

NICOLET HIGH SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2015

NICOLET HIGH SCHOOL DISTRICT

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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, 2015, 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

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 error or fraud.

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, 2015, 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.

Emphasis of Matter

As described in Note 20, the District has implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015. Our opinions are not modified with respect to this matter.

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 Funding Progress for Postemployment Benefit and Supplemental Pension plans, Schedule of Proportionate Share of the Net Pension liability (Asset) Wisconsin Retirement System and Schedule of Contributions Wisconsin Retirement System, 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 Nicolet High School 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration; are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 30, 2015 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 grants. 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 30, 2015

**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**



NICOLET HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2015

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 decreased \$422,542 from \$6.53 million to \$6.10 million. The fund balance is 34.2% of the \$17.8 million Fund 10 expenditures for the 2014-15 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, 2015.
- Capital assets have been reported at \$36.7 million and accumulated depreciation of \$17.4 million for a net capital asset value of \$19.3 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 #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* to report its actuarial liability related to postemployment benefits. As a result, \$129,752 in OPEB funding excesses and a \$1,301,679 pension liability are reported in the Statement of Net Position.
- The District implemented GASB #68, *Accounting and Financial Reporting for Pension and GASB #71, Pension Transition for Contributions Made Subsequent to the Measurement Date* for its membership in the Wisconsin Retirement System (WRS) pension plan. This allows the District to report its proportionate share of the WRS plan net pension asset. As of June 30, 2015, a \$1,753,792 net pension asset is reported in the Statement of Net Position.
- The District's overall financial status, as reflected in total net position, increased by \$322,972.
- Financial activity resulted in a decrease in fund balance in the Food Service Fund (Fund 50) of \$17,223. Expenditures of \$1,013,834 exceeded revenues of \$996,611 resulting in an ending fund balance of \$30,747.
- Financial activity resulted in a decrease in fund balance in the Community Service Fund (Fund 80) of \$13,376, before a one-time transfer out of \$240,000 to the Gift Fund. Expenditures of \$849,376 exceeded revenues of \$835,996. The fund balance in Fund 80 is \$26,761. 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 \$24.1 million. This amount includes \$18.2 million of local property taxes, \$1.7 million of general federal and state aids and \$1.0 million of specific grants and contributions. Property taxes represent 76% 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 2014-2015 fiscal year.
- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues (charges for services and/or operating grants and contributions). General revenue and any extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue and recognizing the change in net position for the District from the previous year.

Fund Financial Statements

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

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

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

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

Table 2 - Condensed Statement of Net Position

(2014 has not been restated for GASB 68 implementation)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
<u>Assets</u>			
Current Assets	\$ 11,051,615	\$ 9,687,432	14.1
Non-Current Assets	21,197,920	18,107,210	17.1
Deferred Outflows of Resources	<u>1,524,377</u>	<u>-</u>	-
Total Assets & Deferred Outflows	<u>\$ 33,773,912</u>	<u>\$ 27,794,642</u>	21.5
<u>Liabilities</u>			
Current Liabilities	\$ 4,171,084	\$ 3,502,010	19.1
Non-Current Liabilities	7,150,471	\$ 4,966,553	44.0
Deferred Inflows of Resources	<u>17,749</u>	<u>-</u>	-
Total Liabilities & Deferred Inflows	<u>\$ 11,339,304</u>	<u>\$ 8,468,563</u>	33.9
<u>Net Position</u>			
Invested in Capital, Net of Related Debt	\$ 12,361,419	\$ 13,725,545	(9.9)
Restricted	2,102,110	281,549	646.6
Unrestricted	<u>7,971,079</u>	<u>5,318,985</u>	49.9
Total Net Position	<u>\$ 22,434,608</u>	<u>\$ 19,326,079</u>	16.1

As of June 30, 2015, the District reported total assets and deferred outflows of \$33.8 million and total liabilities and deferred inflows of \$11.3 million. Net position amount to \$22.4 million. Noncurrent asset reporting includes historical cost of sites, site improvements, buildings, building improvements, furniture and equipment (all net of accumulated depreciation), a net pension asset, and a net OPEB funding excess.

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

(2014 has not been restated for GASB 68 implementation)

	<u>Actual 2014-2015</u>	<u>%</u>	<u>Actual 2013-2014</u>	<u>%</u>	
<u>Revenues:</u>					
Program	Charges for Services	\$ 2,633,191	10.9	\$ 2,494,836	10.6
	Operating Grants & Cont.	1,035,436	4.3	1,207,663	5.1
General	Property & Other Taxes	18,229,053	75.7	17,745,391	75.2
	General Federal and State Aids	1,710,142	7.1	1,800,812	7.6
	Gifts	113,686	0.5	97,902	0.4
	Other	<u>343,553</u>	<u>1.4</u>	<u>257,822</u>	<u>1.1</u>
	Total Revenue	<u>\$ 24,065,061</u>	<u>100.0</u>	<u>\$ 23,604,426</u>	<u>100.0</u>

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

	<u>Actual</u> <u>2014-2015</u>	<u>%</u>	<u>Actual</u> <u>2013-2014</u>	<u>%</u>
<u>Expenses:</u>				
Instruction	\$ 11,290,781	47.6	\$ 11,055,675	48.1
Buildings and Grounds	2,958,862	12.5	2,685,673	11.7
Pupil/Instructional Services	2,243,125	9.4	2,312,595	10.1
Administration	2,355,843	9.9	2,141,220	9.3
Pupil Transportation	1,706,345	7.2	1,711,773	7.4
Other Support	1,313,827	5.5	1,272,270	5.5
Food Service	1,013,768	4.3	851,782	3.7
Community Service	838,065	3.5	972,731	4.2
Other	21,473	0.1	(995)	(0.0)
Total Expense	\$ 23,742,089	100.0	\$ 23,002,724	100.0
Change in Net Position	\$ 322,972		\$ 601,702	

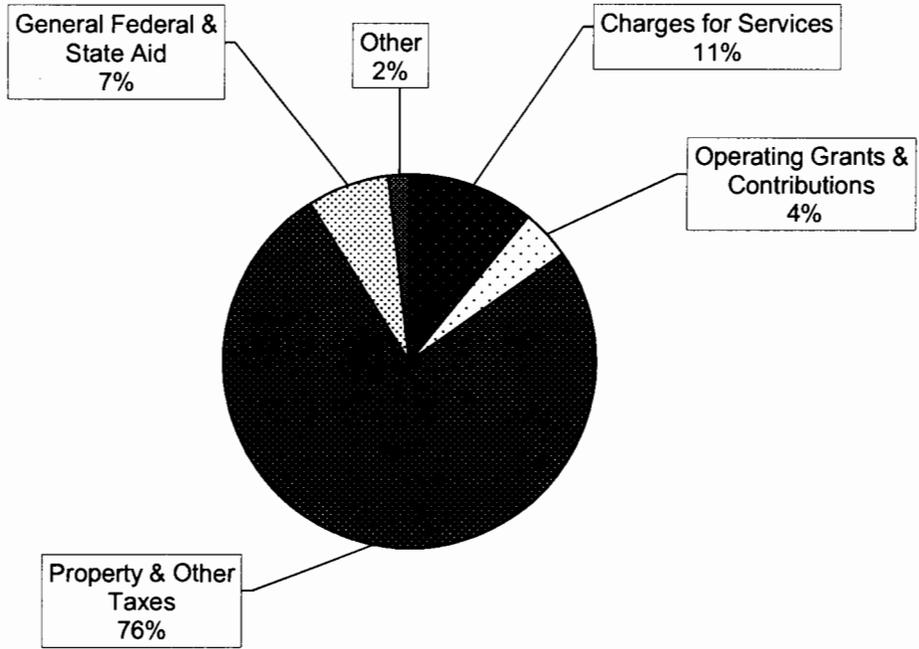
Revenues

- The District received \$24.1 million in revenue for the 2014-15 fiscal year. Seventy-six percent (76%) of the District's total revenue came from local school property tax and prior year charge backs. Seven percent (7%) of the total came from general federal and state aids. The District received approximately fifteen percent (15%) in the form of specific use State Grants, Federal Aid, and direct fees for services. 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 \$2.6 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 \$1.0 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 \$18.2 million and general state and federal aids for \$1.7 million.

Expenses

- The District's total expenditure amount was \$23.7 million for fiscal year 2014-15. 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, buildings and grounds, pupil transportation, and other support account for thirty-five percent (35%). These costs include administration and support salaries/benefits, district maintenance, utility costs, pupil transportation, legal services, and school business insurance. The costs associated with Food Service and Community Service account for approximately eight percent (8%) of all district expenses.

REVENUE BY SOURCE



EXPENSES BY FUNCTION

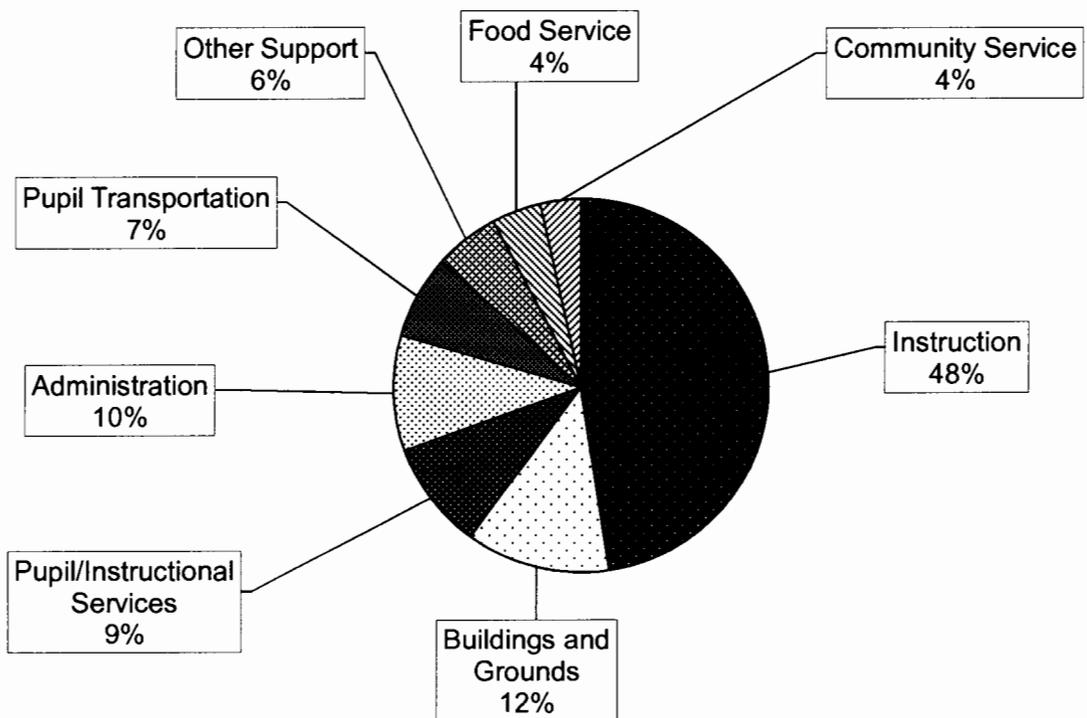


Table 4 - Net Cost of Governmental Activities
(2014 has not been restated for GASB 68 implementation)

	2015		2014	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 11,290,781	\$ 9,869,321	\$ 11,055,675	\$ 9,462,399
Pupil/Instructional Services	2,243,125	1,998,197	2,312,595	2,130,951
Buildings and Grounds	2,958,862	2,955,945	2,685,673	2,685,673
Administration	2,355,843	2,355,843	2,141,220	2,141,220
Pupil Transportation	1,706,345	1,295,828	1,711,773	1,280,706
Other Support	1,313,827	1,252,014	1,272,270	1,211,807
Food Service	1,013,768	17,317	851,782	20,508
Community Service	838,065	307,524	972,731	367,956
Total	<u><u>\$ 23,720,616</u></u>	<u><u>\$ 20,051,989</u></u>	<u><u>\$ 23,003,719</u></u>	<u><u>\$ 19,301,220</u></u>

- The net cost of governmental activities was \$20.1 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 not subsequently amended.

General Fund final budget was approved with a deficit of \$770,774. Actual results for 2014-15 show a decrease of \$422,542 to the fund balance. The favorable variance is due primarily to less salary and benefit costs than anticipated.

Fund Balances

- The District shows a total for all fund balances of \$8.2 million as of June 30, 2015. (See Note 11 in the financial statements for the detail of total governmental fund balances).
- \$6.1 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.
- \$30,747 is in the Food Service Fund (Fund 50), and is used for food service equipment replacements.
- The District had a \$26,761 fund balance in the Community Service Fund (Fund 80) at June 30, 2015.
- The remaining amounts are the balance of the Gift Fund (Fund 21) in the amount of \$236,997 and the Debt Service Fund in the amount of \$317,118. Fund 21 reflects the balance of awards and donations to the District unspent by June 30, 2015.

Governmental Activities

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

- 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.
- The District uses a participatory budget process, which has led to a more efficient use of resources. This process has led to long-range replacement programs for computers and musical instruments.
- 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

- The District hires an independent appraisal firm to perform a comprehensive physical inventory of all capital assets over \$5,000 and calculates both annual and accumulated depreciation on all applicable capital assets. (See Note 3 in the Notes to Financial Statements).

Long Term Debt

- As of June 30, 2015 the District had \$8.4 million in long-term obligations which includes capital leases, accrued compensated absences and postemployment benefits (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

- On April 5, 2016, the district's residents will be asked to approve, at a minimum, a \$2.9 million per year, six-year operational referendum to exceed the state's revenue limit. The question to residents will be to replace the expiring 2011 five-year \$2.15 million per year operational referendum. Voter denial of the referendum question would result in a 15% decrease to the 2016-17 operational budget.
- The district has developed an athletic site plan, which includes the redevelopment of its football/soccer field, tennis courts, baseball and softball diamonds, and practice fields, and the shared redevelopment of a brown field site owned by the City of Glendale. The plan includes the selling of current district athletic property East of Interstate 43 (I-43) to fund a portion of the improvements with the remaining funds to be raised through donations. The plan also includes working with the Wisconsin Department of Transportation regarding land purchases due to the redevelopment of I-43, the redevelopment of the Jean Nicolet Road (frontage road to the high school), and the razing of two district owned residential properties. The district athletic property East of I-43 is listed for sale and due to a 2015 change in state law, the sale of property no longer requires resident approval by vote at an Annual or Special Meeting. The redevelopment of the brown field site owned by the City of Glendale is in progress.

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 A. Dellutri, Director of Business Services
Diane C. Paschke, District Accountant
Nicolet High School District
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Glendale, WI 53217

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BASIC FINANCIAL STATEMENTS

**NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015**

ASSETS

Current Assets

Cash and investments	\$ 7,965,739
Taxes receivable	1,786,152
Accounts receivable	481,158
Due from other governments	735,633
Inventories	42,584
Prepaid expenses	40,349

Total Current Assets 11,051,615

Noncurrent Assets

Capital assets	36,699,038
Less: Accumulated depreciation	<u>(17,384,662)</u>
Net Capital Assets	19,314,376
Net Pension Asset	1,753,792
Net OPEB funding excess	<u>129,752</u>

Total Non-current Assets 21,197,920

Total Assets 32,249,535

Deferred Outflows of Resources

Deferred outflows of resources from pensions	<u>1,524,377</u>
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Total Assets and Deferred Outflows of Resources \$ 33,773,912

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	\$ 2,442,840
Current portion of deferred debt premium	3,807
Current portion of long-term obligations	1,271,439
Due to other governments	316,769
Other current liabilities	<u>136,229</u>

Total Current Liabilities 4,171,084

Noncurrent Liabilities

Noncurrent portion of deferred debt premium	28,792
Noncurrent portion of long-term obligations	<u>7,121,679</u>

Total Non-current Liabilities 7,150,471

Total Liabilities 11,321,555

Deferred Inflows of Resources

Deferred inflows of resources from pensions	<u>17,749</u>
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Total Liabilities and Deferred Inflows of Resources 11,339,304

NET POSITION

Net investment in capital assets	12,361,419
Restricted	1,955,680
Unrestricted	<u>8,117,509</u>

Total Net Position 22,434,608

Total Liabilities, Deferred Inflows and Net Position \$ 33,773,912

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

<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>	
Instruction				
Regular	\$ 7,147,379	\$ 534,980	\$ 658,852	\$ (5,953,547)
Physical	514,119	38,411	-	(475,708)
Vocational	682,106	49,943	-	(632,163)
Special education	2,055,608	-	85,511	(1,970,097)
Other	891,569	53,763	-	(837,806)
Total Instruction	11,290,781	677,097	744,363	(9,869,321)
Support Services				
Pupil services	1,115,649	-	54,965	(1,060,684)
Instructional support services	1,127,476	-	189,963	(937,513)
Administration	2,355,843	-	-	(2,355,843)
Buildings and grounds	2,958,862	-	2,917	(2,955,945)
Pupil transportation	1,706,345	382,086	28,431	(1,295,828)
Other support services	1,099,296	-	891	(1,098,405)
Interest and fees	214,531	60,922	-	(153,609)
Food service	1,013,768	982,545	13,906	(17,317)
Total Support Services	11,591,770	1,425,553	291,073	(9,875,144)
Community Service	838,065	530,541	-	(307,524)
Total Activities	\$ 23,720,616	\$ 2,633,191	\$ 1,035,436	(20,051,989)
General Revenues				
Taxes				
Property taxes				
General purposes				16,802,088
Debt service				1,121,510
Community Service				305,455
Federal and State aids not restricted to specific functions				1,710,142
Gifts				113,686
Investment income				3,322
Miscellaneous				340,231
Total General Revenues				20,396,434
Other Revenue (Expenses)				
Loss on sale of capital assets				(21,473)
Change in Net Position				322,972
Net Position, beginning of year, as restated				22,111,636
NET POSITION, end of year				\$ 22,434,608

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 5,866,784	\$ 1,590,183	\$ 508,772	\$ 7,965,739
Taxes receivable	1,786,152	-	-	1,786,152
Accounts receivable	8,352	-	35,541	43,893
Due from other funds	434,542	-	2,723	437,265
Due from other governments	604,723	-	130,911	735,634
Inventories	42,584	-	-	42,584
Prepaid expenses	21,559	-	18,790	40,349
	Total Assets	\$ 1,590,183	\$ 696,737	\$ 11,051,616
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 587,342	\$ 80,906	\$ 15,176	\$ 683,424
Accrued salaries and wages	961,617	-	-	961,617
Payroll taxes and withholdings	332,442	-	-	332,442
Due to other funds	454,995	-	10,361	465,356
Due to other governments	316,769	-	-	316,769
Other current liabilities	7,169	-	59,577	66,746
	Total Liabilities	80,906	85,114	2,826,354
Fund Balances				
Nonspendable	64,143	-	18,790	82,933
Restricted	-	1,509,277	446,403	1,955,680
Assigned	484,029	-	146,430	630,459
Unassigned	5,556,190	-	-	5,556,190
	Total Fund Balances	1,509,277	611,623	8,225,262
	Total Liabilities and Fund Balances	\$ 1,590,183	\$ 696,737	

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.	19,314,376
The District's proportionate share of net pension assets as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	3,260,420
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.	(8,365,450)
Net Position of Governmental Activities	\$ 22,434,608

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, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local	\$ 17,377,267	\$ -	\$ 3,038,234	\$ 20,415,501
Interdistrict	440,346	-	388,086	828,432
Intermediate	98,353	-	-	98,353
State	2,186,839	-	1,393	2,188,232
Federal	382,809	-	12,513	395,322
Other	68,891	-	70,328	139,219
Total Revenues	<u>20,554,505</u>	<u>-</u>	<u>3,510,554</u>	<u>24,065,059</u>
Expenditures				
Instruction				
Regular	7,299,880	-	10,875	7,310,755
Physical	524,119	-	-	524,119
Special education	2,076,808	-	-	2,076,808
Vocational	681,478	-	6,331	687,809
Other	733,606	-	157,963	891,569
Total Instruction	<u>11,315,891</u>	<u>-</u>	<u>175,169</u>	<u>11,491,060</u>
Support Services				
Pupil services	1,135,659	-	1,181	1,136,840
Instructional support services	1,155,976	-	497	1,156,473
Administration	2,356,057	-	7,166	2,363,223
Buildings and grounds	2,359,020	1,880,170	3,941	4,243,131
Pupil transportation	1,209,281	-	497,065	1,706,346
Other support services	1,194,497	-	11,243	1,205,740
Debt service				
Principal	36,565	-	975,000	1,011,565
Interest and fees	2,163	-	194,757	196,920
Food service	-	-	1,010,226	1,010,226
Total Support Services	<u>9,449,218</u>	<u>1,880,170</u>	<u>2,701,076</u>	<u>14,030,464</u>
Community Services	<u>-</u>	<u>-</u>	<u>849,372</u>	<u>849,372</u>
Total Expenditures	<u>20,765,109</u>	<u>1,880,170</u>	<u>3,725,617</u>	<u>26,370,896</u>
Excess (deficiency) of revenue over expenditures	(210,604)	(1,880,170)	(215,063)	(2,305,837)
Other Financing Sources (Uses)				
Proceeds from long-term debt	-	3,665,000	-	3,665,000
Debt premium	-	-	29,912	29,912
Proceeds on sale of fixed assets	391	-	-	391
Proceeds from capital leases	-	-	-	-
Transfers (to) from other funds	(212,329)	100,000	112,329	-
Net Change in Fund Balances	(422,542)	1,884,830	(72,822)	1,389,466
Fund Balances, beginning of year	6,526,904	(375,553)	684,445	6,835,796
FUND BALANCES, end of year	<u>\$ 6,104,362</u>	<u>\$ 1,509,277</u>	<u>\$ 611,623</u>	<u>\$ 8,225,262</u>

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 1,389,466

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	\$2,155,231	
Depreciation expense reported in the Statement of Activities	(844,058)	
Proceeds from disposal of fixed assets	(391)	
Gain (loss) on disposal of fixed assets	<u>(21,473)</u>	
		1,289,309

Net difference between pension system contributions recognized in the fund statement
of revenues, expenditures, and changes in fund balances and the statement of activities. 474,863

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 payments exceeded
proceeds (2,653,435)

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. (26,243)

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. (150,988)

Change in Net Position \$ 322,972

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

	Agency	Employee Benefit Trust
ASSETS		
Cash and investments	\$ 256,602	\$ 2,042,491
Accounts receivable	89	-
Due from other funds	-	465,356
Total Assets	\$ 256,691	\$ 2,507,847
LIABILITIES		
Due to student groups	\$ 249,387	\$ -
Due to other funds	-	437,265
Accounts payable	7,304	-
Total Liabilities	256,691	437,265
NET POSITION		
Restricted	-	2,070,582
Total Net Position	-	2,070,582
Total Liabilities and Net Position	\$ 256,691	\$ 2,507,847

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, 2015**

	<u>Employee Benefit Trust Post- employment Benefits</u>
Additions	
Contributions	\$ 465,356
Investment earnings	<u>121,637</u>
	<u>586,993</u>
Deductions	
Unrealized loss on investments	77,241
Administrative fees	13,158
Other postretirement benefits	<u>437,265</u>
	<u>527,664</u>
CHANGE IN NET POSITION	59,329
Net Position, beginning of year	<u>2,011,253</u>
NET POSITION, end of year	<u><u>\$ 2,070,582</u></u>

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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, 2015**

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, 2015**

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, 2015**

Note 1 - Summary of Significant Accounting Policies (continued)

C. BASIS OF ACCOUNTING (continued)

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 - 2014 tax roll:

Lien date and levy date	October, 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	March 31, 2015
Third installment due	May 31, 2015
Personal property taxes in full	January 31, 2015

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, 2015**

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, 2015**

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, 2015**

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 pension, 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 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, 2015 the district had \$32,599 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, 2015**

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, 2015**

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

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned.

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.

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, 2015**

Note 2 - Cash and Investments (continued)

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, 2015 \$8,454,937 of the District's deposits are uninsured. The District's bank also has pledged collateral of \$8,256,754 as of June 30, 2015.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

At June 30, 2015 the District had the following investments:

Investment	Fair Value	Risk Potential
Wisconsin Investment Series Cooperative	\$308,756	Credit and interest rate
Local Government Investment Pool	1,052	Credit and interest rate
	\$309,808	

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2015, the fair value of the District's share of the LGIP assets was substantially equal to the amount reported above.

Investments in the 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.

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 has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2015, the District's share of the WISC's assets was substantially equal to the amount reported above. The District is subject to market risk and credit risk through its investment in WISC.

Fluctuating cash flows due to tax collection, receipt of state aids and/or proceeds from borrowing may have resulted in temporary uninsured balances during the year significantly exceeding amounts reported above.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
Capital assets not being depreciated				
Sites	\$ 375,000	\$ -	\$ -	\$ 375,000
Construction in Progress		1,764,809	-	1,764,809
Total Capital Assets Not Being Depreciated	<u>375,000</u>	<u>1,764,809</u>	<u>-</u>	<u>2,139,809</u>
Capital assets being depreciated				
Land improvements	2,707,192	-	-	2,707,192
Buildings	27,030,899	131,794	-	27,162,693
Equipment and Furnishings	4,609,165	258,628	(178,449)	4,689,344
Total Capital Assets Being Depreciated	<u>34,347,256</u>	<u>390,422</u>	<u>(178,449)</u>	<u>34,559,229</u>
Total Capital Assets	<u>34,722,256</u>	<u>2,155,231</u>	<u>(178,449)</u>	<u>36,699,038</u>
Less: Accumulated depreciation for				
Land improvements	777,177	113,084	-	890,261
Buildings	11,994,820	573,072	-	12,567,892
Equipment	3,925,192	157,902	(156,585)	3,926,509
Total Accumulated Depreciation	<u>16,697,189</u>	<u>844,058</u>	<u>(156,585)</u>	<u>17,384,662</u>
Net Capital Assets	<u>\$ 18,025,067</u>	<u>\$ 1,311,173</u>	<u>\$ (21,864)</u>	<u>\$ 19,314,376</u>

Depreciation expense was charged to functions as follows:

Instruction		
Regular		\$ 81,937
Vocational		8,429
Physical		600
Support Services		
Instructional support services		2,099
Administration		24,422
Building and grounds		696,788
Food services		3,542
Other support services		26,241
		<u>\$ 844,058</u>

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 District did not need to issue any tax and revenue anticipation notes for the year ended June 30, 2015.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 5 – Long-Term Obligations

A. Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2014</u>	<u>Due Within One Year</u>
General obligation bonds and notes payable	\$ 4,260,000	\$ 3,665,000	\$ 975,000	\$ 6,950,000	\$ 1,130,000
Capital leases	39,522	-	36,565	2,957	2,957
	<u>4,299,522</u>	<u>3,665,000</u>	<u>1,011,565</u>	<u>6,952,957</u>	<u>1,132,957</u>
Other Liabilities:					
Accrued compensated absences vacation and sick leave	152,914	24,358	38,790	138,482	138,482
Supplemental Pension	1,109,933	191,746	-	1,301,679	-
Other postemployment benefits	-	417,747	417,747	-	-
	<u>1,262,847</u>	<u>633,851</u>	<u>456,537</u>	<u>1,440,161</u>	<u>138,482</u>
Totals	<u>\$ 5,562,369</u>	<u>\$ 4,298,851</u>	<u>\$ 1,468,102</u>	<u>\$ 8,393,118</u>	<u>\$ 1,271,439</u>

Total long-term interest paid and expended during the year was \$194,756 and \$216,037, respectively.

At June 30, 2015, the District's other postemployment benefits were over funded based on actuarial assumptions. This funding excess is shown as an asset on the District's statement of net position.

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 6/30/2015</u>
General Obligation Debt					
Refunding Bond	4/15/2006	9/1/2021	3.80-4.00%	1,775,000	\$ 975,000
Promissory Note	6/15/2010	9/1/2015	1.75-2.75%	605,000	50,000
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	1,310,000
Promissory Note	7/15/2014	3/1/2024	1.05-3.00%	3,665,000	3,105,000
Total General Obligation Debt					<u>\$ 6,950,000</u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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>
2016	\$ 1,130,000	\$ 205,365	\$ 1,335,365
2017	350,000	180,578	530,578
2018	465,000	171,488	636,488
2019	570,000	161,088	731,088
2020	700,000	144,402	844,402
2021-2024	<u>3,735,000</u>	<u>361,704</u>	<u>4,096,704</u>
Totals	<u><u>\$ 6,950,000</u></u>	<u><u>\$ 1,224,625</u></u>	<u><u>\$ 8,174,625</u></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 \$60,923 during 2015.

E. The 2014 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$3,741,949,800. The legal debt limit and margin of indebtedness as of June 30, 2015 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$3,741,949,800)	\$187,097,490
Deduct: Long-term debt applicable to debt margin	<u>6,950,000</u>
Margin of indebtedness	<u><u>\$180,147,490</u></u>

F. The District has financed office equipment under capital leases with an original cost of \$135,396 as of June 30, 2015. 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, 2015:

<u>Year Ending June 30</u>	
2016	\$ 2,981
Less: Amounts representing interest	<u>24</u>
Present value of minimum lease payments	<u><u>\$ 2,957</u></u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6 - Pension Plans

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, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

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
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
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

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6 - Pension Plans (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, and Executives and Elected Officials. 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 \$705,246 in contributions from the District.

Contribution rates as of June 30, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the Nicolet High School District reported an asset of \$1,753,792 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 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, 2014, the Nicolet High School District's proportion was 0.0714%, which was an increase of .0007% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the Nicolet High School District recognized pension expense of \$684,177.

At June 30, 2015, 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	\$ 254,245	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	849,271	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	17,749
Employer contributions subsequent to the measurement date	420,861	-
Total	\$ 1,524,377	\$ 17,749

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6 - Pension Plans (continued)

\$420,861 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 asset in the year ended June 30, 2016. 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:	Deferred Outflow of Resources	Deferred Inflows of Resources
2015	\$ 217,057	\$ 3,295
2016	\$ 217,057	\$ 3,295
2017	\$ 217,057	\$ 3,295
2018	\$ 217,057	\$ 3,295
2019	\$ 217,057	\$ 3,295
Thereafter	\$ 18,230	\$ 1,273

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 6 - Pension Plans (continued)

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:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23%
Fixed Income	1.7	36%
Inflation Sensitive Assets	2.3	20%
Real Estate	4.2	7%
Private Equity/Debt	6.9	7%
Multi-Asset	3.9	6%
Cash	0.9%	-20%

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.20 percent, as well as what the Nicolet High School District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Nicolet High School District's proportionate share of the net pension liability (asset)	4,947,749	(1,753,792)	(7,046,398)

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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 June 30, 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 100 active and 31 retired employees in the plan as of July 1, 2012, the most recent actuarial valuation date. The pension benefit is equal to \$11,200 per year for administrators and \$5,000 to \$10,000 per year for teachers depending on average earnings.

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.

Annual Pension Cost and Net Pension Obligation. The District's annual pension cost and net pension obligation for the current year is:

Component	Amount
Annual required contribution	\$ 212,703
Interest on net pension obligation	44,397
Adjustment to annual required contribution	(65,354)
Annual pension cost (expense)	191,746
Pension payments made	-
Increase in net pension obligation	191,746
Net pension obligation – beginning of year	1,109,933
Net pension obligation – end of year	\$1,301,679

The annual required contribution for the current year was determined as part of the July 1, 2012 actuarial valuation, using the unprojected unit credit actuarial cost method. The actuarial assumptions included (a) 4% discount rate and (b) projected salary increases at 4%. Mortality, disability and retirement rates are from the retirement rates used in the valuation of the Wisconsin Retirement System.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at June 30, 2015 is 30 years.

Trend Information.

The District's annual pension cost, the percentage of the annual pension cost contributed to the plan, and the net pension obligation for 2015 and the preceding two years were:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2015	\$191,746	0.0%	\$1,301,679
6/30/2014	\$196,600	0.0%	\$1,109,933
6/30/2013	\$205,522	0.0%	\$913,333

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8 - Other Postemployment Benefits

The Nicolet High School District follows GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions report its liability for other postemployment benefits to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

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 147 active and 35 retired members in the plan as of July 1, 2012, the most recent actuarial valuation date. Benefits and eligibility for certain union employees are established and amended through collective bargaining with the recognized bargaining agent for each group; and include postemployment health and life insurance coverage. Benefits for other staff are established and amended by the governing body.

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 \$2,042,491 of invested plan assets accumulated for payment of future benefits. For the year ended June 30, 2015 the District contributed \$416,956 to the Trust. Plan member contributions were \$48,400.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

	Government Activities
Annual required contribution	\$416,956
Interest on net OPEB	(6,571)
Adjustment to annual required contribution	7,362
Annual OPEB cost (expense)	417,747
Contributions made	(465,356)
Change in net OPEB obligation	(47,609)
OPEB obligation (funding excess) at beginning of year	(82,143)
OPEB obligation (funding excess) at end of year	\$ (129,752)

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were:

Fiscal Year Ended	Annual OPEB cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation (Funding Excess)
6/30/2015	\$417,747	111.4%	\$(123,752)
6/30/2014	\$413,981	114.0%	\$(82,143)
6/30/2013	\$420,466	113.4%	\$(24,033)

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 8 - Other Postemployment Benefits (continued)

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$2,747,779. The annual payroll for active employees covered by the plan in the actuarial valuation dated July 1, 2012 fiscal year was \$7,809,694 for a ratio of the UAAL to covered payroll of 35%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a rate of 8.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 6.5%, reduced by decrements to an ultimate rate of 4.0%. Mortality, disability and retirement rates are from the Wisconsin Retirement System Actuarial Valuation reports. The UAAL is being amortized on a level dollar basis. The remaining amortization period at June 30, 2015 was 30 years.

Note 9 - Lease Agreements, as Lessee

The District has entered into lease agreements for vehicles with terms expiring through January, 2020. The District is obligated to make future minimum lease payments as follows:

Year Ending June 30	Amount
2016	\$47,088
2017	45,809
2018	32,115
2019	21,408
2020	12,488
	\$158,908

Lease expense was \$45,125 for the year ended June 30, 2015.

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

Note 10 - Governmental Activities Net Position

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2015 includes the following:

Governmental Activities	
Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$19,314,376
Less: related long-term debt outstanding	<u>6,952,957</u>
Total Net Investment in Capital Assets	12,361,419
Restricted	1,955,680
Unrestricted	<u>8,117,509</u>
Total Governmental Activities Net Position	<u><u>\$22,434,608</u></u>

Note 11 - Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at June 30, 2015 include the following:

Nonspendable	
Inventories and prepaid expenses, general and community service funds	<u>\$ 82,933</u>
Total Nonspendable Fund Balance	<u>82,933</u>
Restricted	
Gift	90,567
Food Service	30,747
Community Service	7,971
Debt Service	317,118
Capital Projects	<u>1,509,277</u>
Total Restricted Fund Balance	<u>1,955,680</u>
Assigned	
Funds from referendum to exceed revenue limit	484,029
Fund 21 funds for improvements to the gym and weight room	<u>146,430</u>
Total Assigned Fund Balance	<u>630,459</u>
Unassigned	
	<u>5,556,190</u>
Total Governmental Fund Balances	<u><u>\$8,225,262</u></u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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	\$19,314,376
---	--------------

The District's proportionate share of net pension assets as well as pension-related deferred outflows and deferred inflows of resources that are recognized in the government-wide statements include:

Net pension asset	\$1,753,792
Deferred outflows of resources from pensions	1,524,377
Deferred inflows of resources from pensions	(17,749)
Combined Adjustment	\$3,260,420

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	\$6,950,000
Pension obligation	1,301,679
Other postemployment benefit funding excess	(129,752)
Capital leases	2,957
Net deferred debt premium	32,598
Accrued compensated absences	138,482
Accrued interest on long-term obligations	69,486
Combined Adjustment	\$8,365,450

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

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:

Pension	\$(191,746)
Other postemployment benefits	47,609
Compensated absences	14,432
Accrued interest	(21,283)
Combined Adjustment	\$(150,988)

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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)

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	\$2,155,231
Depreciation expense	(844,058)
Proceeds from disposal of fixed assets	(391)
Loss on disposal of fixed assets	<u>(21,473)</u>
 Combined Adjustment	 <u>\$1,289,309</u>

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

Proceeds from long-term debt	\$(3,665,000)
Principal payments on long-term debt and capital leases	<u>1,011,565</u>
 Combined Adjustment	 <u>\$(2,653,435)</u>

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

Proceeds of debt premium	\$(29,912)
Amortization of debt premium	<u>3,669</u>
 Combined Adjustment	 <u>\$(26,243)</u>

Differences between pension system contributions recognized occur because pension expense in the statement of activities is adjusted to account for the net pension asset, deferred outflows and deferred inflows which must be recorded to comply with GASB statement 68 and 71 (see note 20). The adjustment is a combination of the following items:

Employer Contributions	\$705,246
Pension expense adjustment	<u>(230,383)</u>
 Combined Adjustment	 <u>\$474,863</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, 2015**

Note 15 - Commitments and Contingencies

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

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

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

The District has ongoing construction projects. As of June 30, 2015, there is \$1,590,183 of fund balance remaining in the capital projects fund for use on designated projects.

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, 2015 including any overdrafts on pooled cash and investment accounts. These amounts are all due within one year.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities		
General Fund	\$ 434,542	\$ 454,995
Food Service Fund	868	3,302
Community Service Fund	1,855	7,059
	<hr/>	<hr/>
Total Governmental Activities	437,265	465,356
	<hr/>	<hr/>
Fiduciary Funds		
Employee Benefit Trust	465,356	437,265
	<hr/>	<hr/>
Total	<u>\$ 902,621</u>	<u>\$ 902,621</u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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	\$112,329
Capital Projects Fund	General Fund	100,000
Gift Fund	Community Service Fund	<u>240,000</u>
Total - Fund Financial Statements		452,329
Less: Eliminations		<u>(452,329)</u>
Total Transfers - Government-Wide Statement of Activities		<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 the date the financial statements were available to be distributed, November 30, 2015.

Note 20 - Change in Accounting Principle

Effective July 1, 2014, the District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements address accounting and financial reporting for pensions provided to District employees that are administered by the Wisconsin Retirement System (WRS). The statements also require various note disclosures (Note 6) and required supplementary information. As a result, beginning of year net position has been restated as follows:

Net position as previously reported on July 1, 2014	\$19,326,079
Beginning net pension asset	<u>2,785,557</u>
Net position as restated	<u>\$22,111,636</u>

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015**

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. 72, *Fair Value Measurement* in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements, and provides guidance for determining a fair value measurement for financial reporting purposes. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2016.

The GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* in June 2015. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2016.

The GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension plans* in June 2015. This Statement is meant to improve the usefulness of information about postemployment benefits other than pensions, and replaces Statement No. 43 and No. 57. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2016.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. This Statement is meant to improve the usefulness of information about postemployment benefits other than pensions, and replaces Statement No. 45 and No. 57. The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2017.

The GASB issued Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* in June 2015. This Statement is meant to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The requirements of the related Statement are effective for financial Statement periods beginning after June 15, 2015.

The GASB issued Statement No. 77 *Tax Abatement Disclosures* in August 2015. This Statement is meant to define tax abatements and identify the related disclosures that governments should provide. The requirements of the related Statement are effective for financial Statement periods beginning after December 15, 2015.

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, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u> <u>with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				
Local	\$ 17,228,620	\$ 17,352,664	\$ 17,377,267	\$ 24,603
Interdistrict	384,170	381,668	376,676	(4,992)
Intermediate	-	-	17,813	17,813
State	1,473,404	1,537,420	1,626,105	88,685
Federal	111,742	111,742	94,689	(17,053)
Other	15,000	15,000	63,690	48,690
Total Revenues	<u>19,212,936</u>	<u>19,398,494</u>	<u>19,556,240</u>	<u>157,746</u>
Expenditures				
Instruction				
Regular	7,118,207	7,124,730	7,299,880	(175,150)
Physical	536,876	535,074	524,119	10,955
Vocational	647,835	662,232	681,478	(19,246)
Other	682,485	736,075	733,606	2,469
Total Instruction	<u>8,985,403</u>	<u>9,058,111</u>	<u>9,239,083</u>	<u>(180,972)</u>
Support Services				
Pupil services	859,517	807,805	828,933	(21,128)
Instructional support services	891,762	888,208	936,905	(48,697)
Administration	2,149,591	2,545,961	2,356,057	189,904
Buildings and grounds	2,335,832	2,476,282	2,352,025	124,257
Pupil transportation	841,134	841,134	886,759	(45,625)
Other support services	1,483,306	1,121,053	1,194,352	(73,299)
Debt service	46,780	46,780	38,728	8,052
Total Support Services	<u>8,607,922</u>	<u>8,727,223</u>	<u>8,593,759</u>	<u>133,464</u>
Total Expenditures	<u>17,593,325</u>	<u>17,785,334</u>	<u>17,832,842</u>	<u>(47,508)</u>
Excess of revenues over expenditures	1,619,611	1,613,160	1,723,398	110,238
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	200	200	391	191
Transfers to other funds	(2,278,805)	(2,384,134)	(2,146,331)	237,803
Net Change in Fund Balances	(658,994)	(770,774)	(422,542)	348,232
Fund Balances, beginning of year	<u>6,526,904</u>	<u>6,526,904</u>	<u>6,526,904</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 5,867,910</u>	<u>\$ 5,756,130</u>	<u>\$ 6,104,362</u>	<u>\$ 348,232</u>

See accompanying notes to the financial statements.

NICOLET HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Interdistrict	\$ 52,016	\$ 52,016	\$ 63,670	\$ 11,654
Intermediate	30,231	30,231	80,540	50,309
State	457,019	457,019	560,734	103,715
Federal	198,273	208,219	288,120	79,901
Other	-	-	5,201	5,201
Total Revenues	<u>737,539</u>	<u>747,485</u>	<u>998,265</u>	<u>250,780</u>
Expenditures				
Instruction				
Special education	2,141,715	2,170,720	2,076,808	93,912
Other	700	700	-	700
Total Instruction	<u>2,142,415</u>	<u>2,171,420</u>	<u>2,076,808</u>	<u>94,612</u>
Support Services				
Pupil services	221,192	309,286	306,726	2,560
Instructional support services	228,671	226,847	219,071	7,776
Buildings and grounds	7,100	7,100	6,995	105
Pupil transportation	282,000	282,000	322,522	(40,522)
Other support services	-	-	145	(145)
Total Support Services	<u>738,963</u>	<u>825,233</u>	<u>855,459</u>	<u>(30,226)</u>
Total Expenditures	<u>2,881,378</u>	<u>2,996,653</u>	<u>2,932,267</u>	<u>64,386</u>
Deficiency of revenues over expenditures	(2,143,839)	(2,249,168)	(1,934,002)	315,166
Other Financing Uses				
Transfers from other funds	2,143,839	2,249,168	1,934,002	(315,166)
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning of year	-	-	-	-
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**NICOLET HIGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of Funding Progress for
Postemployment Benefit Plan and Pension Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
<u>Pension</u>						
7/1/07	-	2,113,664	2,113,664	0%	10,452,500	20%
7/1/09	-	2,274,466	2,274,466	0%	8,342,240	27%
7/1/12	-	2,249,616	2,249,616	0%	7,809,694	29%
<u>Other Postemployment Benefits</u>						
7/1/07	-	8,584,237	8,584,237	0%	10,452,500	82%
7/1/09	445,412	6,314,356	5,868,944	7%	8,342,240	70%
7/1/12	1,750,000	4,497,779	2,747,779	39%	7,809,694	35%

**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)**

2015	
Nicolet High School District's proportion of the net pension liability (asset)	0.0714%
Nicolet High School District's proportionate share of the net pension liability (asset)	\$(1,753,792)
Nicolet High School District's covered-employee payroll	\$10,074,890
Plan fiduciary net position as a percentage of the total pension liability (asset)	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 20 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)**

Contractually required contributions	\$705,246
Contributions in relation to the contractually required contributions	\$705,246
Contribution deficiency (excess)	\$ -
Nicolet High School District's covered-employee payroll	\$10,074,890
Contributions as a percentage of covered-employee payroll	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 20 and Notes to Required Supplementary Information)

**NICOLET HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015**

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, 2015.

Fund - Function	Excess Expenditures
General Fund	
Regular instruction	\$175,150
Vocational	\$19,246
Pupil services	\$21,128
Instructional support services	\$48,697
Pupil transportation	\$45,625
Other support services	\$73,299
 Special Education Fund	
Pupil transportation	\$40,522
Other support services	\$145

Note 2 – Funding Progress Data

The date presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

The District is required to present information for the pension and other postemployment benefit plans for the three most recent actuarial studies. Duplicate information for intervening years is not repeated.

Note 3 – 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. There were no changes in the assumptions.

SUPPLEMENTAL INFORMATION

**NICOLET HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Gift Fund	Food Service	Community Service	Transportation Services	Debt Service	
ASSETS						
Cash and investments	\$ 222,765	\$ 12,919	\$ 84,948	\$ (128,978)	\$ 317,118	\$ 508,772
Accounts receivable	14,232	19,305	2,004	-	-	35,541
Due from other funds	-	868	1,855	-	-	2,723
Due from other governments	-	1,933	-	128,978	-	130,911
Prepaid expenses	-	-	18,790	-	-	18,790
Total Assets	<u>\$ 236,997</u>	<u>\$ 35,025</u>	<u>\$ 107,597</u>	<u>\$ -</u>	<u>\$ 317,118</u>	<u>\$ 696,737</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 976	\$ 14,200	\$ -	\$ -	\$ 15,176
Accrued salaries and wages	-	-	-	-	-	-
Payroll taxes and withholdings	-	-	-	-	-	-
Due to other funds	-	3,302	7,059	-	-	10,361
Other current liabilities	-	-	59,577	-	-	59,577
Total Liabilities	<u>-</u>	<u>4,278</u>	<u>80,836</u>	<u>-</u>	<u>-</u>	<u>85,114</u>
Fund Balances						
Nonspendable	-	-	18,790	-	-	18,790
Restricted	90,567	30,747	7,971	-	317,118	446,403
Assigned	146,430	-	-	-	-	146,430
Total Fund Balances	<u>236,997</u>	<u>30,747</u>	<u>26,761</u>	<u>-</u>	<u>317,118</u>	<u>611,623</u>
Total Liabilities and Fund Balances	<u>\$ 236,997</u>	<u>\$ 35,025</u>	<u>\$ 107,597</u>	<u>\$ -</u>	<u>\$ 317,118</u>	<u>\$ 696,737</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, 2015

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Gift Fund	Food Service	Community Service	Transportation Services		
REVENUES						
Local	\$ 113,428	\$ 976,705	\$ 826,591	\$ -	\$ 1,121,510	\$ 3,038,234
Interdistrict	-	6,000	-	382,086	-	388,086
State	-	1,393	-	-	-	1,393
Federal	-	12,513	-	-	-	12,513
Other revenue	-	-	9,405	-	60,923	70,328
Total Revenues	113,428	996,611	835,996	382,086	1,182,433	3,510,554
EXPENDITURES						
Instruction						
Regular	10,875	-	-	-	-	10,875
Vocational	6,331	-	-	-	-	6,331
Other	157,963	-	-	-	-	157,963
Total Instruction	175,169	-	-	-	-	175,169
Support Services						
Pupil Services	1,181	-	-	-	-	1,181
Instructional support	497	-	-	-	-	497
Administrative	7,166	-	-	-	-	7,166
Buildings and grounds	333	3,608	-	-	-	3,941
Pupil transportation	2,650	-	-	494,415	-	497,065
Other support services	11,243	-	-	-	-	11,243
Debt Service						
Principal	-	-	-	-	975,000	975,000
Interest	-	-	-	-	194,757	194,757
Food services	-	1,010,226	-	-	-	1,010,226
Total Support Services	23,070	1,013,834	-	494,415	1,169,757	2,701,076
Community Services	-	-	849,372	-	-	849,372
Total Expenditures	198,239	1,013,834	849,372	494,415	1,169,757	3,725,617
Excess (deficiency) of revenues over expenditures	(84,811)	(17,223)	(13,376)	(112,329)	12,676	(215,063)
OTHER FINANCING SOURCES						
Debt premium	-	-	-	-	29,912	29,912
Transfers (to) from other fund	240,000	-	(240,000)	112,329	-	112,329
Net Change in Fund Balances	155,189	(17,223)	(253,376)	-	42,588	(72,822)
Fund Balances, beginning of year	81,808	47,970	280,137	-	274,530	684,445
FUND BALANCES, end of year	\$ 236,997	\$ 30,747	\$ 26,761	\$ -	\$ 317,118	\$ 611,623

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, 2015**

	<u>Balance 7/1/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/15</u>
ASSETS				
Cash and investments	\$ 245,335	\$ 354,124	\$ 342,857	\$ 256,602
Account receivable	199	89	199	89
Total Assets	<u>\$ 245,534</u>	<u>\$ 354,213</u>	<u>\$ 343,056</u>	<u>\$ 256,691</u>
LIABILITIES				
Due to student organizations	\$ 237,767	\$ 346,909	\$ 335,289	\$ 249,387
Accounts payable	7,767	7,304	7,767	7,304
Total Liabilities	<u>\$ 245,534</u>	<u>\$ 354,213</u>	<u>\$ 343,056</u>	<u>\$ 256,691</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, 2015

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Program of Award Amount	Accrued Receivable 7/1/2014	Expenditures		Revenues		Accrued Receivable 6/30/2015
				Grantor	Local	Grantor Reimbursements	Local	
U.S. DEPARTMENT OF EDUCATION								
State of Wisconsin								
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
<u>Title 1 - Basic Grant</u>								
July 1, 2013 - June 30, 2014	84.010	\$ 82,000	\$ 9,446	\$ -	\$ -	\$ 9,446	\$ -	\$ -
July 1, 2014 - June 30, 2015		69,500	-	69,500	-	61,670	-	7,830
<u>Title 1 - Milwaukee Public Schools</u>								
July 1, 2014 - June 30, 2015	84.010	-	-	3,247	-	3,247	-	-
Total Title 1 Cluster				<u>9,446</u>	<u>72,747</u>	<u>-</u>	<u>74,363</u>	<u>7,830</u>
<u>IDEA Flow Through</u>								
July 1, 2013 - June 30, 2014	84.027	198,273	93,232	-	-	93,232	-	-
July 1, 2014 - June 30, 2015		208,271	-	208,223	-	71,610	-	136,613
<u>High Cost Special Education</u>								
July 1, 2014 - June 30, 2015	84.027	-	-	79,897	-	79,897	-	-
Total Special Education Cluster				<u>93,232</u>	<u>288,120</u>	<u>-</u>	<u>244,739</u>	<u>136,613</u>
<u>Carl Perkins</u>								
July 1, 2014 - June 30, 2015	84.048	16,582	-	16,582	-	16,582	-	-
<u>Title II-A - Quality Teachers and Principals</u>								
July 1, 2013 - June 30, 2014	84.367	24,117	23,460	-	-	23,460	-	-
July 1, 2014 - June 30, 2015		25,806	-	25,189	-	24,443	-	746
<u>Title IIIA - English Language Acquisition</u>								
July 1, 2013 - June 30, 2014	84.365	11,906	11,906	-	-	11,906	-	-
July 1, 2014 - June 30, 2015		1,231	-	1,231	-	1,231	-	-
Total U.S. Department of Education				<u>138,044</u>	<u>403,869</u>	<u>-</u>	<u>396,724</u>	<u>145,189</u>
U.S. DEPARTMENT OF AGRICULTURE								
<u>Child Nutrition Cluster</u>								
<u>National School Breakfast Program</u>								
July 1, 2013 - June 30, 2014	10.553	-	1,752	-	-	1,752	-	-
<u>National School Lunch Program</u>								
July 1, 2013 - June 30, 2014	10.555	-	5,813	-	-	5,813	-	-
<u>School Milk</u>								
July 1, 2014 - June 30, 2015	10.556	-	-	12,513	-	10,580	-	1,933
Total Child Nutrition Cluster				<u>7,565</u>	<u>12,513</u>	<u>-</u>	<u>18,145</u>	<u>1,933</u>
Total U.S. Department of Agriculture				<u>7,565</u>	<u>12,513</u>	<u>-</u>	<u>18,145</u>	<u>1,933</u>
U.S. DEPARTMENT OF HOMELAND SECURITY								
<u>Disaster Grants - Public Assistance</u>								
July 1, 2012 - June 30, 2013	97.036	-	318,201	-	-	193,462	985	123,754
Total U.S. Department of Homeland Security				<u>318,201</u>	<u>-</u>	<u>193,462</u>	<u>985</u>	<u>123,754</u>
				<u>\$ 463,810</u>	<u>\$ 416,382</u>	<u>\$ -</u>	<u>\$ 608,331</u>	<u>\$ 985</u>
							<u>\$ 985</u>	<u>\$ 270,876</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, 2015

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Accrued Receivable 7/1/2014</u>	<u>Revenue/ Expenditures</u>	<u>Reimbursements</u>	<u>Local Share</u>	<u>Accrued Receivable 6/30/2015</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Major Programs						
Entitlement Programs						
Handicapped Pupils and School Age Parents	255.101	\$ -	\$ 522,161	\$ 522,161	\$ -	\$ -
Equalization Aid	255.201	7,518	418,306	418,481	-	7,343
Integration Aid - Non-resident	255.204	-	640,352	640,352	-	-
Total Major Programs		7,518	1,580,819	1,580,994	-	7,343
Nonmajor Programs						
High Cost Special Education	255.101	-	38,469	38,469	-	-
Library Fund	255.103	-	49,835	49,835	-	-
Pupil Transportation	255.107	-	28,431	28,431	-	-
School Breakfast Program	255.344	-	1,393	1,393	-	-
Educator Effective Eval Sys Grants	255.923	-	7,520	7,520	-	-
Per Pupil Adjustment Aid	255.925	-	160,725	160,725	-	-
High Cost Transportation Aid	255.947	-	69,298	69,298	-	-
Career and Tech Education	255.950	-	6,000	6,000	-	-
Total Nonmajor Programs		-	361,671	361,671	-	-
Other						
Medical Records	-	-	104	104	-	-
Exempt Computer Aid	-	223,001	245,639	223,001	-	245,639
Federal Emergency Management Agency (State Portion)	-	53,033	-	32,243	164	20,626
Total Other		276,034	245,743	255,348	164	266,265
Total		\$ 283,552	\$ 2,188,233	\$ 2,198,013	164	\$ 273,608

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, 2015

Note 1 - Reporting Entity

The Schedules of Expenditures of Federal and State Awards include all of the funds of the Nicolet High School District. The reporting entity for the District is based upon criteria established by the Governmental Accounting Standards Board.

The schedule of state awards includes only those programs required to be included in accordance with the *State Single Audit Guidelines*.

Note 2 - Basis of Presentation

The accounting records for the grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, 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 liability is incurred.

The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local governments, and Non-profit Organizations and the State Single Audit Guidelines*.

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 \$2,144,038 for the year ended June 30, 2015.

**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, 2015, 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 30, 2015.

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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (**Finding 2015-1**).

Compliance and Other Matters

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

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 cursive script that reads "Feld, Schumacher & Company, LLP".

West Allis, Wisconsin
November 30, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY 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 its major state programs for the year ended June 30, 2015. 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 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. 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 of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, 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, 2015.

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 an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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

Feld, Schumacher & Company, LLP
West Allis, Wisconsin
November 30, 2015

**NICOLET HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

Section I: Summary of Auditors' Results

Financial Statements

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

State Awards

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

Identification of major state programs

<u>State Identification Number</u>	<u>Name of State Program or Cluster</u>
255.101	Handicapped Pupils and School Age Parents
255.201	General Equalization Aid
255.204	Integration Aid – Non-resident

**NICOLET HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

Section II: Financial Statement Findings

Finding 2015-1:

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.

Section III: State Award Findings and Questioned Costs

There were no findings or questioned costs for state awards.

**NICOLET HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015**

None