

Nicolet Area Technical College District

Financial Statements and Supplementary
Financial Information

Years Ended June 30, 2019 and 2018

Nicolet Area Technical College District

Financial Statements and Supplementary Financial Information

Years Ended June 30, 2019 and 2018

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Independent Auditor's Report

District Board
Nicolet Area Technical College District
Rhineland, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Nicolet Area Technical College District (the "District"), as of and for the years ended June 30, 2019 and 2018, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nicolet Area Technical College District as of June 30, 2019 and 2018, and the changes in financial position and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 8, the schedule of changes in the employer's total OPEB liability and related ratios - District OPEB plan, the schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, and the schedules of the employer's proportionate share of the net OPEB liability and employer contributions - Local Retiree Life Insurance Fund on pages 45 through 47 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, 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.

Supplementary Financial Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration and are also not a required part of the basic financial statements. The schedules of expenditures of federal and state awards and the budgetary comparison schedules are the responsibility of management and were 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedules of expenditures of federal and state awards and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Wipfli LLP

December 6, 2019
Rhineland, Wisconsin

Nicolet Area Technical College District

Management's Discussion and Analysis

June 30, 2019 and 2018

Nicolet Area Technical College District's (the "District") Management's Discussion and Analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader of these financial statements in focusing on noteworthy financial issues for the years ended June 30, 2019 and 2018.

The primary mission of the District is to provide education and training to residents of its District. To that end, financial resources are directed toward providing the personnel and equipment to accomplish that goal and net assets are accumulated only as required to ensure sufficient reserve funds are present to meet future operational needs. The MD&A provides summary level financial information. Therefore, it should be read in conjunction with the accompanying financial statements.

This annual report consists of a series of financial statements, prepared in accordance with accounting principles generally accepted in the United States, as stated in the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. These statements focus on the financial condition of the District, results of operations, and cash flows of the District as a whole.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present the revenues earned and expenses incurred during the year. Activities are classified as either operating or nonoperating activities. In general, a public college such as the District will report an overall operating deficit or loss, as the financial reporting model classifies state appropriations and property taxes as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The following is a condensed version of the statements of revenues, expenses, and changes in net position:

	2019	Increase (Decrease) %	2018	Increase (Decrease) %	2017
Operating revenues	\$ 6,357,049	-7.9 %	\$ 6,899,596	4.2 %	\$ 6,619,435
Operating expenses	(26,701,135)	-4.3 %	(27,915,379)	3.6 %	(26,952,380)
Nonoperating revenues - Net	23,408,133	2.6 %	22,825,193	1.6 %	22,461,026
Capital grants and contributions	178,608	-25.1 %	238,473	319.5 %	56,850
Special item - Loss on donation of buildings		100.0 %	(394,174)	-100.0 %	
Increase in net position	3,242,655		1,653,709		2,184,931
Net position at beginning of year	41,589,185		39,935,476		42,625,928
Cumulative effect of change in accounting principle					(4,098,657)
Net position at end of year	\$ 44,831,840		\$ 41,589,185		\$ 40,712,202

Some of the most noteworthy results of operations are reflected below:

Operating revenues are the charges for services offered by the District. During 2019, the District generated just under \$6.4 million of operating revenues for services rendered. This is a decrease of \$542,547 or 7.9% from the prior year. Significant items and revenue sources are as follows:

Student fees decreased 7.6% and scholarship allowances decreased 13.1% during 2019. This was the result of a 3.1% decrease in full-time equivalents and a 1.7% tuition increase set by the State. Full-time equivalents in 2019 were 854 compared to 881 in 2018.

Federal and state grant income awarded to the District for running specific programs decreased \$247,388 or 7.4% due to decreases in federal grant funding.

Contract revenues for business and industry contracts decreased \$10,474 or 2.4%.

Auxiliary enterprise revenues, whose main component is the Bookstore, decreased 22.1%. This decrease is attributed to the decrease in full-time equivalents, and the continued transition to Open Educational Resources (OER) which provide lower cost book alternatives for students.

Operating expenses are costs related to offering the programs of the District.

General costs related to doing business decreased \$1,214,244 or 4.3%. Salaries and wages decreased \$897,264 or 6.7% and fringe benefits increased \$298,582 or 4.8%. Salaries and fringe benefits equal 71.4% of the total costs. Supplies and minor equipment also decreased \$293,846 or 20.1%.

Auxiliary service expenses (included above) decreased \$106,509 or 13.6%.

Net nonoperating revenues (expenses) are revenues and expenses not related directly to providing instruction. Net nonoperating revenues increased \$582,940 or 2.6%. The most important components of these revenues and expenses are:

Property tax revenues increased \$120,683 or 1.8% due to net new construction.

State operating appropriations increased \$20,134 or 0.1%.

Investment income increased \$273,255 due to higher interest rates.

Net position at June 30, 2019, increased \$3,242,655 as a result of the above mentioned changes.

Statements of Cash Flows

The statements of cash flows present information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing, and investing activities. This statement is important in evaluating the District's ability to meet financial obligations as they mature.

The following schedule shows the major components of the statements of cash flows:

	2019	Increase (Decrease) %	2018	Increase (Decrease) %	2017
Cash used in operating activities	\$ (17,475,800)	-5.0 %	\$ (18,402,562)	4.6 %	\$ (17,601,450)
Cash provided by non-capital financing activities	22,762,471	-0.6 %	22,893,055	1.0 %	22,669,205
Cash used in capital and related financing activities	(4,354,480)	9.7 %	(3,970,777)	-37.3 %	(6,329,103)
Net cash provided by investing activities	542,054	101.7 %	268,799	233.2 %	80,675
Net increase (decrease) in cash and cash equivalents	\$ 1,474,245		\$ 788,515		\$ (1,180,673)

Specific items of interest related to the statements of cash flows include the following:

The largest component of cash used in operating activities was payments to employees for salaries/wages. Payments decreased \$693,739 or 5.2%.

Another significant component of operating cash flows was payments to suppliers. This cash outflow, which decreased \$763,504 or 6.8%, represents the cost of doing business.

State and federal grants received decreased \$443,187 or 12.9% due to decreases in grant funding.

All property taxes received, \$6.6 million this year, are categorized as cash flows from non-capital financing activities. Property tax collections decreased \$150,718 or 2.2%. The other major item in this category is state appropriations, which accounted for slightly under \$16.2 million of positive cash flow.

The cash used in capital and related financing activities is primarily made up of two categories of cash flows: purchases of capital assets and capital related debt activity (note proceeds and principal and interest payments). Purchases of capital assets increased \$254,516 and principal paid on capital debt increased \$345,000.

Overall, the District's cash increased \$1,474,245 for the current fiscal period.

Statements of Net Position

The statements of net position include all assets (items the District owns and amounts owed to the District by others) and liabilities (what the District owes to others and what has been collected from others before we have provided services) and deferred outflows and inflows as applicable. This statement is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service to the District - regardless of when cash is exchanged. Below are highlights of the components of the statements of net position:

	2019	Increase (Decrease) %	2018	Increase (Decrease) %	2017
Assets:					
Cash and cash equivalents	\$ 26,804,261	5.8 %	\$ 25,330,016	3.2 %	\$ 24,541,501
Net capital assets	25,501,302	-3.8 %	26,511,147	-6.4 %	28,328,031
Other assets	3,119,671	-43.1 %	5,482,026	58.5 %	3,459,336
Total assets	55,425,234	-3.3 %	57,323,189	1.8 %	56,328,868
Deferred outflows of resources	8,061,061	69.2 %	4,764,453	-14.9 %	5,598,340
Liabilities:					
Other liabilities	796,688	3.9 %	766,573	-10.6 %	857,008
Long-term liabilities	13,370,256	-10.1 %	14,876,800	-18.4 %	18,226,787
Total liabilities	14,166,944	-9.4 %	15,643,373	-18.0 %	19,083,795
Deferred inflows of resources	4,487,511	-7.6 %	4,855,084	127.8 %	2,131,211
Net position:					
Net investment in capital assets	19,944,366	13.9 %	17,515,582	8.0 %	16,222,566
Restricted for debt service	4,214,260	-13.8 %	4,886,355	-8.2 %	5,323,181
Unrestricted	20,673,214	7.7 %	19,187,248	0.1 %	19,166,455
Total net position	\$ 44,831,840	7.8 %	\$ 41,589,185	2.2 %	\$ 40,712,202

Below are highlights of the components of the statements of net position:

Assets

Cash and cash equivalents are broken down into current and restricted. In total they increased 5.8%. Current cash and cash equivalents increased \$1,473,092 and the restricted total increased \$1,153.

Net capital assets totaled \$25,501,302. Capital assets were \$49,019,360 less \$23,518,058 of accumulated depreciation. Net capital assets decreased \$1,209,845 or 3.8%.

Other assets include property tax receivables which increased \$176,255 or 9.0%, accounts and other receivables decreased \$32,119 or 5.0%, inventory decreased \$964 or 0.7% and prepaid expenses decreased \$81,572 or 26.2%.

Liabilities

Total liabilities decreased \$1,476,429 or 9.4% for the fiscal year. The decrease was mainly due to the pay down of notes payable.

Other liabilities are a result of timing as to when the District pays its liabilities. Other liabilities totaled \$796,688 an increase of \$30,115 or 3.9%.

Long-term liabilities decreased \$1,506,544 or 10.1%. Notes payable decreased \$3,438,629 or 6.2%.

Net Position

Net position increased \$3,242,655 or 7.8%.

Net Investment in capital assets increased \$2,428,784 or 13.9%.

Restricted for debt service decreased \$672,095 or 13.8%.

Unrestricted net position of \$20,673,214 increased by \$1,485,966 or 7.7%.

Capital Assets and Debt Administration

The District's investment in capital assets as of June 30, 2019, amounts to \$25,501,302 (net of accumulated depreciation). These investments in capital assets include land and land improvements, buildings and improvements, and moveable equipment. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalization of capital assets.

At the end of the 2019 fiscal year, the District had total general obligation debt outstanding of \$5,455,000. The District maintained its solid rating of Aa1 by Moody's Investors Service and continues to meet all of its debt service requirements. Currently issued general obligation debt for equipment, building, and remodeling is repaid in five to ten year issues. The debt is secured by the full faith and credit of the unlimited taxing powers of the District. The current debt adequately replaces and expands the equipment and facility needs of the District. Additional information on the District's long-term debt can be found in the notes to the financial statements.

Financial Position

Some of the major highlights for the District's financial position are as follows:

Net position increased 7.8% to \$44,831,840.

Cash and investments increased 5.8% to \$26,804,261.

Non-current obligations of the District decreased 10.1% to \$13,370,256. This was mainly due to the decrease in notes payable.

The District has diversified sources of revenues consisting of: property taxes, state aid, student fees, federal and state grants, and other sources to meet the expenses of the District. The District has a diversity of revenues and higher-than-average tax base and lower-than-average mill rate in comparison to the other 15 technical colleges in Wisconsin.

Moody's Investors Service confirms the healthy financial position of the District in the most recent analysis of the District's financial condition:

Moody's believes the assignment of the Aa1 rating reflects the District's large and diverse tax base, strong financial position despite declines in enrollment, an average debt burden with rapid principal amortization, and low unfunded pension liabilities.

Economic Factors

The District is confident about its future for the following reasons:

Property valuations affect the District's primary source of revenues and continue to remain strong.

Consistently low mill rates currently in place at the District allow for future flexibility to address the needs of District residents. The College has one of the lowest mill rates among the 16 technical colleges in Wisconsin.

Despite the current strong position of the District, it should be kept in mind there are certain financial realities that must be addressed:

Expenses are expected to continue to increase due to additional burdens placed on the College to meet student needs.

Aging District facilities will require increased expenses for maintenance and upkeep.

Inflationary increases nationwide are felt by the District. The cost of technology and healthcare insurance are but two examples of expanding costs felt throughout the country.

The long-term financial outlook for the District is solid. The current financial position of the District is positive. The tax base is strong and sufficient reserves are in place to meet unexpected contingencies. The District is poised to maintain this positive status into the future.

Basic Financial Statements

Nicolet Area Technical College District

Statements of Net Position

June 30, 2019 and 2018

<i>Assets and Deferred Outflows of Resources</i>	2019	2018
Current assets:		
Cash and cash equivalents	\$ 26,752,327	\$ 25,279,235
Property taxes receivable	2,131,684	1,955,429
Accounts and other receivables	614,423	646,542
Inventories	143,466	144,430
Prepaid expenses	230,098	311,670
Total current assets	29,871,998	28,337,306
Noncurrent assets:		
Restricted cash and cash equivalents	51,934	50,781
Restricted net pension asset - WRS		2,423,955
Capital assets:		
Capital assets not being depreciated	214,500	214,500
Capital assets being depreciated	48,804,860	52,050,037
Less - Accumulated depreciation	(23,518,058)	(25,753,390)
Total noncurrent assets	25,553,236	28,985,883
Total assets	55,425,234	57,323,189
Deferred outflows of resources:		
Related to pensions - WRS	7,212,816	4,027,974
Related to OPEB - LRLIF	118,833	135,284
Related to OPEB - District OPEB plan	729,412	601,195
Total deferred outflows of resources	8,061,061	4,764,453
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 63,486,295	\$ 62,087,642
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>		
Current liabilities:		
Accounts payable	\$ 256,451	\$ 185,888
Accrued liabilities:		
Payroll, payroll taxes, and insurance	255,754	304,590
Interest	28,685	50,315
Due to student and other organizations	79,757	84,314
Unearned revenue	176,041	141,466
Current portion of long-term obligations	1,619,703	2,140,645
Total current liabilities	2,416,391	2,907,218
Noncurrent liabilities:		
Notes payable	3,956,936	6,875,565
Total OPEB liability - District OPEB plan	4,001,680	4,680,033
Net OPEB liability - LRLIF	802,444	1,000,627
Net pension liability - WRS	2,829,024	
Special termination benefits	160,469	179,930
Total noncurrent liabilities	11,750,553	12,736,155
Total liabilities	14,166,944	15,643,373
Deferred inflows of resources:		
Related to pensions - WRS	3,895,430	4,772,081
Related to OPEB - District OPEB plan	326,781	68,904
Related to OPEB - LRLIF	265,300	14,099
Total deferred inflows of resources	4,487,511	4,855,084
Net position:		
Net investment in capital assets	19,944,366	17,515,582
Restricted for debt service	4,214,260	4,886,355
Unrestricted	20,673,214	19,187,248
Total net position	44,831,840	41,589,185
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 63,486,295	\$ 62,087,642

See accompanying notes to financial statements.

Nicolet Area Technical College District

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Student program fees, net of scholarship allowances of \$879,811 and \$1,013,509, respectively	\$ 1,870,331	\$ 1,919,974
Student material fees, net of scholarship allowances of \$42,000 and \$52,098, respectively	107,666	116,618
Other student fees, net of scholarship allowances of \$64,428 and \$70,094, respectively	217,713	270,438
Federal grants	2,165,964	2,521,435
State grants	917,913	809,830
Business and industry contract revenues	426,821	437,296
Auxiliary enterprise revenues	505,813	649,145
Miscellaneous	144,828	174,860
Total operating revenues	6,357,049	6,899,596
Operating expenses:		
Instruction	11,894,129	12,312,372
Instructional resources	1,121,794	1,208,220
Student services	2,909,751	3,217,499
General institutional	5,403,410	5,617,752
Physical plant	1,786,492	1,752,593
Auxiliary enterprise services	674,577	781,086
Depreciation	2,070,167	2,171,603
Student aid	840,815	854,254
Total operating expenses	26,701,135	27,915,379
Operating loss	(20,344,086)	(21,015,783)
Nonoperating revenues (expenses):		
Property taxes	6,777,001	6,656,318
State operating appropriations	16,161,725	16,141,591
Gain (loss) on disposal of capital assets	48,355	(62,596)
Investment income	542,054	268,799
Interest expense	(121,002)	(178,919)
Net nonoperating revenues (expenses)	23,408,133	22,825,193
Income before capital grants and contributions	3,064,047	1,809,410
Capital grants and contributions	178,608	238,473
Income before special item	3,242,655	2,047,883
Special item - Loss on donation of buildings		(394,174)
Change in net position	3,242,655	1,653,709
Net position at beginning of year	41,589,185	39,935,476
Net position at end of year	\$ 44,831,840	\$ 41,589,185

See accompanying notes to financial statements.

Nicolet Area Technical College District

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Tuition and fees received	\$ 1,390,797	\$ 1,455,624
Federal and state grants received	2,981,730	3,424,917
Business, industry, and school district contract revenues received	476,018	382,213
Payments to employees	(12,555,967)	(13,249,706)
Payments to suppliers	(10,442,623)	(11,206,127)
Auxiliary enterprise revenues received	519,039	631,461
Other receipts	155,206	159,056
Net cash used in operating activities	(17,475,800)	(18,402,562)
Cash flows for noncapital financing activities:		
Local property taxes received	6,600,746	6,751,464
State appropriations received	16,161,725	16,141,591
Net cash provided by noncapital financing activities	22,762,471	22,893,055
Cash flows from capital and related financing activities:		
Grants and contributions received for capital assets	238,747	150,000
Proceeds from the sale of capital assets	58,039	4,001
Purchases of capital assets	(1,070,005)	(815,489)
Principal paid on capital debt	(3,380,000)	(3,035,000)
Interest paid on capital debt	(201,261)	(274,289)
Net cash used in capital and related financing activities	(4,354,480)	(3,970,777)
Cash flows from investing activities - Investment income received	542,054	268,799
Net increase in cash and cash equivalents	1,474,245	788,515
Cash and cash equivalents at beginning of year	25,330,016	24,541,501
Cash and cash equivalents at end of year	\$ 26,804,261	\$ 25,330,016

Nicolet Area Technical College District

Statements of Cash Flows (Continued)

Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (20,344,086)	\$ (21,015,783)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,070,167	2,171,603
Changes in assets and liabilities:		
Accounts and other receivables	(28,020)	(3,629)
Inventories	964	100,617
Prepaid items	81,572	297,604
Accounts payable	70,564	(252,136)
Accrued expenses	(48,836)	154,689
Due to student and other organizations	(4,557)	15,922
Unearned revenue	34,575	11,558
Net pension changes (including deferred outflows and inflows)	1,191,486	362,416
Postemployment benefit changes (including deferred outflows and inflows)	(499,629)	(245,423)
Total adjustments	2,868,286	2,613,221
Net cash used in operating activities	\$ (17,475,800)	\$ (18,402,562)

See accompanying notes to financial statements.

Nicolet Area Technical College District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

The financial statements of Nicolet Area Technical College District (the "District") have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to public colleges and universities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

Reporting Entity

The District was organized in 1967 under state legislation. The District is fully accredited by the Higher Learning Commission of the North Central Association. The geographic area of the District is comprised of all or part of six counties.

The District, governed by a nine-member Board appointed by Board chairpersons of counties within the service area, operates a public community college offering one and two year degrees, liberal arts studies, and a comprehensive adult education program. As the District's governing authority, the Board's powers include:

Authority to borrow money and levy taxes;

Budgeting authority; and

Authority over other fiscal and general management of the District which includes, but is not limited to, the authority to execute contracts, to exercise control over facilities and properties, to determine the outcome or disposition of matters affecting the recipients of the services provided, and to approve the hiring or retention of key management personnel who implement Board policy and directives.

This report includes all of the funds of the 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. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. 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.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; or (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

Nicolet Area Technical College District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Nicolet College Foundation, Inc. (the "Foundation") is a not-for-profit organization whose purpose is to solicit, hold, manage, invest, and expend endowment funds and other gifts, grants, and bequests exclusively for the benefit of the District and its students. The Foundation is managed by an independent Board of Directors and is not financially accountable to the District. The financial resources of the Foundation are not significant to the District as a whole, and accordingly, financial information related to the Foundation is not included in these financial statements.

Measurement Focus and Basis of Accounting

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Operating revenues and expenses generally include all fiscal transactions directly related to instructional and auxiliary enterprise activities plus administration, operation, and maintenance of capital assets and depreciation on capital assets. Included in nonoperating revenues are property taxes, State appropriations, investment income, and revenues for capital construction projects. Interest on debt is a nonoperating expense. All significant inter-district transactions have been eliminated.

Use of Estimates

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

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State Statutes permit the District to invest available cash balances in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations within Wisconsin, high-grade commercial paper which matures in less than seven years, and the local government pooled investment fund administered by the State of Wisconsin investment board.

All investments are stated at fair value, except for the District's investment in the Wisconsin Investment Series Cooperative, which is reported at amortized cost. Investment income includes changes in fair value of investments, interest, and realized gains and losses.

Nicolet Area Technical College District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables

All accounts receivable are reported net of any anticipated losses due to uncollectible accounts. The collectability of accounts are evaluated closely at the close of each fiscal year and the allowance for uncollectible accounts is adjusted to a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio.

Inventories and Prepaid Expenses

Inventories of books and supplies are valued at the lower of cost, using the first-in/first-out (FIFO) method or market. Instructional and administrative inventories are accounted for as expenses when purchased as there are no material amounts on hand at year-end. Prepaid expenses represent payments made by the District for which benefits extend beyond June 30.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing capital assets.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for site improvements and buildings and 5 to 15 years for furniture and equipment.

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

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets constructed is included as part of the value of the assets constructed. For the year ended June 30, 2019, total interest incurred was \$179,631 of which none was included as part of the cost of the capital assets constructed.

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statements of revenues, expenses, and changes in net position. There were no impairment losses recorded in the years ended June 30, 2019 and 2018.

Capital assets not being depreciated include land.

Nicolet Area Technical College District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

Long-term debt and long-term obligations are reported as liabilities in the financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Vacation - District employees are granted vacation in varying amounts, based on length of service. With supervisor approval, an employee may carry over up to ten (10) days of vacation to use in the following calendar year. Employees leaving the District for any reason are entitled to payment for all earned vacation time. Unearned vacation time that has been used will be deducted from an employee's final pay. Liabilities for vacation and salary related payments, including social security taxes, are recorded when incurred.

Sick Leave - The District provides ten (10) days of sick leave per calendar year. The accumulated sick leave does not vest, therefore no liability has been accrued.

Wisconsin Retirement System (WRS) Pension - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the WRS, and additions to/deductions from WRS's 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.

Postemployment Benefits (District Plan) - For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District OPEB plan, and additions to/deductions from District fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit term. Investments are reported at fair value.

Postemployment Benefits (LRLIF) - The fiduciary net position of the LRLIF has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

Special Termination Benefits - The District has also offered additional funding of insurance costs as an incentive to encourage early retirement in prior years. The remaining balance of this incentive is recognized as a long-term liability in the statements of net position.

Nicolet Area Technical College District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Assets

Restricted assets are cash, cash equivalents, and investments whose use is limited by legal requirements such as bond indenture or investment in an irrevocable trust.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Unspent portions of capital-related debt proceeds are not included in this category. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the remaining amounts that do not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use it is the District's policy to use externally restricted resources first.

Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the District and taxing entities treasurers for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the taxing entities before retaining any for county purposes.

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full by two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Under Section 38.16 of the Wisconsin Statutes, the District Board may levy a tax not to exceed the prior year's levy by the District's inflation factor, which is equal to the percentage change in the District's equalized value from the prior year due to net new construction, for the purposes of making capital improvements, acquiring equipment, operating, and maintaining schools. The limitation is not applicable to taxes levied for the purpose of paying principal and interest on general obligation notes payable issued by the District. For the years ended June 30, 2019 and 2018, the District levied at the following mill rate:

	2019	2018
Operating purposes	\$ 0.22912	\$ 0.22651
Debt service requirements	0.16042	0.16355
Total	\$ 0.38954	\$ 0.39006

Nicolet Area Technical College District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

State and Federal Revenues

State general and categorical aids are recognized as revenues in the entitlement year. Federal and state aids for reimbursable programs are recognized as revenues in the year related program expenditures are incurred or eligibility requirements are met. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenue.

Tuition and Fees

Student tuition and fees are recorded, net of scholarships, as revenues in the period in which the related activity or instruction takes place. Tuition and fees for the summer semester are prorated on the basis of student class days occurring before and after June 30.

Scholarship Allowances and Student Financial Aid

Financial aid to students is reported in the basic financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain student financial aid (loans, funds provided to students as awarded by third parties, and Federal direct loans) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenue. Scholarship allowances represent the amount of aid applied directly to the student's account. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total District basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

Classification of Revenues and Expenses

The District has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues/expenses - Operating revenues and expenses include activities that have the characteristics of exchange transactions to provide goods or services related to the District's principal ongoing operations. Operating revenues include 1) student tuition and fees, net of scholarship allowance, 2) sales and services provided by auxiliary enterprise, and 3) most federal, state, and local grants and contracts that are essentially the same as contracts for services that finance programs of the District. Operating expenses include the cost of providing educational services, student aid, administrative expenses, and depreciation on capital assets.

Nonoperating revenues/expenses - Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions. Nonoperating revenues include gifts and contributions and other revenue sources such as state appropriations, the local property tax levy, investment income, and any grants and contracts not classified as operating revenue or restricted by the grantor to be used exclusively for capital programs. Nonoperating expenses include interest on long-term obligation and losses on the disposal of capital assets.

Nicolet Area Technical College District

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section of 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the District's OPEB plan, the Local Retiree Life Insurance Fund (LRLIF), and the Wisconsin Retirement System (WRS). The deferred outflows of resources related to the District OPEB plan represent District contributions to the plans subsequent to the measurement date of the total OPEB liability. The deferred outflows of resources related to the LRLIF and WRS represent its proportionate shares of collective deferred outflows of resources of the plans and District contributions to the plans subsequent to the measurement date of the collective net pension and OPEB liabilities (assets).

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 the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to the District's OPEB plan, LRLIF, and WRS. The deferred inflows related to LRLIF and WRS represent its proportionate shares of the collective deferred inflows of resources of the plans. The District reports deferred inflows of resources related to the District OPEB plan for changes in assumptions and the net difference between projected and actual earnings on OPEB plan investments.

Subsequent Events

Subsequent events have been evaluated through December 6, 2019, which is the date the financial statements were available to be issued.

Note 2: Cash and Investments

The District's cash and cash equivalents consisted of the following at June 30:

	2019	2018
WISC Investment Series	\$ 51,934	\$ 50,781
Cash deposits with financial institutions carrying amount	26,745,152	25,276,260
Petty cash	7,175	2,975
Total cash and cash equivalents	\$ 26,804,261	\$ 25,330,016

Cash and cash equivalents are classified on June 30:

	2019	2018
Restricted - Capital projects	\$ 51,934	\$ 50,781
Unrestricted	26,752,327	25,279,235
Total cash and cash equivalents	\$ 26,804,261	\$ 25,330,016

Nicolet Area Technical College District

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$26,228,399 of the District's bank balance of \$27,129,979 was subject to custodial credit risk as uninsured, however, this balance was collateralized with securities held by the pledging financial institution's agent in an account titled in the District's name.

Investments

Interest Rate Risk - Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statutes limit the maturity of commercial paper and corporate bonds to not more than seven years. The Wisconsin Investment Series Cooperative (WISC) weighted average maturity is less than 120 days.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State Statutes limit investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Investment Series Cooperative. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - For an investment, concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have an investment policy for concentration of credit risk. At June 30, 2019 and 2018, the District had no investments in any one issuer (excluding U.S. Treasury securities, money market funds, and the external investment pool) that represent 5% or more of the total District investments.

The District is a participant in the Wisconsin Investment Series Cooperative (WISC) funds, which are authorized under Wisconsin Statute 66.0301 and are governed by a commission in accordance with the terms of an intergovernmental cooperation agreement. The WISC is not registered with the SEC as an investment company. The WISC reports to participants on the amortized cost basis. WISC shares are bought and redeemed at \$1 based on the amortized cost of the investments in the pool. Participants in WISC have the right to withdraw their funds in total on one day's notice. The investments in WISC are not subject to the fair value hierarchy disclosures.

Note 3: Accounts and Other Receivables

Accounts and other receivables consisted of the following on June 30:

	2019	2018
Intergovernmental	\$ 322,345	\$ 280,337
Contracted services	59,362	159,212
Student receivable	268,000	222,052
Other	6,716	19,941
Allowance for uncollectible amounts	(42,000)	(35,000)
Total	\$ 614,423	\$ 646,542

Nicolet Area Technical College District

Notes to Financial Statements

Note 4: Capital Assets

Capital asset balances and activity were as follows for the years ended June 30:

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019
Capital assets not being depreciated:				
Land	\$ 214,500	\$ 0	\$ 0	\$ 214,500
Capital assets being depreciated:				
Site improvements	796,148	205,391		1,001,539
Buildings	14,699,832			14,699,832
Building improvements	17,682,554	234,793		17,917,347
Furniture and equipment	18,871,503	629,821	4,315,182	15,186,142
Total capital assets being depreciated	52,050,037	1,070,005	4,315,182	48,804,860
Less accumulated depreciation for:				
Site improvements	470,254	35,204		505,458
Buildings	6,970,473	340,030		7,310,503
Building improvements	3,556,229	518,244		4,074,473
Furniture and equipment	14,756,434	1,176,689	4,305,499	11,627,624
Total accumulated depreciation	25,753,390	2,070,167	4,305,499	23,518,058
Total capital assets being depreciated, net of accumulated depreciation	26,296,647	(1,000,162)	(9,683)	25,286,802
Net capital assets	26,511,147	\$ (1,000,162)	\$ (9,683)	25,501,302
Less outstanding debt related to capital assets	(8,995,565)			(5,556,936)
Net investment in capital assets	\$ 17,515,582			\$ 19,944,366

Nicolet Area Technical College District

Notes to Financial Statements

Note 4: Capital Assets (Continued)

	Balance 7/1/2017	Increases	Decreases	Balance 6/30/2018
Capital assets not being depreciated:				
Land	\$ 214,500	\$ 0	\$ 0	\$ 214,500
Capital assets being depreciated:				
Site improvements	637,808	158,340		796,148
Buildings	15,199,134		499,302	14,699,832
Building improvements	17,828,043	45,097	190,586	17,682,554
Furniture and equipment	19,130,588	612,052	871,137	18,871,503
Total capital assets being depreciated	52,795,573	815,489	1,561,025	52,050,037
Less accumulated depreciation for:				
Site improvements	439,269	30,985		470,254
Buildings	6,890,080	347,520	267,127	6,970,473
Building improvements	3,065,377	519,440	28,588	3,556,229
Furniture and equipment	14,287,316	1,273,658	804,540	14,756,434
Total accumulated depreciation	24,682,042	2,171,603	1,100,255	25,753,390
Total capital assets being depreciated, net of accumulated depreciation	28,113,531	(1,356,114)	460,770	26,296,647
Net capital assets	28,328,031	\$ (1,356,114)	\$ 460,770	26,511,147
Less outstanding debt related to capital assets	(12,105,465)			(8,995,565)
Net investment in capital assets	\$ 16,222,566			\$ 17,515,582

Nicolet Area Technical College District

Notes to Financial Statements

Note 5: Long-Term Obligations

Long-term liability activity for the years ended June 30, 2019 and 2018, was as follows:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts Due Within One Year
General obligation notes	\$ 8,835,000	\$ 0	\$ 3,380,000	\$ 5,455,000	\$ 1,600,000
Premium on general obligation notes	160,565		58,629	101,936	
Special termination benefits	200,575		20,403	180,172	19,703
Totals	\$ 9,196,140	\$ 0	\$ 3,459,032	\$ 5,737,108	\$ 1,619,703

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018	Amounts Due Within One Year
General obligation notes	\$ 11,870,000	\$ 0	\$ 3,035,000	\$ 8,835,000	\$ 2,120,000
Premium on general obligation notes	235,464		74,899	160,565	
Special termination benefits	222,157		21,582	200,575	20,645
Totals	\$ 12,327,621	\$ 0	\$ 3,131,481	\$ 9,196,140	\$ 2,140,645

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2019 and 2018, is comprised of the following individual issues:

	2019	2018
September 3, 2014 general obligation promissory note (1)	\$ 0	\$ 225,000
September 1, 2015 general obligation promissory note (2)	300,000	650,000
March 1, 2012 general obligation promissory note (3)	450,000	615,000
April 10, 2012 general obligation promissory note (4)	780,000	900,000
May 15, 2009 general obligation promissory note (5)		60,000
May 3, 2011 general obligation promissory note (6)		1,560,000
May 2, 2016 general obligation promissory note (7)	1,200,000	1,300,000
June 4, 2012 general obligation promissory note (8)	615,000	765,000
July 7, 2011 general obligation promissory note (9)	425,000	600,000
June 30, 2016 general obligation promissory note (10)	1,125,000	1,250,000
September 1, 2016 general obligation promissory note (11)	560,000	910,000
Total general obligation debt	\$ 5,455,000	\$ 8,835,000

Nicolet Area Technical College District

Notes to Financial Statements

Note 5: Long-Term Obligations (Continued)

General Obligation Debt (Continued)

- (1) Promissory note held at Cede & Co. with original amount of \$1,400,000 issued to finance capital assets, with interest at 2% to 2.125%. Principal due annually on April 1, with a final maturity on April 1, 2019.
- (2) Promissory note held at Cede & Co. with original amount of \$1,400,000 issued to finance capital assets, with interest at 2% to 2.25%. Principal due annually on April 1, with a final maturity on April 1, 2020.
- (3) Promissory note held at Cede & Co. with original amount of \$1,500,000 issued to finance capital assets, with interest at 1.5% to 2%. Principal due annually on April 1, with a final maturity on April 1, 2021.
- (4) Promissory note held at Cede & Co. with original amount of \$1,500,000 issued to finance capital assets, with interest at 2% to 2.5%. Principal due annually on April 1, with a final maturity on April 1, 2022.
- (5) Promissory note held at Cede & Co. with original amount of \$600,000 issued to finance capital assets, with interest at 2.75% to 3.75%. Principal due annually on April 1, with a final maturity on April 1, 2019.
- (6) Promissory note held at Cede & Co. with original amount of \$3,000,000 issued to finance capital assets, with interest at 2% to 3.25%. Principal due annually on April 1, with a final maturity on April 1, 2019.
- (7) Promissory note held at Cede & Co. with original amount of \$1,500,000 issued to finance building remodeling and improvement projects, with interest at 1% to 2%. Principal due annually on April 1, with a final maturity on April 1, 2026.
- (8) Promissory note held at Cede & Co. with original amount of \$1,500,000 issued to finance capital assets, with interest at 1.25% to 2%. Principal due annually on April 1, with a final maturity on April 1, 2022.
- (9) Promissory note held at Cede & Co. with original amount of \$1,500,000 issued to finance capital assets, with interest at 2% to 2.9%. Principal due annually on April 1, with a final maturity on April 1, 2021.
- (10) Promissory note held at Cede & Co. with original amount of \$1,500,000 issued to finance building remodeling and improvement projects, with interest at 1% to 2%. Principal due annually on April 1, with a final maturity on April 1, 2026.
- (11) Promissory note held at Cede & Co. with original amount of \$1,400,000 issued to to pay the cost of acquiring moveable equipment, with interest at 1.5% to 2%. Principal due annually on April 1, with a final maturity on April 1, 2021.

Nicolet Area Technical College District

Notes to Financial Statements

Note 5: Long-Term Obligations (Continued)

General Obligation Debt (Continued)

The District has the power to incur indebtedness for certain purposes specified by Section 67.03(1)(a), Wisconsin Statutes in an aggregate amount, not exceeding 5% of the equalized value of the taxable property within the District, as last determined by the Wisconsin Department of Revenue. The legal debt limit and the margin of indebtedness as of June 30, 2019, are calculated as follows:

Legal debt limit (5% of \$17,479,000,541)	\$	873,950,027
Deduct - Long-term debt applicable to debt margin		(5,455,000)
Restricted net position available for debt service		4,214,260
<hr/>		
Margin of indebtedness	\$	872,709,287

Wisconsin Statutes 67.03(9) provides that the amount of bonded indebtedness for the purpose of purchasing school sites and the construction and equipping of school buildings may not exceed 2% of the equalized valuation of the taxable property, including tax incremental districts, in the District. This limit was \$349,580,011 at June 30, 2019, and the District's outstanding bonded indebtedness (net of resources to pay principal and interest) was \$0.

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt as of June 30, 2019, follows:

Year Ended June 30	Principal	Interest	Totals
2020	\$ 1,600,000	\$ 114,743	\$ 1,714,743
2021	1,335,000	80,730	1,415,730
2022	970,000	52,442	1,022,442
2023	350,000	31,000	381,000
2024	400,000	24,000	424,000
2025-2026	800,000	24,000	824,000
<hr/>			
Totals	\$ 5,455,000	\$ 326,915	\$ 5,781,915

Note 6: Employee Retirement Plans - Wisconsin Retirement System (WRS)

Plan Description - The Wisconsin Retirement System (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 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Nicolet Area Technical College District

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement System (WRS) (Continued)

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 executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)%	22.0 %
2011	(1.2)%	11.0 %
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0 %
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %

Nicolet Area Technical College District

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement System (WRS) (Continued)

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

For the years ended June 30, 2019 and 2018, the WRS recognized \$752,776 and \$811,765, respectively, in contributions from the employer.

The District only has employees in the general category which had the following contribution rates as of June 30, 2019 and 2018:

	2019		2018	
	Employee	Employer	Employee	Employer
General (including teachers, executives, and elected officials)	6.55 %	6.55 %	6.70 %	6.70 %

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019 and 2018, the District reported a liability (asset) of \$2,829,024 and \$(2,423,955), respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of the calendar year-end that falls within the District's fiscal year and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation one year prior to that date rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018 and 2017, the District's proportion was .07951865% and .08163889%, which was a decrease of .00212024% and a decrease of .00057869% from its proportion measured in the respective prior year.

For the years ended June 30, 2019 and 2018, the District recognized pension expense of \$1,944,262 and \$1,174,181.

Nicolet Area Technical College District

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement System (WRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) - At June 30, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,203,382	\$ (3,894,787)	\$ 3,079,697	\$ (1,440,580)
Changes in assumptions	476,870		478,926	
Net differences between projected and actual earnings on pension plan investments	4,131,596			(3,331,501)
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,879	(643)	65,535	
Employer contributions subsequent to the measurement date	371,089		403,816	
Total	\$ 7,212,816	\$ (3,895,430)	\$ 4,027,974	\$ (4,772,081)

\$371,089 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Increase (Decrease) in Pension Expense
2020	\$ 1,079,137
2021	271,717
2022	463,501
2023	1,131,942

Nicolet Area Technical College District

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement System (WRS) (Continued)

Actuarial Assumptions - The total pension liability (asset) in the actuarial valuations used for the years ended June 30, 2019 and 2018, were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2019	2018
Actuarial Valuation Date	December 31, 2017	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2018	December 31, 2017
Actuarial Cost Method	Entry Age	Entry Age
Asset Valuation Method	Fair Market Value	Fair Market Value
Long-Term Expected Rate of Return	7.0 %	7.2 %
Discount Rate	7.0 %	7.2 %
Salary Increases:		
Inflation	3.0 %	3.2 %
Seniority/Merit	0.1% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table
Postretirement Adjustments*	1.9 %	2.1 %

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability (asset) for December 31, 2018 and 2017, is based upon a rollforward of the liability calculated from the December 31, 2017 and 2016, actuarial valuations.

Nicolet Area Technical College District

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement System (WRS) (Continued)

Actuarial Assumptions (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 included on the pension plan's target asset allocation as of December 31, 2018, are summarized in the following tables:

<u>Asset Allocation Targets and Expected Returns</u>	<u>December 31, 2018</u>		
	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return%</u>
<u>Core Fund</u>			
Global equities	49.0 %	8.1 %	5.5 %
Fixed income	24.5 %	4.0 %	1.5 %
Inflation sensitive assets	15.5 %	3.8 %	1.3 %
Real estate	9.0 %	6.5 %	3.9 %
Private equity/debt	8.0 %	9.4 %	6.7 %
Multi-asset	4.0 %	6.7 %	4.1 %
Total core fund	110.0 %	7.3 %	4.7 %
<u>Variable Fund</u>			
U.S. equities	70.0 %	7.6 %	5.0 %
International equities	30.0 %	8.5 %	5.9 %
Total variable fund	100.0 %	8.0 %	5.4 %

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

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

Nicolet Area Technical College District

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement System (WRS) (Continued)

Actuarial Assumptions - Long-term Expected Return on Plan Assets: (Continued)

Asset Allocation Targets and Expected Returns	December 31, 2017		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return%
<u>Core Fund</u>			
Global equities	50.0 %	8.2 %	5.3 %
Fixed income	24.5 %	4.2 %	1.4 %
Inflation sensitive assets	15.5 %	3.8 %	1.0 %
Real estate	8.0 %	6.5 %	3.6 %
Private equity/debt	8.0 %	9.4 %	6.5 %
Multi-asset	4.0 %	6.5 %	3.6 %
Total core fund	110.0 %	7.3 %	4.4 %
<u>Variable Fund</u>			
U.S. equities	70.0 %	7.5 %	4.6 %
International equities	30.0 %	7.8 %	4.9 %
Total variable fund	100.0 %	7.9 %	5.0 %

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

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

Single Discount Rate: A single discount rate of 7.0% was used to measure the total pension liability, as opposed to a discount rate of 7.2% for the prior year. The discount rate is based on the expected rate of return on pension plan investments. Because of the unique structure of WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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.

Nicolet Area Technical College District

Notes to Financial Statements

Note 6: Employee Retirement Plans - Wisconsin Retirement System (WRS) (Continued)

Actuarial Assumptions (Continued) - Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	2019		2018	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to the rate	6.0 %	\$ 11,242,838	6.2 %	\$ 6,271,600
Current discount rate	7.0 %	\$ 2,829,204	7.2 %	\$ (2,423,955)
1% increase to the rate	8.0 %	\$ (3,427,299)	8.2 %	\$ (9,032,847)

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

Payables to the Pension Plan - At June 30, 2019 and 2018, the District reported a payable of \$120,477 and \$139,115 for the outstanding amount of employer contributions to the pension plan, respectively.

Note 7: Special Termination Benefits

The District has offered additional funding of insurance costs as an incentive to encourage early retirement in prior years.

During the year ended June 30, 2019, 16 employees received benefits under these provisions totaling \$20,403. During the year ended June 30, 2018, 15 employees received benefits under these provisions totaling \$21,582. The value of providing these benefits in the future aggregated \$180,172 and \$200,575 on June 30, 2019 and 2018, respectively.

Note 8: Other Postemployment Benefits - District OPEB Plan

Plan Description - The District administers a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. No assets are accumulated in an irrevocable trust and therefore there is no standalone report for the plan.

Benefits Provided - Employees hired prior to July 1, 2015, are eligible at age 55. The eligibility requirements as of July 1, 2015, are based on the years of service and age at retirement. If eligible, the retiree may receive medical insurance benefits until the earliest of the following three events: the benefit is exhausted, the retiree reaches Medicare eligibility, or death of the retiree. Effective July 1, 2015, the amount of the benefit is determined by applying accumulated sick leave days to a benefit multiplier, based on years of service.

Employees Covered by the Benefit Terms - At June 30, 2018, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	78
Active employees	153
Total	231

Nicolet Area Technical College District

Notes to Financial Statements

Note 8: Other Postemployment Benefits - District OPEB Plan (Continued)

Total OPEB Liability - The District's total OPEB liability at June 30, 2019, was \$4,001,680, was measured as of June 30, 2018, and was determined by an actuarial valuation dated June 30, 2018. The District's total OPEB liability at June 30, 2018, was \$4,680,033, was measured as of June 30, 2017, and was determined by an update to the actuarial valuation dated June 30, 2016.

Actuarial Assumptions - The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age Normal
Inflation	2.50 %
Discount Rate	3.75 %
Healthcare cost trend rate	1.3% in the first calendar year, followed by 7.0% decreasing by 0.5% down to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter

The total OPEB liability in the June 30, 2017, update to the actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age Normal
Inflation	2.50 %
Discount Rate	3.50 %
Healthcare cost trend rate	7.5% decreasing by 0.5% per year down to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter

The 3.75% discount rate used to measure the total OPEB liability was determined by the actuary at Bond Buyer Go for a 20-year AA Bond municipal bond as of June 30, 2018. Mortality rates are based upon the Wisconsin Retirement System (WRS) 2012 Mortality Table adjusted for future mortality improvements using the MP-2015 fully generated improvement scale (multiplied 50%). The actuarial assumptions are based on an experience study conducted in 2015 using WRS experience from 2012 to 2014.

Changes in Total OPEB Liability - OPEB liability activity for the years ended June 30, 2019 and 2018, were as follows:

Balance at July 1, 2018	\$	4,680,033
Service cost		141,545
Interest		155,757
Differences between expected and actual experience		(183,855)
Changes in assumptions or other input		(190,605)
Benefit payments		(601,195)
Balance at June 30, 2019	\$	4,001,680
Balance at July 1, 2017	\$	5,221,496
Service cost		149,919
Interest		147,686
Changes in assumptions or other input		(91,872)
Benefit payments		(747,196)
Balance at June 30, 2018	\$	4,680,033

Nicolet Area Technical College District

Notes to Financial Statements

Note 8: Other Postemployment Benefits - District OPEB Plan (Continued)

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate - The following represents the District's total OPEB liability calculated using the discount rate, as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate:

	2019		2018	
	Discount Rate	Total OPEB Liability	Discount Rate	Total OPEB Liability
1% decrease to the rate	2.75 %	\$ 4,164,134	2.50 %	\$ 4,865,548
Current rate	3.75 %	\$ 4,001,680	3.50 %	\$ 4,680,033
1% increase to the rate	4.75 %	\$ 3,846,944	4.50 %	\$ 4,501,707

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following represents the District's total OPEB liability calculated using the current healthcare cost trend rate as well as what the District's total OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2019		2018	
	Healthcare Cost Trend Rate	Total OPEB Liability	Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease to the rate	0.3%, then 6.0% to 4.0%	\$ 3,940,225	6.5% decreasing to 4.0%	\$ 4,580,733
Current rate	1.3%, then 7.0% to 5.0%	\$ 4,001,680	7.5% decreasing to 5.0%	\$ 4,608,033
1% increase to the rate	2.3%, then 8.0% to 6.0%	\$ 4,056,732	8.5% decreasing to 6.0%	\$ 4,774,469

OPEB Expense and Deferred Outflow of Resources - For the years ended June 30, 2019 and 2018, the District recognized OPEB expense of \$180,719 and \$274,637, respectively. At June 30, 2018 and 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 0	\$ (188,890)	\$ 0	\$ (68,904)
Differences between expected and actual experience		(137,891)		
Employer contributions subsequent to the measurement date	729,412		601,195	
Total	\$ 729,412	\$ (326,781)	\$ 601,195	\$ (68,904)

Nicolet Area Technical College District

Notes to Financial Statements

Note 8: Other Postemployment Benefits - District OPEB Plan (Continued)

OPEB Expense and Deferred Outflow of Resources (Continued) - \$729,412 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended June 30	Increase (Decrease) in OPEB Expense
2020	\$ (116,583)
2021	(116,583)
2022	(93,615)

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description - The Local Retiree Life Insurance Fund (LRLIF) is a cost-sharing multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position - ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found online at <http://etf.wi.gov/publications/cafr.htm>.

Benefits Provided - The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-age 65 retirees who pay for their coverage.

Contributions - The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2019 and 2018, are as follows:

Coverage Type	Employer Contribution
50% postretirement coverage	40% of employee contribution
25% postretirement coverage	20% of employee contribution

Nicolet Area Technical College District

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Contributions (Continued) - Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the years ended December 31, 2018 and 2017, are as listed below:

Life Insurance Employee Contribution Rates
For the Years Ended December 31, 2018 and 2017

Attained Age	Basic	Supplemental
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

For the years ended June 30, 2019 and 2018, the LRLIF recognized \$5,707 and \$6,331, respectively, in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019 and 2018, the District reported a liability of \$802,444 and \$1,000,627, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of the calendar year-end that falls within the District's fiscal year and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation one year prior to that date rolled forward to measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018 and 2017, the District's proportion was 0.31098400% and 0.33259100%, which was a decrease of 0.02160700% and an increase of 0.1139400% from its proportion measured in the respective year.

For the years ended June 30, 2019 and 2018, the District recognized OPEB expense of \$75,176 and \$109,047.

Nicolet Area Technical College District

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued) - At June 30, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (40,707)	\$ 0	\$ (14,099)
Net differences between projected and actual earnings on OPEB plan investments	19,177		11,522	
Changes in assumptions	76,566	(173,938)	96,693	
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,315	(50,655)	23,989	
Employer contributions subsequent to the measurement date	2,775		3,080	
Total	\$ 118,833	\$ (265,300)	\$ 135,284	\$ (14,099)

\$2,775 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2020	\$ (20,355)
2021	(20,355)
2022	(20,355)
2023	(23,048)
2024	(25,823)
Thereafter	(39,306)

Nicolet Area Technical College District

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions - The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2018
Measurement date of net OPEB liability	December 31, 2018
Actuarial cost method	Entry Age Normal
20 year tax-exempt municipal bond yield	4.10%
Long-term expected rate of return	5.00%
Discount rate	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2017
Measurement date of net OPEB liability	December 31, 2017
Actuarial cost method	Entry Age Normal
20 year tax-exempt municipal bond yield	3.44%
Long-term expected rate of return	5.00%
Discount rate	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table

Long-Term Expected Return on Plan Assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investment). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Nicolet Area Technical College District

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions - Long-Term Expected Return on Plan Assets (Continued):

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
 As of December 31, 2018

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Government bonds	Barclays Government	1%	1.44%
U.S. Credit bonds	Barclays Credit	40%	2.69%
U.S. Long Credit bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
 As of December 31, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Government bonds	Barclays Government	1%	1.13%
U.S. Credit bonds	Barclays Credit	65%	2.61%
U.S. Long Credit bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
U.S. Municipal bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single Discount Rate: A single discount rate of 4.22% was used to measure the total OPEB liability, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Nicolet Area Technical College District

Notes to Financial Statements

Note 9: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2019		2018	
	Discount Rate	Net OPEB Liability	Discount Rate	Net OPEB Liability
1% decrease to the rate	3.22 %	\$ 1,141,529	2.63 %	\$ 1,414,266
Current discount rate	4.22 %	\$ 802,444	3.63 %	\$ 1,000,627
1% increase to the rate	5.22 %	\$ 540,916	4.63 %	\$ 683,202

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Note 10: Risk Management

Districts Mutual Insurance Company (DMI)

In July 2004, all 16 WTCS technical colleges created the Districts Mutual Insurance Company (DMI). Districts Mutual Insurance Company is a fully-assessable mutual company authorized under Wisconsin Statute 611 to provide property, casualty and liability insurance, and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$500,225,000 per occurrence; general liability, auto, and educators legal liability at \$5,000,000 per occurrence; and worker's compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure in its layer of insurance is limited to \$2,500 to \$100,000 per occurrence depending on the type of coverage and DMI purchases reinsurance for losses in excess of its retained layer of coverage.

DMI operations are governed by a five-member Board of Directors. Member colleges do not exercise any control over the activities of DMI beyond election of the Board of Directors at the annual meeting. The Board has the authority to adopt its own budget, set policy matters, and control the financial affairs of the company.

Each member college was assessed an annual premium that included a capitalization component to establish reserves for the company. Since DMI is fully capitalized, member districts have not been assessed a capitalization amount for fiscal years 2019 and 2018. For the years ended June 30, 2019 and 2018, the District paid premiums of \$117,699 and \$129,622, respectively. Future premiums will be based on relevant rating exposure bases as well as the historical loss experienced by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

The audited DMI financial statements can be obtained through Districts Mutual Insurance Co., 212 W. Pinehurst Trail, Dakota Dunes, South Dakota 57049.

Nicolet Area Technical College District

Notes to Financial Statements

Note 10: Risk Management (Continued)

Supplemental Insurance

In July 1997, the WTCS technical colleges formed the WTCS Insurance Trust to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. The trust is organized under Wisconsin Statutes 66.0301 and is governed by a board of trustees consisting of one trustee from each member college. Member entities include all 16 Wisconsin Technical College System districts.

The WTCS Insurance Trust has purchased the following levels of coverage from commercial carriers for its members:

Foreign Liability - \$1,000,000 aggregate general; \$1,000,000 auto per accident; \$1,000,000 employee benefits; includes benefit for accidental death and dismemberment, repatriation, and medical expenses, and \$1,000 deductible for employee benefits.

Crime - \$750,000 coverage for employee dishonesty, forgery, computer fraud, and funds transfer fraud; \$750,000 coverage for theft, robbery, burglary, disappearance and destruction of money and securities; \$25,000 coverage for investigation expenses; \$2,500 deductible for investigation; and \$5,000 deductible for employee dishonesty, forgery, and fraud.

The scope of settled claims has not exceeded the coverage limits in any of the past four fiscal years. There was no significant reduction in the District's insurance coverage in fiscal year 2019.

The Trust financial statements can be obtained through Lakeshore Technical College District, 1290 North Avenue, Cleveland, WI 53015.

Public Risk Entity Pool

As of January 1, 2018, the District joined the Wisconsin Technical College Employee Benefits Consortium (WTCEBC). WTCEBC is a public entity risk pool that the District participates in to provide health insurance coverage to its employees. The main purpose of WTCEBC is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. The District pays WTCEBC a monthly premium based on the number of participants and the type of coverage that has been elected. Individual claims below \$100,000 are self-funded by the District. Any individual claim exceeding \$100,000 but less than \$250,000 is shared in a pooled layer among all of the colleges participating in the consortium. Individual claims exceeding \$250,000 and aggregate claims exceeding \$1,000,000 are subject to reinsurance. Each college maintains an individual reserve with WTCEBC. In the event a college were to leave the consortium, their reserve would be used to pay their remaining claims, and the balance would be refunded to the college.

WTCEBC operations are governed by a board of directors. The board of directors is comprised of one representative from each of the member colleges that participate in the consortium. The Consortium uses a third party to administer its operations, including all of the accounting functions.

For the years ended June 30, 2019 and 2018, the District paid premiums of \$3,832,772 and \$2,004,756, respectively.

Audited financial statements for WTCEBC can be obtained by contacting the District.

Nicolet Area Technical College District

Notes to Financial Statements

Note 11: Contingent Liabilities

From time to time the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and appropriate 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 or results of operations.

Note 12: Expense Classification

Operating expenses by natural classification were as follows for the years ended June 30:

	2019	2018
Salaries and wages	\$ 12,507,131	\$ 13,404,395
Fringe benefits	6,561,374	6,262,792
Travel, memberships, and subscriptions	612,685	568,162
Supplies and minor equipment	1,169,667	1,463,513
Postage, printing, and advertising	284,605	241,421
Repairs and maintenance	601,897	544,764
Contracted services	1,303,648	1,573,607
Insurance	152,305	162,696
Utilities	385,725	402,129
Depreciation	2,070,167	2,171,603
Other	208,616	266,043
Student aid	843,315	854,254
Total operating expenses	\$ 26,701,135	\$ 27,915,379

Required Supplementary Information

Nicolet Area Technical College District

Schedule of the Changes in the Employer's Total OPEB Liability and Related Ratios - District OPEB Plan

Last Ten Fiscal Years *

	2019	2018	2017
Measurement date	6/30/2018	6/30/2017	6/30/2016
Total OPEB Liability			
Service cost	\$ 141,545	\$ 149,919	\$ 149,919
Interest	155,757	147,686	161,726
Differences between expected and actual experience	(183,855)		
Changes in assumptions or other input	(190,605)	(91,872)	
Benefit payments	(601,195)	(747,196)	(812,130)
Net change in total OPEB liability	(678,353)	(541,463)	(500,485)
Total OPEB liability at beginning	4,680,033	5,221,496	5,721,981
Total OPEB liability at end	\$ 4,001,680	\$ 4,680,033	\$ 5,221,496
District's covered-employee payroll	\$ 10,947,805	\$ 9,958,317	\$ 9,958,317
Total OPEB liability as a percentage of covered-employee payroll	36.55 %	47.00 %	52.43 %

Notes to Schedule

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

Changes of assumptions: In 2019, the discount rate was changed to 3.75% to be reflective of the 20-year AA municipal bond rates.

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Nicolet Area Technical College District

Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last Ten Fiscal Years *

	2019	2018	2017	2016	2015
Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset)					
Measurement date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
District's proportion of the net pension liability (asset)	0.07951865 %	0.08163889 %	0.08221758 %	0.08309205 %	0.84935080 %
District's proportionate share of the net pension liability (asset)	\$ 2,829,024	\$ (2,423,955)	\$ 677,669	\$ 1,350,230	\$ (2,086,238)
District's covered payroll during the measurement period	\$ 11,724,134	\$ 12,030,872	\$ 11,774,592	\$ 11,717,259	\$ 11,575,952
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.13 %	(20.15)%	5.76 %	11.52 %	(18.02)%
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.45 %	102.93 %	99.12 %	98.20 %	102.74 %
Schedule of the Employer Contributions					
Contractually required contribution for the fiscal period	\$ 752,776	\$ 811,765	\$ 789,282	\$ 791,107	\$ 801,128
Contributions in relation to the contractually required contribution	(752,776)	(811,765)	(789,282)	(791,107)	(801,128)
Contribution excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered payroll for the fiscal period	\$ 11,362,307	\$ 12,026,357	\$ 11,776,050	\$ 11,811,281	\$ 11,614,296
Contributions as a percentage of covered payroll	6.63 %	6.75 %	6.70 %	6.70 %	6.90 %

Notes to Schedule

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

Changes of assumptions: Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop the total pension liability changed, including the discount rate, long-term expected rate of return, postretirement adjustment, wage inflation rate, mortality and separation rates.

* This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Nicolet Area Technical College District

Schedules of the Employer's Proportionate Share of the Net OPEB Liability and Employer Contributions - Local Retiree Life Insurance Fund

Last Ten Fiscal Years *

	2019	2018
Schedule of Employer's Proportionate Share of the Net OPEB Liability		
District's proportion of the net OPEB liability	0.31098400 %	0.33259100 %
District's proportionate share of the net OPEB liability	\$ 802,444	\$ 1,000,627
District's covered payroll	10,844,000	11,644,676
Plan fiduciary net position as a percentage of the total OPEB liability	48.69 %	44.81 %
Schedule of Employer Contributions		
Contractually required contributions	\$ 6,315	\$ 6,331
Contributions in relation to the contractually required contributions	(6,315)	(6,331)
Contribution excess	\$ 0	\$ 0
District's covered payroll	\$ 10,847,342	\$ 11,549,815
Contributions as a percentage of covered payroll	0.06 %	0.05 %

Notes to Schedules

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

Changes of benefit terms: Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2017-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total OPEB liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

* This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Supplementary Financial Information

Nicolet Area Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 2,631,698	\$ 2,631,698	\$ 2,690,227	\$ 0	\$ 2,690,227	\$ 58,529
State revenues	16,191,223	16,191,223	16,210,006		16,210,006	18,783
Federal revenues	3,000	3,000	4,251		4,251	1,251
Statutory program fees	3,065,985	3,065,985	2,737,546		2,737,546	(328,439)
Material fees	183,500	183,500	147,888		147,888	(35,612)
Other student fees	204,525	204,525	157,748		157,748	(46,777)
Institutional revenues	171,000	171,000	507,959		507,959	336,959
Total revenues	22,450,931	22,450,931	22,455,625		22,455,625	4,694
Expenditures:						
Instruction	10,663,654	10,663,654	9,137,225		9,137,225	1,526,429
Instructional resources	858,209	858,209	837,016		837,016	21,193
Student services	2,679,179	2,679,179	2,031,970		2,031,970	647,209
General institutional	6,569,471	6,569,471	5,699,381		5,699,381	870,090
Physical plant	1,680,418	1,680,418	1,566,840		1,566,840	113,578
Total expenditures	22,450,931	22,450,931	19,272,432		19,272,432	3,178,499
Excess of revenues over expenditures			3,183,193		3,183,193	3,183,193
Fund balance - Beginning of year	13,607,333	13,607,333	13,607,333		13,607,333	
Fund balance - Transfers out		(3,686,946)	(3,686,946)		(3,686,946)	
Fund balance - End of year	\$ 13,607,333	\$ 9,920,387	\$ 13,103,580	\$ 0	\$ 13,103,580	\$ 3,183,193
Fund balance:						
Reserved:						
Prepaid items			\$ 233,877			
Noncurrent assets			16,721			
Postemployment benefits			7,344,982			
Unreserved - Designated:						
State aid fluctuations			140,000			
Subsequent year			550,000			
Operations			4,818,000			
Total fund balance			\$ 13,103,580			

See Independent Auditor's Report.

See accompanying notes to budgetary comparison schedules.

Nicolet Area Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Aidable Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 1,227,158	\$ 1,227,158	\$1,100,353	\$ 0	\$ 1,100,353	\$ (126,805)
State revenues	857,119	857,119	869,633		869,633	12,514
Federal revenues	294,447	294,447	267,716		267,716	(26,731)
Institutional revenues	250,000	250,000	436,821		436,821	186,821
Total revenues	2,628,724	2,628,724	2,674,523		2,674,523	45,799
Expenditures:						
Instruction	1,917,255	1,917,255	1,951,610		1,951,610	(34,355)
Instructional resources	234,800	234,800	234,800		234,800	
Student services	476,669	476,669	488,113		488,113	(11,444)
Total expenditures	2,628,724	2,628,724	2,674,523		2,674,523	(45,799)
Fund balance - Beginning of year	625,000	625,000	625,000		625,000	
Fund balance - Transfers in		40,000	40,000		40,000	
Fund balance - End of year	\$ 625,000	\$ 665,000	\$ 665,000	\$ 0	\$ 665,000	\$ 0
Fund balance - Reserved for grants and contracts			<u>\$ 665,000</u>			

See Independent Auditor's Report.

See accompanying notes to budgetary comparison schedules.

Nicolet Area Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Non-Aidable Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 0	\$ 0	\$ 26,164	\$ 0	\$ 26,164	\$ 26,164
Other student fees	129,115	129,115	124,392		124,392	(4,723)
Federal revenues	2,378,555	2,378,555	1,893,997		1,893,997	(484,558)
Institutional revenues	17,000	17,000				(17,000)
Total revenues	2,524,670	2,524,670	2,044,553		2,044,553	(480,117)
Expenditures - Student services	2,524,670	2,524,670	2,053,556		2,053,556	471,114
Deficiency of revenues over expenditures			(9,003)		(9,003)	(9,003)
Fund balance - Beginning of year	183,210	183,210	183,210		183,210	
Fund balance at end of year	\$ 183,210	\$ 183,210	\$ 174,207	\$ 0	\$ 174,207	\$ (9,003)
Fund balance - Reserved for student activities			<u>\$ 174,207</u>			

See Independent Auditor's Report.

See accompanying notes to budgetary comparison schedules.

Nicolet Area Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
State revenues	\$ 184,500	\$ 184,500	\$ 178,608	\$ 0	\$ 178,608	\$ (5,892)
Institutional revenues	21,000	21,000	130,425		130,425	109,425
Total revenues	205,500	205,500	309,033		309,033	103,533
Expenditures:						
Instruction	369,925	369,925	351,834		351,834	18,091
Instructional resources	34,000	34,000	15,938		15,938	18,062
General institutional	269,325	269,325	273,200		273,200	(3,875)
Physical plant	891,500	891,500	695,118		695,118	196,382
Total expenditures	1,564,750	1,564,750	1,336,090		1,336,090	228,660
Excess (deficiency) of revenues over expenditures	(1,359,250)	(1,359,250)	(1,027,057)		(1,027,057)	332,193
Fund balance - Beginning of year	7,563,959	7,563,959	7,563,959		7,563,959	
Fund balance - Transfers in		3,646,946	3,646,946		3,646,946	
Fund balance - End of year	\$ 6,204,709	\$ 9,851,655	\$10,183,848	\$ 0	\$10,183,848	\$ 332,193
Fund balance - Reserved for capital projects			<u>\$10,183,848</u>			

See Independent Auditor's Report.

See accompanying notes to budgetary comparison schedules.

Nicolet Area Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 2,791,000	\$ 2,791,000	\$ 2,791,000	\$ 0	\$ 2,791,000	\$ 0
Institutional revenues	50,000	50,000	96,536		96,536	46,536
Total revenues	2,841,000	2,841,000	2,887,536		2,887,536	46,536
Expenditures - Physical plant	3,581,262	3,581,262	3,581,261		3,581,261	1
Excess (deficiency) of revenues over expenditures	(740,262)	(740,262)	(693,725)		(693,725)	46,537
Fund balance - Beginning of year	4,936,670	4,936,670	4,936,670		4,936,670	
Fund balance - End of year	\$ 4,196,408	\$ 4,196,408	\$ 4,242,945	\$ 0	\$ 4,242,945	\$ 46,537
 Fund balance - Reserved for debt service			<u>\$ 4,242,945</u>			

See Independent Auditor's Report.

See accompanying notes to budgetary comparison schedules.

Nicolet Area Technical College District

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Local government	\$ 133,851	\$ 133,851	\$ 169,256	\$ 0	\$ 169,256	\$ 35,405
Institutional revenues	774,966	774,966	505,814		505,814	(269,152)
Total operating revenues	908,817	908,817	675,070		675,070	(233,747)
Operating expenses - Auxiliary services	908,817	908,817	675,070		675,070	233,747
Change in net position						
Net position - Beginning of year	668,126	668,126	668,126		668,126	
Net position - End of year	\$ 668,126	\$ 668,126	\$ 668,126	\$ 0	\$ 668,126	\$ 0
<u>Net position - Unrestricted</u>			<u>\$ 668,126</u>			

See Independent Auditor's Report.

See accompanying notes to budgetary comparison schedules.

Nicolet Area Technical College District

Notes to Budgetary Comparison Schedules

Note 1: Budgetary Accounting

The District uses a fund structure for budgetary accounting as compared to the entity-wide presentation of the financial statements. Annual budgets are adopted for all funds in accordance with the requirements of the Wisconsin Technical College System Board. The District follows the procedures listed below in adopting its annual budget:

Property taxes are levied by the various taxing municipalities located primarily in Oneida, Vilas, Lincoln, Forest, Iron, and Langlade Counties. The District records as revenues its share of the local tax when levied, since the District's share becomes available during its fiscal year to finance its operations.

Public hearings are conducted on the proposed budget.

Prior to July 1, the budget is legally enacted through approval by the Board.

Budget amendments during the year are legally authorized. Budget transfers (between funds and functional areas within funds) and changes in budgeted revenues and expenditures (appropriations) require approval by a vote of two-thirds of the entire membership of the Board and require publishing a Class I public notice in the District's official newspaper within 10 days according to Wisconsin Statutes.

Management exercises control over budgeted expenditures by fund and function (i.e., instruction, instructional resources, etc.) as presented in the required supplementary information. Expenditures may not exceed funds available or appropriated, unless authorized by a resolution adopted by a vote of two-thirds of the Board. Unused appropriations lapse at the end of each fiscal year.

Formal budgetary integration is employed as a planning device for all funds. The annual operating budget is prepared primarily on the same basis as fund financial statements prior to the adoption of GASB Statement No. 34, except encumbrances are also included in the adopted budget. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process.

Nicolet Area Technical College District

Notes to Budgetary Comparison Schedules

Note 2: Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and the Statement of Revenues and Expenses on a GAAP Basis

Revenues

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules:

General Fund	\$ 22,455,625
Special Revenue Aidable Fund	2,674,523
Special Revenue Non-Aidable Fund	2,044,553
Capital Projects Fund	309,033
Debt Service Fund	2,887,536
Enterprise Fund	675,070

31,046,340

Adjustments:

Scholarship allowances are included in expenditures for budgetary purposes but offset revenues for GAAP reporting (986,238)

Proceeds from the sale of capital assets are included in revenues for budgetary purposes but are offset by the remaining net book value for GAAP reporting (9,684)

Summer tuition recognized on the cash basis is adjusted to the accrual basis for GAAP reporting 14,374

Reconciled revenues \$ 30,064,792

Revenues per Statement of Revenues and Expenses on a GAAP basis:

Operating revenues	\$ 6,357,049
Property taxes	6,777,001
State operating appropriations	16,161,725
Capital grants and contributions	178,608
Gain on disposal of capital assets	48,355
Investment income	542,054

Total \$ 30,064,792

Nicolet Area Technical College District

Notes to Budgetary Comparison Schedules

Note 2: Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and the Statement of Revenues and Expenses on a GAAP Basis (Continued)

Expenditures

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules:

General Fund	\$ 19,272,432
Special Revenue Aidable Fund	2,674,523
Special Revenue Non-Aidable Fund	2,053,556
Capital Projects Fund	1,336,090
Debt Service Fund	3,581,261
Enterprise Fund	675,070

29,592,932

Adjustments:

Scholarship allowances are included in expenditures for budgetary purposes but offset revenues for GAAP reporting	(986,238)
Cash basis expenditures adjusted to accrual basis for GAAP reporting: than the accrual basis:	
Summer school instructional wages	(1,765)
Amortization of bond premium	(58,629)
Interest expense	(21,630)
Special termination benefits	(20,403)
Postemployment benefits	(548,694)
Net WRS and LRLIF changes	1,260,955
The acquisition of capital assets is reported as an expenditure for budgetary purposes	(1,070,005)
Repayment of principal on long-term debt is a budgetary expenditure	(3,380,000)
Depreciation recorded for GAAP purposes	2,055,614

Expenditures on a GAAP basis \$ 26,822,137

Expenses per the Statement of Revenues and Expenses on a GAAP basis:

Operating expenses	\$ 26,701,135
Interest expense	121,002

Total \$ 26,822,137

Other financing sources and uses such as operating transfers in (out) and proceeds from issuance of long-term debt are not recognized as revenues or expenses for GAAP reporting.

Nicolet Area Technical College District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Pass-Through Agency Number	Grant Period	Program or Award Amount	Grantor Expenditures	Local Share
U.S. Department of Transportation						
Wisconsin Technical College System						
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	N/A	7/1/18-6/30/19	\$	\$ 1,671	\$
U.S. Department of Education						
Direct Programs						
Student Financial Aid Cluster						
Federal Supplemental Education Opportunity Grants	84.007	P007A184526	07/01/18-6/30/19	44,111	71,100	
Federal Direct Loan Program						
Subsidized Stafford	84.268	P268K192669	07/01/18-6/30/19		746,845	
Unsubsidized Stafford	84.268	P268K192669	07/01/18-6/30/19		396,576	
Total CFDA 84.268					1,143,421	
Federal Work Study Program						
Federal Work Study Program	84.033	P033A184256	7/1/18-6/30/19		79,247	
Federal Pell Grant Program						
Pell Grant Administrative Allowance	84.063	P063Q172669	07/01/17-06/30/18		195	
Pell Grant Administrative Allowance	84.063	P063Q182669	07/01/18-06/30/19		2,385	
Federal Pell Grant Program	84.063	P063P182669	07/01/18-06/30/19		1,743,650	
Total CFDA 84.063					1,746,230	
Total Student Financial Assistance Cluster					3,039,998	
Pass-Through Programs						
Wisconsin Technical College System						
Adult Education - Basic Grants to States	84.002	16-050-146-129	07/01/18-06/30/19	65,647	65,647	105,591
Adult Education - IELCE	84.002	16-051-146-169	07/01/18-06/30/19	1,187	1,187	1,909
Total CFDA 84.002					66,834	107,500
Vocational Education - Basic Grants						
Mental Health Awareness	84.048	16-018-150-278	07/01/17-06/30/18	60,000	(1,674)	
Mental Health Awareness	84.048	16-018-150-229	07/01/18-06/30/19	64,000	43,285	
Student Success	84.048	16-019-150-239	07/01/18-06/30/19	89,026	89,025	139,245
Nontraditional Occupations	84.048	16-023-150-269	07/01/18-06/30/19	5,590	5,590	
Strengthening Programs	84.048	16-152-150-259	07/01/18-06/30/19	22,361	22,361	
Career Prep	84.048	16-997-150-219	07/01/18-06/30/19	31,807	31,807	
Total CFDA 84.048					190,394	139,245
Total U.S. Department of Education					3,297,226	246,745
U.S. Department of Homeland Security						
Pass-Through Programs						
Wisconsin Technical College System						
Assistance to Firefighters Grant	97.044	16-503-153-119	07/01/18-06/30/19	13,000	10,488	1,573
TOTAL FEDERAL AWARDS					\$ 3,309,385	\$ 248,318

See Independent Auditor's Report.

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

Nicolet Area Technical College District

Schedule of Expenditures of State Awards

Year Ended June 30, 2019

Administering Agency Pass-Through Agency Award Description	State I.D. Number	Pass-Through Agency Number	Grant Period	Program or Award Amount	Grantor Expenditures	Local Share
Wisconsin Higher Education Aids Board						
Direct Programs						
Wisconsin Higher Education Grants	\$ 235.102	N/A	07/01/18-06/30/19	\$ 0	\$ 364,557	\$ 0
Remission of Fees for Veterans and Dependents	235.105	N/A	07/01/18-06/30/19	48,280	48,280	
Minority Undergraduate Retention Grant	235.107	N/A	07/01/18-06/30/19		2,925	
Wisconsin Covenant Grant	235.108	N/A	07/01/18-06/30/19		500	
Academic Excellence Scholarship	235.109	N/A	07/01/18-06/30/19		2,250	
Talent Incentive Program	235.114	N/A	07/01/18-06/30/19		15,200	
Nursing Student Loan	235.117	N/A	07/01/18-06/30/19		3,000	
Technical Excellence Scholarship	235.119	N/A	07/01/18-06/30/19		9,562	
Indian Student Assistance Grants	235.132	N/A	07/01/18-06/30/19		8,300	
Total Wisconsin Higher Education Aids Board					454,574	
Wisconsin Technical College System						
Direct Programs						
Student Emergency Fund	292.104	16-933-104-119	07/01/18-06/30/19	12,304	12,304	
State Aids for Wisconsin Technical College System						
General State Aids	292.105	N/A	07/01/18-06/30/19	548,400	548,400	
Performance Based Aid	292.105	N/A	07/01/18-06/30/19	769,444	769,444	
General State Aid Adjustment - Prior Year	292.105	N/A	07/01/18-06/30/19		(12,800)	
Total 292.105					1,305,044	
Workforce Advancement Training Grant Program						
Direct Programs						
Student Support	292.124	16-016-124-169	07/01/18-06/30/19	114,460	114,460	38,152
Pharmacy Fulfillment Technician Training and Certification Program	292.124	16-283-124-178	07/01/17-08/31/18	48,000	20,502	
Specialized Industrial Safety Training	292.124	16-283-124-179	07/01/18-06/30/19	26,775	22,137	
Professional Development	292.124	16-304-124-159	07/01/18-06/30/19	47,208	47,208	23,604
Carpentry Apprenticeship Program	292.124	16-410-124-119	09/01/18-06/30/19	7,650	5,336	
Next Generation Welding	292.124	16-442-124-139	07/01/18-06/30/19	314,685	314,685	
WIDS State Consortium	292.124	16-929-124-189	07/16/18-07/16/19	246,540	246,540	
Student Success	292.124	16-934-124-198	07/01/18-03/31/19	20,000	20,000	
Ensuring Media Accessibility for Nicolet College Students	292.124	16-938-124-198	02/15/18-02/15/19	20,000	19,983	
Piloting Dual Credit Flexible Learning in Nicolet College District High Schools	292.124	16-994-124-129	07/01/18-06/30/19	187,164	187,164	62,388
Northcentral Technical College						
Aligning Electromechanical to Industrial Mechanical Career Pathways to Meet Core Industry Need	292.124	N/A	07/01/18-06/30/20	415,138	9,868	
Total 292.124					1,007,883	124,144
Promising Practice Mini Grant	292.132	16-105-132-119	10/15/18-03/31/19	4,625	4,625	
Rural Opportunity Scholarships	292.135	N/A	7/1/18-6/30/19		2,000	
Fire Fighter Training 2%	292.137	N/A	07/01/18-06/30/19	12,941	12,941	
Property Tax Relief Aid	292.162	N/A	07/01/18-06/30/19	14,781,642	14,781,642	
Total Wisconsin Technical College System					17,126,439	124,144
Wisconsin Department of Transportation						
Direct Programs						
Motorcycle Training Grant	20.395(4)(eq)	N/A	07/01/18-06/30/19		15,340	
Total Wisconsin Department of Transportation					15,340	
TOTAL STATE FINANCIAL ASSISTANCE					\$ 17,596,353	\$ 124,144

See Independent Auditor's Report.

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

Nicolet Area Technical College District

Notes to Schedules of Expenditures of Federal and State Awards

Note 1: Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Because the schedules present only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Nicolet Area Technical College District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Costs

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Subrecipient Awards

The District does not have subrecipients of its federal or state awards.

Nicolet Area Technical College District

Notes to Schedules of Expenditures of Federal and State Awards

Note 5: Reconciliation

Federal:

Revenues per statement of revenues, expenses, and changes in net position:

Operating revenues - Federal grants \$ 2,165,964

Adjustments:

Federal Direct Loan Program (CFDA #84.268) 1,143,421

Federal revenues per schedule of expenditures of federal awards \$ 3,309,385

State:

Revenues per statement of revenues, expenses, and changes in net position:

Operating revenues - State grants \$ 917,913

Nonoperating revenues - State operating appropriations 16,161,725

Capital grants - State 178,608

17,258,246

Adjustments:

Tuition payments for:

Wisconsin Higher Education Grants (State ID# 235.102) 364,557

Indian Student Assistance Grants (State ID# 235.132) 8,300

Academic Excellence Scholarship (State ID# 235.109) 2,250

Minority Undergraduate Retention Grant (State ID# 235.107) 2,925

Talent Incentive Program (State ID# 235.114) 15,200

Nursing Student Loan (State ID# 235.117) 3,000

Technical Excellence Scholarship (State ID# 235.119) 9,562

Wisconsin Covenant Grant (State ID# 235.108) 500

Aligning Electromechanical to Industrial Mechanical Career Pathways to Meet Core Industry

Need (State ID# 292.124) 9,868

Firefighter Training 2% (State ID# 292.137) 12,941

Rural Opportunity Grant 2,000

Wisconsin Economic Development Corporation (17,956)

Personal Property Aid (16,794)

Payments in Lieu of Taxes (54,524)

Aid in Lieu Computer Taxes (3,722)

State revenues per schedule of expenditures of state awards \$ 17,596,353

Other Reports



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*

District Board
Nicolet Area Technical College District
Rhineland, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Nicolet Area Technical College District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Nicolet Area Technical College District's basic financial statements, and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Nicolet Area Technical College 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 the attention of 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nicolet Area Technical College 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*.

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.

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

Wipfli LLP

December 6, 2019
Rhineland, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance

District Board
Nicolet Area Technical College District
Rhineland, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Nicolet Area Technical College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019. The the District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and Uniform Guidance 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 federal or 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 federal and state program. However, our audit does not provide a legal determination on the the District's compliance.

Opinion on Each Major Federal and 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 federal and state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or 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 Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

December 6, 2019
Rhineland, Wisconsin

Nicolet Area Technical College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance [2CFR 200.516(a)]?	No

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

84.007
84.268
84.033
84.063

Student Financial Assistance Cluster:
Federal Supplemental Education Opportunity Grants
Federal Direct Loan Program
Federal Work Study Program
Federal Pell Grant Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Nicolet Area Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

Section I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency (ies) identified?	No

Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with <i>State of Wisconsin Single Audit Guidelines</i> ?	No
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Identification of major state programs:

State ID Number

Name of State Program

292.105
292.162

State Aids for Wisconsin Technical College System
Property Tax Relief Aid

Dollar threshold used to distinguish between Type A and Type B programs	\$250,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal and State Awards Findings and Questioned Costs

None

Nicolet Area Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

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

Wisconsin Technical College System No

Wisconsin Higher Education Aids Board No

Wisconsin Department of Transportation No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

Name and signature of partner



Rob Ganschow

Date of report

December 6, 2019

Nicolet Area Technical College District

Schedule of Prior Audit Findings (Continued)

Year Ended June 30, 2019

Financial Statement Findings

None

Federal Awards and State Financial Assistance Findings and Questioned Costs

None