

# Nicolet Area Technical College District

Financial Statements and Supplementary Financial Information

Years Ended June 30, 2020 and 2019



**WIPFLI**

# Nicolet Area Technical College District

## Financial Statements and Supplementary Financial Information

Years Ended June 30, 2020 and 2019

---

### Table of Contents

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Statements of Net Position.....	14
Statements of Revenues, Expenses, and Changes in Net Position.....	15
Statements of Cash Flows.....	16
Notes to Financial Statements.....	18
Required Supplementary Information	
Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System.....	48
Schedule of the Changes in the Employer's Total OPEB Liability and Related Ratios - District OPEB Plan.....	49
Schedules of the Employer's Proportionate Share of the Net OPEB Liability and Employer Contributions - Local Retiree Life Insurance Fund.....	50
Supplementary Financial Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Aidable Fund.....	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue Non-Aidable Fund.....	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund.....	55
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund.....	56
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Fund.....	57
Notes to Budgetary Comparison Schedules.....	58
Schedule of Expenditures of Federal Awards.....	61
Schedule of Expenditures of State Awards.....	62
Notes to Schedules of Expenditures of Federal and State Awards.....	63
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 <i>Government Auditing Standards</i> .....	66
Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance.....	68
Schedule of Findings and Questioned Costs.....	70
Schedule of Prior Audit Findings.....	73

## **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 the business-type activities of Nicolet Area Technical College District (the "District"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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 respective financial position of the business-type activities of Nicolet Area Technical College District as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable cash flows thereof, 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 12, 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 48 through 50 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 non-GAAP budgetary comparison schedules listed in the table of contents as supplementary financial information, as required by the Wisconsin Technical College System Board, 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 non-GAAP 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 non-GAAP 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 January 25, 2021, 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

January 25, 2021  
Rhineland, Wisconsin

# Nicolet Area Technical College District

## Management's Discussion and Analysis

June 30, 2020 and 2019

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, 2020 and 2019.

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:

	2020	Increase (Decrease) %	2019	Increase (Decrease) %	2018
Operating revenues	\$ 7,292,184	14.7 %	\$ 6,357,049	-7.9 %	\$ 6,899,596
Operating expenses	(26,697,971)	0.0 %	(26,701,135)	-4.3 %	(27,915,379)
Nonoperating revenues - Net	23,420,558	0.1 %	23,408,133	2.6 %	22,825,193
Capital grants and contributions	67,623	-62.1 %	178,608	-25.1 %	238,473
Special item - Loss on donation of buildings				-100.0 %	(394,174)
Increase in net position	4,082,394	25.9 %	3,242,655	96.1 %	1,653,709
Net position at beginning of year	44,831,840		41,589,185		39,935,476
Net position at end of year	\$ 48,914,234		\$ 44,831,840		\$ 41,589,185

## Statements of Revenues, Expenses, and Changes in Net Position (Continued)

### Fiscal Year 2020 Compared to 2019

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

Operating revenues are the charges for services offered by the District. During 2020, the District generated roughly \$7.3 million of operating revenues for services rendered. This is an increase of \$935,135 or 14.7% from prior year. Significant items and revenue sources are as follows:

Student fees increased 6.4% and scholarship allowances decreased 43.3% during 2020. This was the result of a 3.9% decrease in full-time equivalents and a 1.8% tuition increase set by the State. Full-time equivalents in 2020 were 821 compared to 854 in 2019.

Federal and state grant income awarded to the District for running specific programs decreased \$143,371 or 4.6% due to a decrease in state grant funding.

Contract revenues for business and industry contracts decreased \$77,279 or 18.1%.

Auxiliary enterprise revenues, whose main component is the Bookstore, decreased 19.6%. 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.

Miscellaneous revenues increased \$625,377 from private grants, surplus sales, and insurance proceeds.

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

General costs related to doing business decreased \$3,164 or 0.01%. Salaries and wages increased \$112,805 or 0.9% and fringe benefits decreased \$500,226 or 7.6%. Salaries and fringe benefits equal 70.0% of the total costs.

Supplies and minor equipment decreased \$52,431 or 4.5%.

Travel, memberships, and subscriptions decreased \$106,625 or 17.4%

Net nonoperating revenues (expenses) are revenues and expenses not related directly to providing instruction. Net nonoperating revenues increased \$12,425 or 0.1%. The most important components of these revenues and expenses are:

Property tax revenues increased \$32,784 or 0.5% due to net new construction.

State operating appropriations increased \$163,732 or 1.0%.

Investment income decreased \$160,410 or 29.6% due to lower interest rates.

Net position at June 30, 2020, increased \$4,082,394 as a result of the changes mentioned above.

## Statements of Revenues, Expenses, and Changes in Net Position (Continued)

### Fiscal Year 2019 Compared to 2018

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:

	2020	Increase (Decrease) %	2019	Increase (Decrease) %	2018
Cash used in operating activities	\$ (18,091,478)	3.5 %	\$ (17,475,800)	-5.0 %	\$ (18,402,562)
Cash provided by non-capital financing activities	23,320,747	2.5 %	22,762,471	-0.6 %	22,893,055
Cash used in capital and related financing activities	(3,576,592)	-17.9 %	(4,354,480)	9.7 %	(3,970,777)
Net cash provided by investing activities	381,644	(29.6)%	542,054	101.7 %	268,799
Net increase in cash and cash equivalents	\$ 2,034,321		\$ 1,474,245		\$ 788,515

### Fiscal Year 2020 Compared to 2019

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 \$67,448 or 0.5%.

Another significant component of cash used in operating activities was payments to suppliers for goods and services. This cash outflow increased \$763,012 or 7.3%.

State and federal grants received increased \$5,088 or 0.2% due to increases in current year grant payments.

All property taxes received, \$6.8 million this year, are categorized as cash flows from non-capital financing activities (\$6.6 million in 2019 and \$6.8 million in 2018). Property tax collections increased \$248,601 or 3.8%. The other major item in this category is state appropriations, which accounted for approximately \$16.3 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 decreased \$86,264 and principal paid on capital debt decreased \$760,000.

Overall, the District's cash increased \$2,034,321 for the current fiscal period.



## Statements of Cash Flows (Continued)

### Fiscal Year 2019 Compared to 2018

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 2019.

## 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:

	2020	Increase (Decrease) %	2019	Increase (Decrease) %	2018
<b>Assets:</b>					
Cash and cash equivalents	\$ 28,838,582	7.6 %	\$ 26,804,261	5.8 %	\$ 25,330,016
Net capital assets	24,444,734	-4.1 %	25,501,302	-3.8 %	26,511,147
Other assets	5,712,404	83.1 %	3,119,671	-43.1 %	5,482,026
<b>Total assets</b>	<b>58,995,720</b>	<b>6.4 %</b>	<b>55,425,234</b>	<b>-3.3 %</b>	<b>57,323,189</b>
<b>Deferred outflows of resources</b>	<b>6,443,694</b>	<b>-20.1 %</b>	<b>8,061,061</b>	<b>69.2 %</b>	<b>4,764,453</b>
<b>Liabilities:</b>					
Other liabilities	792,837	7.8 %	735,699	-4.0 %	766,573
Long-term liabilities	7,844,209	-41.6 %	13,431,245	-9.7 %	14,876,800
<b>Total liabilities</b>	<b>8,637,046</b>	<b>-39.0 %</b>	<b>14,166,944</b>	<b>-9.4 %</b>	<b>15,643,373</b>
<b>Deferred inflows of resources</b>	<b>7,888,134</b>	<b>75.8 %</b>	<b>4,487,511</b>	<b>-7.6 %</b>	<b>4,855,084</b>
<b>Net position:</b>					
Net investment in capital assets	21,542,422	8.0 %	19,944,366	13.9 %	17,515,582
Restricted for pension benefits	2,446,057	100.0 %			
Restricted for debt service	4,232,178	0.4 %	4,214,260	-13.8 %	4,886,355
Unrestricted	20,693,577	0.1 %	20,673,214	7.7 %	19,187,248
<b>Total net position</b>	<b>\$ 48,914,234</b>	<b>9.1 %</b>	<b>\$ 44,831,840</b>	<b>7.8 %</b>	<b>\$ 41,589,185</b>

## Statements of Net Position (Continued)

### Fiscal Year 2020 Compared to 2019

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 7.6%. Current cash and cash equivalents increased \$2,033,558 and the restricted total increased \$763.

Net capital assets totaled \$24,444,734. Capital assets were \$48,220,330 less \$23,775,596 of accumulated depreciation. Net capital assets decreased \$1,056,568 or 4.1%.

Other assets include property tax receivables which decreased \$39,562 or 1.9%, accounts and other receivables increased \$157,868 or 25.7%, inventory decreased \$27,446 or 19.1% and prepaid expenses increased \$55,816 or 24.3%.

#### Liabilities

Total liabilities decreased \$5,529,898 or 39.0% for the fiscal year. The decrease was mainly due to the pay down of notes payable and the change in the WRS net pension liability to a net pension asset.

Other liabilities are a result of timing as to when the District incurs and pays its liabilities. Other liabilities totaled \$792,837, an increase of \$57,138 or 7.8%.

Long-term liabilities decreased \$5,587,036 or 41.6%. Notes payable (including unamortized premium) decreased \$2,654,624 or 47.8%.

#### Net Position

Net position increased \$4,082,394 or 9.1%.

Net Investment in capital assets increased \$1,598,056 or 8.0%.

Restricted for pension benefits increased \$2,446,057 or 100.0%.

Restricted for debt service increased \$17,918 or 0.4%.

Unrestricted net position of \$20,693,577 increased by \$20,363 or 0.1%.

## Statements of Net Position (Continued)

### Fiscal Year 2019 Compared to 2018

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, 2020, amounts to \$24,444,734 (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 2020 fiscal year, the District had total general obligation debt outstanding of \$2,835,000. 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**

### **Fiscal Year 2020 Compared to 2019**

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

Net position increased 9.1% to \$48,914,234.

Cash and investments increased 7.6% to \$28,838,582.

Non-current obligations of the District decreased 41.6% to \$7,844,209. This was mainly due to the decrease in notes payable and the change in the WRS net pension liability to a net pension asset.

### **Fiscal Year 2019 Compared to 2018**

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, 2020 and 2019

<i>Assets and Deferred Outflows of Resources</i>	2020	2019
Current assets:		
Cash and cash equivalents	\$ 28,785,885	\$ 26,752,327
Property taxes receivable	2,092,122	2,131,684
Accounts and other receivables	772,291	614,423
Inventories	116,020	143,466
Prepaid expenses	285,914	230,098
Total current assets	32,052,232	29,871,998
Noncurrent assets:		
Restricted cash and cash equivalents	52,697	51,934
Restricted net pension asset - WRS	2,446,057	
Capital assets:		
Capital assets not being depreciated	214,500	214,500
Capital assets being depreciated	48,005,830	48,804,860
Less - Accumulated depreciation	(23,775,596)	(23,518,058)
Total noncurrent assets	26,943,488	25,553,236
Total assets	58,995,720	55,425,234
Deferred outflows of resources:		
Related to pensions - WRS	5,224,070	7,212,816
Related to OPEB - District OPEB plan	745,578	729,412
Related to OPEB - LRLIF	474,046	118,833
Total deferred outflows of resources	6,443,694	8,061,061
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 65,439,414</b>	<b>\$ 63,486,295</b>
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>		
Current liabilities:		
Accounts payable	\$ 174,602	\$ 256,451
Accrued liabilities:		
Payroll, payroll taxes, and insurance	318,198	194,765
Interest	14,541	28,685
Due to student and other organizations	82,975	79,757
Unearned revenue	202,521	176,041
Current portion of long-term obligations	979,073	1,619,703
Total current liabilities	1,771,910	2,355,402
Noncurrent liabilities:		
Notes payable	1,942,312	3,956,936
Compensated absences	68,973	60,989
Net pension liability - WRS		2,829,024
Total OPEB liability - District OPEB plan	3,540,568	4,001,680
Net OPEB liability - LRLIF	1,172,677	802,444
Special termination benefits	140,606	160,469
Total noncurrent liabilities	6,865,136	11,811,542
Total liabilities	8,637,046	14,166,944
Deferred inflows of resources:		
Related to pensions - WRS	7,363,426	3,895,430
Related to OPEB - District OPEB plan	210,198	326,781
Related to OPEB - LRLIF	314,510	265,300
Total deferred inflows of resources	7,888,134	4,487,511
Net position:		
Net investment in capital assets	21,542,422	19,944,366
Restricted for pension benefits	2,446,057	
Restricted for debt service	4,232,178	4,214,260
Unrestricted	20,693,577	20,673,214
Total net position	48,914,234	44,831,840
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 65,439,414</b>	<b>\$ 63,486,295</b>

See accompanying notes to financial statements.



# Nicolet Area Technical College District

## Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Student program fees, net of scholarship allowances of \$493,123 and \$879,811, respectively	\$ 2,456,124	\$ 1,870,331
Student material fees, net of scholarship allowances of \$29,788 and \$42,000, respectively	128,323	107,666
Other student fees, net of scholarship allowances of \$36,375 and \$64,428, respectively	240,818	217,713
Federal grants	2,276,639	2,165,964
State grants	663,867	917,913
Business and industry contract revenues	349,542	426,821
Auxiliary enterprise revenues	406,666	505,813
Miscellaneous	770,205	144,828
<b>Total operating revenues</b>	<b>7,292,184</b>	<b>6,357,049</b>
Operating expenses:		
Instruction	11,624,669	11,894,129
Instructional resources	1,131,685	1,121,794
Student services	2,785,450	2,909,751
General institutional	5,206,377	5,403,410
Physical plant	1,931,429	1,786,492
Auxiliary enterprise services	670,497	674,577
Depreciation	1,818,078	2,070,167
Student aid	1,529,786	840,815
<b>Total operating expenses</b>	<b>26,697,971</b>	<b>26,701,135</b>
<b>Operating loss</b>	<b>(19,405,787)</b>	<b>(20,344,086)</b>
Nonoperating revenues (expenses):		
Property taxes	6,809,785	6,777,001
State operating appropriations	16,325,457	16,161,725
CARES Act funding	145,943	
Gain (loss) on disposal of capital assets	(176,296)	48,355
Investment income	381,644	542,054
Interest expense	(65,975)	(121,002)
<b>Net nonoperating revenues (expenses)</b>	<b>23,420,558</b>	<b>23,408,133</b>
Income before capital grants and contributions	4,014,771	3,064,047
Capital grants and contributions	67,623	178,608
Change in net position	4,082,394	3,242,655
Net position at beginning of year	44,831,840	41,589,185
<b>Net position at end of year</b>	<b>\$ 48,914,234</b>	<b>\$ 44,831,840</b>

See accompanying notes to financial statements.

# Nicolet Area Technical College District

## Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Tuition and fees received	\$ 1,133,134	\$ 1,390,797
Federal and state grants received	2,986,818	2,981,730
Business, industry, and school district contract revenues received	318,837	476,018
Payments to employees	(12,488,519)	(12,555,967)
Payments to suppliers	(11,205,635)	(10,442,623)
Auxiliary enterprise revenues received	413,382	519,039
Other receipts	750,505	155,206
Net cash used in operating activities	(18,091,478)	(17,475,800)
Cash flows for noncapital financing activities:		
Local property taxes received	6,849,347	6,600,746
State appropriations received	16,325,457	16,161,725
CARES Act funding	145,943	
Net cash provided by noncapital financing activities	23,320,747	22,762,471
Cash flows from capital and related financing activities:		
Grants and contributions received for capital assets	95,957	238,747
Proceeds from the sale of capital assets	45,935	58,039
Purchases of capital assets	(983,741)	(1,070,005)
Principal paid on capital debt	(2,620,000)	(3,380,000)
Interest paid on capital debt	(114,743)	(201,261)
Net cash used in capital and related financing activities	(3,576,592)	(4,354,480)
Cash flows from investing activities - Investment income received	381,644	542,054
Net increase in cash and cash equivalents	2,034,321	1,474,245
Cash and cash equivalents at beginning of year	26,804,261	25,330,016
Cash and cash equivalents at end of year	\$ 28,838,582	\$ 26,804,261
Reconciliation of ending cash to the statement of net position:		
Cash and cash equivalents	\$ 28,785,885	\$ 26,752,327
Restricted cash and cash equivalents	52,697	51,934
Cash and cash equivalents at end of year	\$ 28,838,582	\$ 26,804,261

# Nicolet Area Technical College District

## Statements of Cash Flows (Continued)

Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (19,405,787)	\$ (20,344,086)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,818,078	2,070,167
Changes in assets and liabilities:		
Accounts and other receivables	(186,205)	(28,020)
Inventories	27,446	964
Prepaid expenses	(55,816)	81,572
Accounts payable	(81,849)	70,564
Accrued expenses	131,420	(48,836)
Due to student and other organizations	3,218	(4,557)
Unearned revenue	26,480	34,575
Net pension changes (including deferred outflows and inflows)	181,661	1,191,486
Postemployment benefit changes (including deferred outflows and inflows)	(550,124)	(499,629)
Total adjustments	1,314,309	2,868,286
Net cash used in operating activities	\$ (18,091,478)	\$ (17,475,800)

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, 2020, total interest incurred was \$100,599 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, 2020 and 2019.

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. Employees may carry over up to two work weeks to use in the following calendar year. Any balance beyond two weeks will be forfeited. 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, the WRS net pension asset, 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, 2020 and 2019, the District levied at the following mill rate:

	2020	2019
Operating purposes	\$ 0.22967	\$ 0.22912
Debt service requirements	0.14910	0.16042
Total	\$ 0.37877	\$ 0.38954



# 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(s) 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 plan subsequent to the measurement date of the total OPEB liability as well as changes in assumptions. 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 expected and actual experience.

#### Subsequent Events

Subsequent events have been evaluated through January 25, 2021, 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:

	2020	2019
WISC Investment Series	\$ 52,697	\$ 51,934
Cash deposits with financial institutions carrying amount	28,779,480	26,745,152
Petty cash	6,405	7,175
<b>Total cash and cash equivalents</b>	<b>\$ 28,838,582</b>	<b>\$ 26,804,261</b>

Cash and cash equivalents are classified on June 30:

	2020	2019
Restricted - Capital projects	\$ 52,697	\$ 51,934
Unrestricted	28,785,885	26,752,327
<b>Total cash and cash equivalents</b>	<b>\$ 28,838,582</b>	<b>\$ 26,804,261</b>

# 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, 2020, \$28,074,148 of the District's bank balance of \$28,974,148 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, 2020 and 2019, 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:

	2020	2019
Intergovernmental	\$ 247,698	\$ 322,345
Contracted services	101,383	59,362
Student receivable	502,210	268,000
Other		6,716
Allowance for uncollectible amounts	(79,000)	(42,000)
Total	\$ 772,291	\$ 614,423

# 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 7/1/2019	Increases	Decreases	Balance 6/30/2020
Capital assets not being depreciated:				
Land	\$ 214,500	\$ 0	\$ 0	\$ 214,500
Capital assets being depreciated:				
Site improvements	1,001,539			1,001,539
Buildings	14,699,832			14,699,832
Building improvements	17,917,347	216,339		18,133,686
Furniture and equipment	15,186,142	767,402	1,782,771	14,170,773
Total capital assets being depreciated	48,804,860	983,741	1,782,771	48,005,830
Less accumulated depreciation for:				
Site improvements	505,458	33,310		538,768
Buildings	7,310,503	324,792		7,635,295
Building improvements	4,074,473	526,884		4,601,357
Furniture and equipment	11,627,624	933,092	1,560,540	11,000,176
Total accumulated depreciation	23,518,058	1,818,078	1,560,540	23,775,596
Total capital assets being depreciated, net of accumulated depreciation	25,286,802	(834,337)	222,231	24,230,234
Net capital assets	25,501,302	\$ (834,337)	\$ 222,231	24,444,734
Less outstanding debt related to capital assets	(5,556,936)			(2,902,312)
Net investment in capital assets	\$ 19,944,366			\$ 21,542,422

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 4: Capital Assets (Continued)

	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
<b>Total capital assets being depreciated</b>	<b>52,050,037</b>	<b>1,070,005</b>	<b>4,315,182</b>	<b>48,804,860</b>
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
<b>Total accumulated depreciation</b>	<b>25,753,390</b>	<b>2,070,167</b>	<b>4,305,499</b>	<b>23,518,058</b>
<b>Total capital assets being depreciated, net of accumulated depreciation</b>	<b>26,296,647</b>	<b>(1,000,162)</b>	<b>9,683</b>	<b>25,286,802</b>
<b>Net capital assets</b>	<b>26,511,147</b>	<b>\$ (1,000,162)</b>	<b>\$ 9,683</b>	<b>25,501,302</b>
<b>Less outstanding debt related to capital assets</b>	<b>(8,995,565)</b>			<b>(5,556,936)</b>
<b>Net investment in capital assets</b>	<b>\$ 17,515,582</b>			<b>\$ 19,944,366</b>

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 5: Long-Term Obligations

#### General Obligation Notes

The District has several issues of general obligation notes outstanding at June 30, 2020 and 2019, totaling \$2,835,000 and \$5,455,000, respectively. The issues bear interest at rates ranging from 1.00% to 2.90% and mature in varying amounts with the final payments due in 2026. The notes are secured by the full faith and unlimited taxing power of the District.

Long-term liability activity for the years ended June 30, 2020 and 2019, was as follows:

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Amounts Due Within One Year
General obligation notes	\$ 5,455,000	\$ 0	\$ 2,620,000	\$ 2,835,000	\$ 960,000
Premium on general obligation notes	101,936		34,624	67,312	
Compensated absences	60,989	97,610	89,626	68,973	
Special termination benefits	180,172		20,493	159,679	19,073
<b>Totals</b>	<b>\$ 5,798,097</b>	<b>\$ 97,610</b>	<b>\$ 2,764,743</b>	<b>\$ 3,130,964</b>	<b>\$ 979,073</b>

	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	
Compensated absences	60,392	100,781	100,184	60,989	
Special termination benefits	200,575		20,403	180,172	19,703
<b>Totals</b>	<b>\$ 9,256,532</b>	<b>\$ 100,781</b>	<b>\$ 3,559,216</b>	<b>\$ 5,798,097</b>	<b>\$ 1,619,703</b>

#### General Obligation Debt

	Issue	Interest Rates %	Date of Maturity	Balance 6/30/2020	Balance 6/30/2019
General obligation notes	7/7/2011	2.00% - 2.90%	4/1/2021	\$ 225,000	\$ 425,000
General obligation notes	3/1/2012	1.50% - 2.00%	4/1/2021	225,000	450,000
General obligation notes	4/10/2012	2.00% - 2.50%	4/1/2022		780,000
General obligation notes	6/4/2012	1.25% - 2.00%	4/1/2022		615,000
General obligation notes	9/1/2015	2.00% - 2.25%	4/1/2020		300,000
General obligation notes	5/2/2016	1.00% - 2.00%	4/1/2026	1,100,000	1,200,000
General obligation notes	6/30/2016	1.00% - 2.00%	4/1/2026	1,000,000	1,125,000
General obligation notes	9/1/2016	1.50% - 2.00%	4/1/2021	285,000	560,000
<b>Total general obligation debt</b>				<b>\$ 2,835,000</b>	<b>\$ 5,455,000</b>

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 5: Long-Term Obligations (Continued)

#### General Obligation Debt (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt as of June 30, 2020, follows.

Year Ended June 30	Principal	Interest	Totals
2021	\$ 960,000	\$ 58,162	\$ 1,018,162
2022	325,000	37,500	362,500
2023	350,000	31,000	381,000
2024	400,000	24,000	424,000
2025	400,000	16,000	416,000
2026	400,000	8,000	408,000
<b>Totals</b>	<b>\$ 2,835,000</b>	<b>\$ 174,662</b>	<b>\$ 3,009,662</b>

#### Legal Debt Limit

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, 2020, are calculated as follows:

Legal debt limit (5% of \$18,066,104,196)	\$ 903,305,210
Deduct - Long-term debt applicable to debt margin	(2,835,000)
Restricted net position available for debt service	4,232,178
<b>Margin of indebtedness</b>	<b>\$ 904,702,388</b>

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 \$361,322,084 at June 30, 2020, and the District's outstanding bonded indebtedness (net of resources to pay principal and interest) was \$0.

### 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, 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.

# Nicolet Area Technical College District

## Notes to Financial Statements

---

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

**Plan Description** (Continued) - ETF issues a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

**Benefits Provided** - Employees who retire at or after age 65 (54 for protective occupation employees, 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
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 %
2019	0.0 %	(10.0)%



# 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, 2020 and 2019, the WRS recognized \$752,725 and \$752,776, 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, 2020 and 2019:

	2020		2019	
	Employee	Employer	Employee	Employer
General (including teachers, executives, and elected officials)	6.75 %	6.75 %	6.55 %	6.55 %

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2020 and 2019, the District reported a liability (asset) of \$(2,446,057) and \$2,829,024, 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, 2019 and 2018, the District's proportion was 0.07585953% and 0.07951865%, which was a decrease of 0.00365912% and a decrease of 0.00212024% from its proportion measured in the respective prior year.

For the years ended June 30, 2020 and 2019, the District recognized pension expense of \$934,386 and \$1,944,262.

# 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, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,643,176	\$ 2,323,599	\$ 2,203,382	\$ 3,894,787
Changes in assumptions	190,612		476,870	
Net differences between projected and actual earnings on pension plan investments		5,000,615	4,131,596	
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,806	39,212	29,879	643
Employer contributions subsequent to the measurement date	384,476		371,089	
<b>Total</b>	<b>\$ 5,224,070</b>	<b>\$ 7,363,426</b>	<b>\$ 7,212,816</b>	<b>\$ 3,895,430</b>

\$384,476 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, 2021. 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
2021	\$ (744,529)
2022	(561,814)
2023	75,859
2024	(1,293,348)

# 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, 2020 and 2019, were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Actuarial Valuation Date	December 31, 2018	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2019	December 31, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Fair Market Value	Fair Market Value
Long-Term Expected Rate of Return	7.0 %	7.0 %
Discount Rate	7.0 %	7.0 %
Salary Increases:		
Inflation	3.0 %	3.0 %
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9 %	1.9 %

\* 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 for the 2018 and 2017 valuation were based on an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability (asset) for December 31, 2019 and 2018, is based upon a rollforward of the liability calculated from the December 31, 2018 and 2017, 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 geometric real rates of return for each major asset class are summarized in the following tables:

Asset Allocation Targets and Expected Returns	December 31, 2019		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return%
<u>Core Fund</u>			
Global equities	49.0 %	8.0 %	5.1 %
Fixed income	24.5 %	4.9 %	2.1 %
Inflation sensitive assets	15.5 %	4.0 %	1.2 %
Real estate	9.0 %	6.3 %	3.5 %
Private equity/debt	8.0 %	10.6 %	7.6 %
Multi-asset	4.0 %	6.9 %	4.0 %
<b>Total core fund</b>	<b>110.0 %</b>	<b>7.5 %</b>	<b>4.6 %</b>
<u>Variable Fund</u>			
U.S. equities	70.0 %	7.5 %	4.6 %
International equities	30.0 %	8.2 %	5.3 %
<b>Total variable fund</b>	<b>100.0 %</b>	<b>7.8 %</b>	<b>4.9 %</b>

*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.*

# 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, 2018		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return%
<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 %
<b>Total core fund</b>	<b>110.0 %</b>	<b>7.3 %</b>	<b>4.7 %</b>
<u>Variable Fund</u>			
U.S. equities	70.0 %	7.6 %	5.0 %
International equities	30.0 %	8.5 %	5.9 %
<b>Total variable fund</b>	<b>100.0 %</b>	<b>8.0 %</b>	<b>5.4 %</b>

*New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.50%.*

*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 for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.0% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 7.0% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Nicolet 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:

	2020		2019	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to the rate	6.0 %	\$ 6,299,035	6.0 %	\$ 11,242,838
Current discount rate	7.0 %	\$ (2,446,057)	7.0 %	\$ 2,829,024
1% increase to the rate	8.0 %	\$ (8,984,020)	8.0 %	\$ (3,427,299)

**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 <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Payables to the Pension Plan** - At June 30, 2020 and 2019, the District reported a payable of \$0 and \$120,477 for the outstanding amount of employer contributions to the pension plan.

### Note 7: 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
<b>Total</b>	<b>231</b>

# Nicolet Area Technical College District

## Notes to Financial Statements

---

### Note 7: Other Postemployment Benefits - District OPEB Plan (Continued)

**Total OPEB Liability** - The District's total OPEB liability at June 30, 2020, was \$3,540,568, was measured as of June 30, 2019, and was determined by an update to the actuarial valuation dated June 30, 2018. 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.

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2019, 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	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, 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 3.50% discount rate used to measure the total OPEB liability was based on the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the measurement date. 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, 2020 and 2019, were as follows:

Balance at July 1, 2019	\$	4,001,680
Service cost		95,225
Interest		138,172
Changes in assumptions or other input		34,903
Benefit payments		(729,412)
<hr/>		
Balance at June 30, 2020	\$	3,540,568

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 7: Other Postemployment Benefits - District OPEB Plan (Continued)

#### Changes in Total OPEB Liability (Continued)

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)
<b>Balance at June 30, 2019</b>	<b>\$ 4,001,680</b>

**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 total 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:

	2020		2019	
	Discount Rate	Total OPEB Liability	Discount Rate	Total OPEB Liability
1% decrease to the rate	2.50 %	\$ 3,683,815	2.75 %	\$ 4,164,134
Current rate	3.50 %	\$ 3,540,568	3.75 %	\$ 4,001,680
1% increase to the rate	4.50 %	\$ 3,403,141	4.75 %	\$ 3,846,944

**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:

	2020		2019	
	Healthcare Cost Trend Rate	Total OPEB Liability	Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease to the rate	0.3%, then 6.0% decreasing to 4.0%	\$ 3,473,588	0.3%, then 6.0% decreasing to 4.0%	\$ 3,940,225
Current rate	1.3%, then 7.0% decreasing to 5.0%	\$ 3,540,568	1.3%, then 7.0% decreasing to 5.0%	\$ 4,001,680
1% increase to the rate	2.3%, then 8.0% decreasing to 6.0%	\$ 3,600,437	2.3%, then 8.0% decreasing to 6.0%	\$ 4,056,732



# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 7: Other Postemployment Benefits - District OPEB Plan (Continued)

**OPEB Expense and Deferred Outflow of Resources** - For the years ended June 30, 2020 and 2019, the District recognized OPEB expense of \$125,540 and \$180,719, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 91,927	\$ 0	\$ 137,891
Changes in assumptions	26,177	118,271		188,890
Employer contributions subsequent to the measurement date	719,401		729,412	
<b>Total</b>	<b>\$ 745,578</b>	<b>\$ 210,198</b>	<b>\$ 729,412</b>	<b>\$ 326,781</b>

\$719,401 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, 2021. 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	Increase (Decrease) in OPEB Expense
2021	\$ (107,857)
2022	(84,889)
2023	8,725

### Note 8: 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>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 8: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

**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, 2020 and 2019, are as follows:

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

Member 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, 2019 and 2018, are as listed below:

**Life Insurance Employee Contribution Rates**  
For the Years Ended December 31, 2019 and 2018

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, 2020 and 2019, the LRLIF recognized \$5,452 and \$5,707, 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, 2020 and 2019, the District reported a liability of \$1,172,677 and \$802,444, 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 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 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, 2019 and 2018, the District's proportion was 0.27539300% and 0.31098400%, which was a decrease of 0.03559100% and a decrease of 0.02160700% from its proportion measured in the respective prior year.

For the years ended June 30, 2020 and 2019, the District recognized OPEB expense of \$69,586 and \$75,176.

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 8: 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, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 52,534	\$ 0	\$ 40,707
Net differences between projected and actual earnings on OPEB plan investments	22,120		19,177	
Changes in assumptions	432,606	128,986	76,566	173,938
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,641	132,990	20,315	50,655
Employer contributions subsequent to the measurement date	2,679		2,775	
<b>Total</b>	<b>\$ 474,046</b>	<b>\$ 314,510</b>	<b>\$ 118,833</b>	<b>\$ 265,300</b>

\$2,679 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ 27,291
2022	27,291
2023	24,906
2024	22,449
2025	13,304
Thereafter	41,616

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 8: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2019 and 2018, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Measurement date of net OPEB liability	December 31, 2019	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
20 year tax-exempt municipal bond yield	2.74 %	4.10 %
Long-term expected rate of return	4.25 %	5.00 %
Discount rate	2.87 %	4.22 %
Salary Increases:		
Inflation	3.00 %	3.00 %
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table

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

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 investments). 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.

**Local OPEB Life Insurance**  
**Asset Allocation Targets and Expected Returns**  
As of December 31, 2019

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Credit bonds	Barclays Credit	45 %	2.12 %
U.S. Long Credit bonds	Barclays Long Credit	5 %	2.90 %
U.S. Mortgages	Barclays MBS	50 %	1.53 %
Inflation			2.20 %
Long-term expected rate of return			4.25 %

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 8: 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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
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 %

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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.

Single Discount Rate: A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

# Nicolet Area Technical College District

## Notes to Financial Statements

### Note 8: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

**Actuarial Assumptions - 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:

	2020		2019	
	Discount Rate	Net OPEB Liability	Discount Rate	Net OPEB Liability
1% decrease to the rate	1.87 %	\$ 1,619,271	3.22 %	\$ 1,141,529
Current discount rate	2.87 %	\$ 1,172,677	4.22 %	\$ 802,444
1% increase to the rate	3.87 %	\$ 832,906	5.22 %	\$ 540,916

### Note 9: 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, 2020, 13 employees received benefits under these provisions totaling \$20,493. During the year ended June 30, 2019, 16 employees received benefits under these provisions totaling \$20,403. The value of providing these benefits in the future aggregated \$159,679 and \$180,172 on June 30, 2020 and 2019, respectively.

### 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 \$500,000,000 per occurrence; equipment of \$100,000 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 2020 and 2019. For the years ended June 30, 2020 and 2019, the District paid premiums of \$132,294 and \$117,699, 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; a \$5,000 deductible for employee dishonesty, forgery, and fraud; and \$100,000 coverage for impersonation fraud with a \$25,000 deductible.

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 2020.

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, 2020 and 2019, the District paid premiums of \$4,346,829 and \$3,832,772, 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:

	2020	2019
Salaries and wages	\$ 12,619,936	\$ 12,507,131
Fringe benefits	6,061,148	6,561,374
Travel, memberships, and subscriptions	506,060	612,685
Supplies and minor equipment	1,117,236	1,169,667
Postage, printing, and advertising	318,548	284,605
Repairs and maintenance	587,099	601,897
Contracted services	1,432,752	1,303,648
Insurance	171,902	152,305
Utilities	318,698	385,725
Depreciation	1,818,078	2,070,167
Other	216,728	208,616
Student aid	1,529,786	843,315
<b>Total operating expenses</b>	<b>\$ 26,697,971</b>	<b>\$ 26,701,135</b>



## **Required Supplementary Information**

---

# 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 (When Available) \*

	2020	2019	2018	2017	2016	2015
<b>Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset)</b>						
Measurement date	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
District's proportion of the net pension liability (asset)	0.07585953 %	0.07951865 %	0.08163889 %	0.08221758 %	0.08309205 %	0.08493508 %
District's proportionate share of the net pension liability (asset)	\$ (2,446,057)	\$ 2,829,024	\$ (2,423,955)	\$ 677,669	\$ 1,350,230	\$ (2,086,238)
District's covered payroll during the measurement period	\$ 11,287,761	\$ 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	(21.67)%	24.13 %	(20.15)%	5.76 %	11.52 %	(18.02)%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.96 %	96.45 %	102.93 %	99.12 %	98.20 %	102.74 %
<b>Schedule of Employer Contributions</b>						
Contractually required contribution for the fiscal period	\$ 752,725	\$ 752,776	\$ 811,765	\$ 789,282	\$ 791,107	\$ 801,128
Contributions in relation to the contractually required contribution	(752,725)	(752,776)	(811,765)	(789,282)	(791,107)	(801,128)
Contribution excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered payroll for the fiscal period	\$ 11,315,815	\$ 11,362,307	\$ 12,026,357	\$ 11,776,050	\$ 11,811,281	\$ 11,614,296
Contributions as a percentage of covered payroll	6.65 %	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:* No significant change in assumptions was noted from the prior year.

\* 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

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

Last Ten Fiscal Years (When Available) \*

	2020	2019	2018	2017
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016
<b>Total OPEB Liability</b>				
Service cost	\$ 95,225	\$ 141,545	\$ 149,919	\$ 149,919
Interest	138,172	155,757	147,686	161,726
Differences between expected and actual experience		(183,855)		
Changes in assumptions or other input	34,903	(190,605)	(91,872)	
Benefit payments	(729,412)	(601,195)	(747,196)	(812,130)
Net change in total OPEB liability	(461,112)	(678,353)	(541,463)	(500,485)
Total OPEB liability at beginning	4,001,680	4,680,033	5,221,496	5,721,981
Total OPEB liability at end	\$ 3,540,568	\$ 4,001,680	\$ 4,680,033	\$ 5,221,496
District's covered payroll	\$ 10,947,805	\$ 10,947,805	\$ 9,958,317	\$ 9,958,317
Total OPEB liability as a percentage of covered payroll	32.34 %	36.55 %	47.00 %	52.43 %

### Notes to Schedule

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

*Changes of assumptions:* In 2020, the discount rate was changed to 3.50% to be reflective of the 20-year AA municipal bond rate.

\* 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 (When Available) \*

	2020	2019	2018
<b>Schedule of Employer's Proportionate Share of the Net OPEB Liability</b>			
Measurement date	12/31/2019	12/31/2018	12/31/2017
District's proportion of the net OPEB liability	0.27539300 %	0.31098400 %	0.33259100 %
District's proportionate share of the net OPEB liability	\$ 1,172,677	\$ 802,444	\$ 1,000,627
District's covered payroll during the measurement period	\$ 10,670,713	\$ 11,205,224	\$ 11,644,676
Plan fiduciary net position as a percentage of the total OPEB liability	37.58 %	48.69 %	44.81 %
<b>Schedule of Employer Contributions</b>			
Contractually required contributions for the fiscal period	\$ 5,356	\$ 5,707	\$ 6,331
Contributions in relation to the contractually required contributions	(5,356)	(5,707)	(6,331)
Contribution excess	\$ 0	\$ 0	\$ 0
District's covered payroll for the fiscal period	\$ 10,729,123	\$ 10,847,342	\$ 11,549,815
Contributions as a percentage of covered payroll	0.05 %	0.05 %	0.05 %

### Notes to Schedules

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

*Changes of assumptions:* Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section of Note 8 for additional details.

\* 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, 2020

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Local government	\$ 2,807,163	\$ 2,807,163	\$ 3,069,928	\$ 0	\$ 3,069,928	\$ 262,765
State revenues	16,209,070	16,209,070	16,376,986		16,376,986	167,916
Federal revenues	3,000	3,000	5,774		5,774	2,774
Statutory program fees	2,729,000	2,729,000	2,914,264		2,914,264	185,264
Material fees	147,000	147,000	157,514		157,514	10,514
Other student fees	177,100	177,100	148,912		148,912	(28,188)
Institutional revenues	302,000	302,000	604,743		604,743	302,743
<b>Total revenues</b>	<b>22,374,333</b>	<b>22,374,333</b>	<b>23,278,121</b>		<b>23,278,121</b>	<b>903,788</b>
<b>Expenditures:</b>						
Instruction	10,743,286	10,743,286	9,815,181		9,815,181	928,105
Instructional resources	948,796	948,796	888,683		888,683	60,113
Student services	2,658,233	2,658,233	2,110,251		2,110,251	547,982
General institutional	6,238,083	6,238,083	5,701,774		5,701,774	536,309
Physical plant	1,785,935	1,785,935	1,715,370		1,715,370	70,565
<b>Total expenditures</b>	<b>22,374,333</b>	<b>22,374,333</b>	<b>20,231,259</b>		<b>20,231,259</b>	<b>2,143,074</b>
Excess of revenues over expenditures			3,046,862		3,046,862	3,046,862
Fund balance - Beginning of year	13,103,580	13,103,580	13,103,580		13,103,580	
Fund balance - Transfers out		(2,757,000)	(2,757,000)		(2,757,000)	
<b>Fund balance - End of year</b>	<b>\$ 13,103,580</b>	<b>\$ 10,346,580</b>	<b>\$ 13,393,442</b>	<b>\$ 0</b>	<b>\$ 13,393,442</b>	<b>\$ 3,046,862</b>
<b>Fund balance:</b>						
<b>Reserved:</b>						
Prepaid items			\$ 287,490			
Noncurrent assets			13,672			
Postemployment benefits			7,344,982			
<b>Unreserved - Designated:</b>						
State aid fluctuations			140,000			
Subsequent year			550,000			
Operations			5,057,298			
<b>Total fund balance</b>			<b>\$ 13,393,442</b>			

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, 2020

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 1,076,929	\$ 1,076,929	\$ 780,526	\$ 0	\$ 780,526	\$ (296,403)
State revenues	815,129	815,129	612,338		612,338	(202,791)
Federal revenues	254,105	254,105	287,992		287,992	33,887
Institutional revenues	250,000	250,000	735,023		735,023	485,023
<b>Total revenues</b>	<b>2,396,163</b>	<b>2,396,163</b>	<b>2,415,879</b>		<b>2,415,879</b>	<b>19,716</b>
Expenditures:						
Instruction	1,671,420	1,671,420	1,677,339		1,677,339	(5,919)
Instructional resources	234,800	234,800	234,800		234,800	
Student services	489,943	489,943	503,740		503,740	(13,797)
<b>Total expenditures</b>	<b>2,396,163</b>	<b>2,396,163</b>	<b>2,415,879</b>		<b>2,415,879</b>	<b>(19,716)</b>
Excess of revenues over expenditures						
Fund balance - Beginning of year	665,000	665,000	665,000		665,000	
Fund balance - Transfers out		(62,000)	(62,000)		(62,000)	
<b>Fund balance - End of year</b>	<b>\$ 665,000</b>	<b>\$ 603,000</b>	<b>\$ 603,000</b>	<b>\$ 0</b>	<b>\$ 603,000</b>	<b>\$ 0</b>
Fund balance - Reserved for grants and contracts			<u>\$ 603,000</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, 2020

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 27,361	\$ 27,361	\$ 17,139	\$ 0	\$ 17,139	\$ (10,222)
Other student fees	115,000	115,000	128,282		128,282	13,282
Federal revenues	2,226,194	2,226,194	2,128,816		2,128,816	(97,378)
Institutional revenues	12,000	12,000				(12,000)
<b>Total revenues</b>	<b>2,380,555</b>	<b>2,380,555</b>	<b>2,274,237</b>		<b>2,274,237</b>	<b>(106,318)</b>
<b>Expenditures - Student services</b>	<b>2,380,555</b>	<b>2,380,555</b>	<b>2,235,045</b>		<b>2,235,045</b>	<b>145,510</b>
Excess of revenues over expenditures			39,192		39,192	39,192
Fund balance - Beginning of year	174,207	174,207	174,207		174,207	
<b>Fund balance at end of year</b>	<b>\$ 174,207</b>	<b>\$ 174,207</b>	<b>\$ 213,399</b>	<b>\$ 0</b>	<b>\$ 213,399</b>	<b>\$ 39,192</b>
Fund balance - Reserved for student activities			<u>\$ 213,399</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, 2020

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
State revenues	\$ 102,730	\$ 102,730	\$ 67,623	\$ 0	\$ 67,623	\$ (35,107)
Institutional revenues	61,500	61,500	149,386		149,386	87,886
<b>Total revenues</b>	<b>164,230</b>	<b>164,230</b>	<b>217,009</b>		<b>217,009</b>	<b>52,779</b>
Expenditures:						
Instruction	302,730	302,730	289,755		289,755	12,975
General institutional	592,580	592,580	446,373		446,373	146,207
Physical plant	2,020,500	2,020,500	488,687		488,687	1,531,813
<b>Total expenditures</b>	<b>2,915,810</b>	<b>2,915,810</b>	<b>1,224,815</b>		<b>1,224,815</b>	<b>1,690,995</b>
Deficiency of revenues over expenditures	(2,751,580)	(2,751,580)	(1,007,806)		(1,007,806)	1,743,774
Fund balance - Beginning of year	10,183,848	10,183,848	10,183,848		10,183,848	
Fund balance - Transfers in		2,819,000	2,819,000		2,819,000	
<b>Fund balance - End of year</b>	<b>\$ 7,432,268</b>	<b>\$ 10,251,268</b>	<b>\$ 11,995,042</b>	<b>\$ 0</b>	<b>\$ 11,995,042</b>	<b>\$ 1,743,774</b>
Fund balance - Reserved for capital projects			<u>\$11,995,042</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, 2020

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 2,681,000	\$ 2,681,000	\$ 2,681,000	\$ 0	\$ 2,681,000	\$ 0
Institutional revenues	53,743	53,743	57,516		57,516	3,773
<b>Total revenues</b>	<b>2,734,743</b>	<b>2,734,743</b>	<b>2,738,516</b>		<b>2,738,516</b>	<b>3,773</b>
Expenditures - Physical plant	2,734,743	2,734,743	2,734,742		2,734,742	1
Excess of revenues over expenditures			3,774		3,774	3,774
Fund balance - Beginning of year	4,242,945	4,242,945	4,242,945		4,242,945	
<b>Fund balance - End of year</b>	<b>\$ 4,242,945</b>	<b>\$ 4,242,945</b>	<b>\$ 4,246,719</b>	<b>\$ 0</b>	<b>\$ 4,246,719</b>	<b>\$ 3,774</b>
Fund balance - Reserved for debt service			<u>\$ 4,246,719</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, 2020

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Local government	\$ 195,872	\$ 195,872	\$ 261,191	\$ 0	\$ 261,191	\$ 65,319
Institutional revenues	735,159	735,159	406,667		406,667	(328,492)
<b>Total operating revenues</b>	<b>931,031</b>	<b>931,031</b>	<b>667,858</b>		<b>667,858</b>	<b>(263,173)</b>
Operating expenses - Auxiliary services	931,031	931,031	667,935		667,935	263,096
Change in net position			(77)		(77)	(77)
Net position - Beginning of year	668,126	668,126	668,126		668,126	
Net position - End of year	\$ 668,126	\$ 668,126	\$ 668,049	\$ 0	\$ 668,049	\$ (77)
<b>Net position - Unrestricted</b>			<b>\$ 668,049</b>			

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	\$ 23,278,121
Special Revenue Aidable Fund	2,415,879
Special Revenue Non-Aidable Fund	2,274,237
Capital Projects Fund	217,009
Debt Service Fund	2,738,516
Enterprise Fund	667,858

---

31,591,620

#### Adjustments:

Scholarship allowances are included in expenditures for budgetary purposes but offset revenues for GAAP reporting (559,286)

Proceeds from the sale of capital assets are included in revenues for budgetary purposes but offset expenses for GAAP reporting (45,935)

Summer tuition recognized on the cash basis is adjusted to the accrual basis for GAAP reporting 36,237

---

**Reconciled revenues \$ 31,022,636**

---

---

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

Operating revenues	\$ 7,292,184
Property taxes	6,809,785
State operating appropriations	16,325,457
CARES Act funding	145,943
Capital grants and contributions	67,623
Investment income	381,644

---

**Total \$ 31,022,636**

---

---

# 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	\$ 20,231,259
Special Revenue Aidable Fund	2,415,879
Special Revenue Non-Aidable Fund	2,235,045
Capital Projects Fund	1,224,815
Debt Service Fund	2,734,742
Enterprise Fund	667,935

29,509,675

#### Adjustments:

Scholarship allowances are included in expenditures for budgetary purposes but offset revenues for GAAP reporting	(559,286)
Cash basis expenditures adjusted to accrual basis for GAAP reporting:	
Summer school instructional wages	16,910
Amortization of bond premium	(34,624)
Interest expense	(14,144)
Special termination benefits	(20,493)
Postemployment benefits	(593,861)
Net WRS and LRLIF changes	245,891
The acquisition of capital assets is reported as an expenditures for budgetary purposes	(983,741)
Gain on disposal of capital assets	176,296
Repayment of principal on long-term debt is a budgetary expenditure	(2,620,000)
Depreciation recorded for GAAP purposes	1,817,619

**Expenditures on a GAAP basis** **\$ 26,940,242**

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

Operating expenses	\$ 26,697,971
Loss on disposal of capital assets	176,296
Interest expense	65,975

**Total** **\$ 26,940,242**

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, 2020

Administering Agency Pass-Through Agency Award Description	Federal Catalog Number	Pass-Through Agency Number	Grant Period	Program or Award Amount	Grantor Expenditures	Local Share
<b>U.S. Department of Transportation</b>						
<b>Wisconsin Technical College System</b>						
Interagency Hazardous Materials Public Sector Training and Planning Grants						
	20.703	N/A	7/1/19-6/30/20	\$ 3,064	\$ 3,065	\$ 0
<b>U.S. Department of Education</b>						
<b>Direct Programs</b>						
<b>Student Financial Aid Cluster</b>						
Federal Supplemental Education Opportunity Grants						
	84.007	P007A194526	7/1/19-6/30/20	103,570	103,570	
<b>Federal Direct Loan Program</b>						
Subsidized Stafford						
	84.268	P268K202669	7/1/19-6/30/20	706,867	671,720	
Unsubsidized Stafford						
	84.268	P268K202669	7/1/19-6/30/20	278,815	281,771	
<b>Total CFDA 84.268</b>					<b>953,491</b>	
<b>Federal Work Study Program</b>						
Federal Work Study Program						
	84.033	P033A194526	7/1/19-6/30/20	69,515	52,376	
<b>Federal Pell Grant Program</b>						
Pell Grant Administrative Allowance						
	84.063	P063Q182669	7/1/18-6/30/19		235	
Pell Grant Administrative Allowance						
	84.063	P063Q192669	7/1/19-6/30/20		2,475	
Federal Pell Grant Program						
	84.063	P063P192669	7/1/19-6/30/20	1,848,804	1,853,670	
<b>Total CFDA 84.063</b>					<b>1,856,380</b>	
<b>Total Student Financial Assistance Cluster</b>					<b>2,965,817</b>	
<b>Pass-Through Programs</b>						
<b>Wisconsin Technical College System</b>						
Adult Education - Basic Grants to States						
	84.002	16-050-146-120	7/1/19-6/30/20	64,421	64,421	95,933
Adult Education - IELCE						
	84.002	16-051-146-160	7/1/19-6/30/20	1,992	1,992	2,967
<b>Total CFDA 84.002</b>					<b>66,413</b>	<b>98,900</b>
<b>Vocational Education - Basic Grants</b>						
Mental Health Awareness						
	84.048	16-018-150-220	7/1/19-6/30/20	42,880	42,880	
Student Success						
	84.048	16-019-150-230	7/1/19-6/30/20	84,030	84,030	139,000
Nontraditional Occupations						
	84.048	16-023-150-260	7/1/19-6/30/20	5,602	5,602	
Strengthening Programs						
	84.048	16-152-150-250	7/1/19-6/30/20	22,408	22,408	
Career Prep						
	84.048	16-997-150-210	7/1/19-6/30/20	32,351	28,228	
<b>Total CFDA 84.048</b>					<b>183,148</b>	<b>139,000</b>
<b>Educational Stabilization Fund</b>						
COVID-19 CARES ACT - Higher Education Emergency Relief Fund - Student Support						
	84.425E	P425E201007	4/23/20-4/22/21	242,058	119,200	
COVID-19 CARES ACT - Higher Education Emergency Relief Fund - College Support						
	84.425F	P425F200559	5/6/20-5/5/21	242,058	26,743	
<b>Total CFDA 84.425</b>					<b>145,943</b>	
<b>Total U.S. Department of Education</b>					<b>3,361,321</b>	<b>237,900</b>
<b>U.S. Department of Homeland Security</b>						
<b>Pass-Through Programs</b>						
<b>Wisconsin Technical College System</b>						
Assistance to Firefighters Grant						
	97.044	16-503-153-110	12/9/19-8/3/20	30,182	11,687	1,752
<b>TOTAL FEDERAL AWARDS</b>					<b>\$ 3,376,073</b>	<b>\$ 239,652</b>

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, 2020

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
<b>Wisconsin Higher Education Aids Board</b>						
<b>Direct Programs</b>						
Wisconsin Higher Education Grants	235.102	N/A	7/1/19-6/30/20	\$ 336,691	\$ 336,691	\$ 0
Remission of Fees for Veterans and Dependents	235.105	N/A	7/1/19-6/30/20	51,529	51,529	
Minority Undergraduate Retention Grant	235.107	N/A	7/1/19-6/30/20	3,556	3,556	
Wisconsin Covenant Grant	235.108	N/A	7/1/19-6/30/20	1,500	1,500	
Academic Excellence Scholarship	235.109	N/A	7/1/19-6/30/20	3,375	3,375	
Talent Incentive Program	235.114	N/A	7/1/19-6/30/20	16,200	16,200	
Nursing Student Loan	235.117	N/A	7/1/19-6/30/20	6,000	6,000	
Technical Excellence Scholarship	235.119	N/A	7/1/19-6/30/20	9,562	9,562	
Wisconsin Foundation Covenant Grant	235.131	N/A	7/1/19-6/30/20	1,250	1,250	
Indian Student Assistance Grants	235.132	N/A	7/1/19-6/30/20	8,250	8,250	
<b>Total Wisconsin Higher Education Aids Board</b>					<b>437,913</b>	
<b>Wisconsin Technical College System</b>						
<b>Direct Programs</b>						
Student Emergency Fund	292.104	16-933-104-110	7/1/19-6/30/20	7,458	7,458	
<b>State Aids for Wisconsin Technical College System</b>						
General State Aids	292.105	N/A	7/1/19-6/30/20		613,000	
Performance Based Aid	292.105	N/A	7/1/19-6/30/20		887,156	
General State Aid Adjustment - Prior Year	292.105	N/A	7/1/19-6/30/20		(30,000)	
<b>Total 292.105</b>					<b>1,470,156</b>	
<b>Workforce Advancement Training Grant Program</b>						
<b>Direct Programs</b>						
Student Support	292.124	16-016-124-160	7/1/19-6/30/20	136,480	136,480	53,993
Specialized Industrial Safety Training	292.124	16-283-124-179	7/1/18-8/31/19		1,957	
Professional Development	292.124	16-304-124-150	7/1/19-6/30/20	47,694	47,694	23,847
3D Medical Technology Core Industry	292.124	16-543-124-130	7/1/19-6/30/21	176,085	94,768	
WIDS State Consortium	292.124	16-929-124-180	10/9/19-10/8/20	246,540	246,540	
Student Success	292.124	16-934-124-190	7/1/19-8/15/20	20,000	13,350	
Piloting Dual Credit Flexible Learning in Nicolet College District High Schools	292.124	16-994-124-120	7/1/19-6/30/20	93,214	93,214	31,071
<b>Lakeshore Technical College</b>						
Core Industry EMT Paramedic	292.124	11-026-124-130	7/1/19-6/30/20	239,651	18,738	
<b>Northcentral Technical College</b>						
Core Industry MA	292.124	15-838-124-130	7/1/19-6/30/21	336,992	106,672	
Aligning Electromechanical to Industrial Mechanical Career Pathways to Meet Core Industry Need	292.124	15-865-124-139	7/1/19-6/30/20	253,825	43,977	
<b>Total 292.124</b>					<b>803,390</b>	<b>108,911</b>
Rural Opportunity Scholarships	292.135	N/A	7/1/19-6/30/20	500	500	
Fire Fighter Training 2%	292.137	N/A	7/1/19-6/30/20	16,988	16,988	
Plumbing Apprenticeship	292.138	16-427-138-310	7/1/19-6/30/20	20,880	20,880	
Property Tax Relief Aid	292.162	N/A	7/1/19-6/30/20	14,781,642	14,781,642	
<b>Total Wisconsin Technical College System</b>					<b>17,101,014</b>	<b>108,911</b>
<b>Wisconsin Department of Transportation</b>						
<b>Direct Programs</b>						
Motorcycle Training Grant	20.395(4)(aq)	N/A	7/1/19-6/30/20	17,619	17,619	
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>					<b>\$ 17,556,546</b>	<b>\$ 108,911</b>

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, 2020. 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.

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 2: Summary of Significant Accounting Policies**

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

### **Note 3: 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	\$	2,276,639
Nonoperating revenues - CARES Act funding		145,943

2,422,582

Adjustments:

Federal Direct Loan Program (CFDA #84.268)		953,491
--	--	---------

Federal revenues per schedule of expenditures of federal awards \$ 3,376,073

State:

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

Operating revenues - State grants	\$	663,867
Nonoperating revenues - State operating appropriations		16,325,457
Capital grants - State		67,623

17,056,947

Adjustments:

Tuition payments for:

Wisconsin Higher Education Grants (State ID# 235.102)		336,691
Indian Student Assistance Grants (State ID# 235.132)		8,250
Academic Excellence Scholarship (State ID# 235.109)		3,375
Minority Undergraduate Retention Grant (State ID# 235.107)		3,556
Talent Incentive Program (State ID# 235.114)		16,200
Nursing Student Loan (State ID# 235.117)		6,000
Technical Excellence Scholarship (State ID# 235.119)		9,562
Wisconsin Foundation Covenant Grant (State ID# 235.131)		1,250
Wisconsin Covenant Grant (State ID# 235.108)		1,500
Core Industry EMT Paramedic (State ID# 292.124)		18,738
Core Industry MA (State ID# 292.124)		106,672
Aligning Electromechanical to Industrial Mechanical Career Pathways to Meet Core Industry Need (State ID# 292.124)		43,977
Firefighter Training 2% (State ID# 292.137)		16,988
Rural Opportunity Grant (State ID# 292.135)		500
Personal Property Aid		(16,768)
Payments in Lieu of Taxes		(53,170)
Aid in Lieu Computer Taxes		(3,722)

State revenues per schedule of expenditures of state awards \$ 17,556,546

# 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 the business-type activities of Nicolet Area Technical College District (the "District") as of and for the year ended June 30, 2020, 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 January 25, 2021.

### **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") as a basis for designing 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 financial statements. 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.

*Wipfli LLP*

Wipfli LLP

January 25, 2021  
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, 2020. 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 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, 2020.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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

January 25, 2021  
Rhineland, Wisconsin

# Nicolet Area Technical College District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

---

### 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

Year Ended June 30, 2020

---

### 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
--	------------

Any audit findings disclosed that are required to be reported in accordance with <i>State of Wisconsin Single Audit Guidelines</i> ?	No
--	----

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
292.105	State Aids for Wisconsin Technical College System
292.124	Workforce Advancement Training Grant Program
292.162	Property Tax Relief Aid

Dollar threshold used to distinguish between Type A and Type B programs	\$250,000
---	-----------

Auditee qualified as low-risk auditee?	Yes
--	-----

### 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

Year Ended June 30, 2020

---

### 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, CPA, CFE

Date of report

January 25, 2021

# Nicolet Area Technical College District

## Schedule of Prior Audit Findings

Year Ended June 30, 2020

---

### Financial Statement Findings

None

### Federal and State Awards Findings and Questioned Costs

None