin Department of Revenue</b>			<u>217,052</u>	<u>361,624</u>	<u>356,371</u>	<u>222,305</u>
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>						
Safety Grant	-	-	-	19,340	19,340	-
<b>Total Wisconsin Department of Justice</b>			<u>-</u>	<u>19,340</u>	<u>19,340</u>	<u>-</u>
<b>Other</b>						
Medical Records	-	-	-	26	26	-
<b>Total Other</b>			<u>-</u>	<u>26</u>	<u>26</u>	<u>-</u>
<b>Total</b>			<u>\$ 223,002</u>	<u>\$ 2,774,033</u>	<u>\$ 2,768,403</u>	<u>\$ 228,632</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, 2019**

**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 \$2,282,666 for the year ended June 30, 2019.

**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, 2019, 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 November 11, 2019.

**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 **2019-001** and **2019-002** 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

A handwritten signature in black ink that reads "Feld, Schumacher & Company, LLP". The signature is written in a cursive, flowing style.

West Allis, Wisconsin  
November 11, 2019

**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, 2019. 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, 2019.

## 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  
November 11, 2019

**NICOLET HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**Section I: Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	___ yes	__X__ no
Significant deficiency(s) identified not considered to be material weaknesses?	__X__ yes	___ no
Noncompliance material to financial statements noted?	___ yes	__X__ no

**State Awards**

Internal control over major programs		
Material weakness(es) identified?	___ yes	__X__ no
Significant deficiency(s) identified not considered to be material weaknesses?	___ yes	__X__ 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	___ yes	__X__ 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
255.210	High Cost Special Education Aid – General Aids Cluster
-	Exempt Computer Aid

**NICOLET HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**Section II: Financial Statement Findings**

**Finding 2019-001:**

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 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.

**NICOLET HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**Finding 2019-002 (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.

As of the end of October 2019 we are still awaiting final implementation guidelines from the Wisconsin Department of Public Instruction. We have a preliminary plan in place, and are confident that we will make all necessary changes by June 30, 2020 to be in full compliance with the DPI's interpretation of the new Statement.

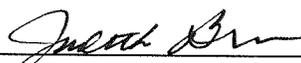
**Section IV: Other issues**

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
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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	___ X ___ No	_____ N/A
Department of Workforce Development	_____ Yes	___ X ___ No	_____ N/A
Department of Corrections	_____ Yes	___ X ___ 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
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4. Name and signature of partner
 

	
	_____ Judith A. Bruni, CPA
  
5. Date of report
 

	_____ November 11, 2019
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**NICOLET HIGH SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2019

**Financial Statement Findings**

**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.

**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.



**NICOLET HIGH SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2019

**Finding 2019-002 (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.

As of the end of October 2019 we are still awaiting final implementation guidelines from the Wisconsin Department of Public Instruction. We have a preliminary plan in place, and are confident that we will make all necessary changes by June 30, 2020 to be in full compliance with the DPI's interpretation of the new Statement.

**NICOLET HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2019**

**Finding 2018-001:**

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