

**NICOLET UNION HIGH SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2023**

**NICOLET UNION HIGH SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	22
Notes to Financial Statements	23
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in OPEB Liability and Related Ratios Other Post Employment Benefits Plan	58
Schedule of Contributions Other Post Employment Benefits Plan	59
Schedule of Annual Money-Weighted Rate of Return on Investments Other Post Employment Benefits Plan	60
Schedule of Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System	61
Schedule of Contributions Wisconsin Retirement System	62
Schedule of Changes in the Total Pension Liability and Related Ratios Supplemental Pension Plan	63
Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund	64

NICOLET UNION HIGH SCHOOL DISTRICT

TABLE OF CONTENTS

	<b>Page</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION (continued)</b>	
Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Special Education Fund	65
Notes to Required Supplementary Information	66
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	72
<b>SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND OTHER AUDITOR'S REPORTS</b>	
Schedule of Expenditures of Federal Awards	74
Schedule of Expenditures of State Awards	75
Notes to Schedules of Expenditures of Federal Awards and State Awards	76
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>	78
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and the State Single Audit Guidelines	80
Schedule of Findings and Questioned Costs	83
Corrective Action Plan	86
Summary Schedule of Prior Audit Findings	87

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Nicolet Union High School District  
Milwaukee County, Wisconsin

### Report on the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nicolet Union High School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nicolet Union High School District as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As described in Note 21 to the financial statements, the District has changed its method of accounting for subscription based information technology for the year ended June 30, 2023 due to the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Changes in OPEB Liability and Related Ratios Other Post Employment Benefits plan, Schedule of Annual Money-Weighted Rate of Return on Investments Other Post Employment Benefits Plan, Schedule of Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System, Schedule of Contributions Wisconsin Retirement System, Schedule of Changes in the Total Pension Liability and Related Ratios Supplemental Pension Plan, Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund, Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Special Education Fund, and related Notes to Required Supplementary Information, and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplemental financial information; and the schedules of expenditures of federal awards and state awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and by the Wisconsin Department of Administration; are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information and the schedules of expenditures of federal awards and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our reports dated November 17, 2023 on our consideration of the Nicolet Union High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting compliance.

SCHUMACHER SAMA, LLP



Wauwatosa, Wisconsin  
November 17, 2023

**MANAGEMENT'S DISCUSSION  
AND  
ANALYSIS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2023

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

### FINANCIAL HIGHLIGHTS

- The General Fund (Fund 10) fund balance increased \$1.56 million from \$8.63 million to \$10.19 million. The fund balance is 44% of the \$23.07 million Fund 10 expenditures for the 2022-2023 fiscal year.
- The school board policy is to maintain a minimum General Fund balance equal to 25% of expenditures. The district has met this minimum fund balance as of June 30, 2023.
- Capital assets have been reported at \$59.73 million and accumulated depreciation of \$19.68 million for a net capital asset value of \$40.05 million. The amount listed represents the estimated historical cost of all sites, site improvements, buildings and building improvements, furniture and equipment with a unit value of at least \$5,000. Independent physical inventories are conducted annually. Capital assets are assigned to an expense function and annual and accumulated depreciation for each expense function has been incorporated into the financial statements (see Note 4 in the Notes to the Financial Statements).
- The district follows GASB #73, *Accounting and Financial Reporting for Pensions* for its Supplemental Pension Plan, GASB 74, *Financial Reporting for Post Employment Benefits Other Than Pensions*, and GASB #75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*. This allows the District to report its total supplemental pension liability and net OPEB liability. As of June 30, 2023, a \$1,280,795 supplemental pension liability and a \$36,840 net OPEB liability are reported in the Statement of Net Position.
- The District follows GASB #68, *Accounting and Financial Reporting for Pension* and GASB #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for its membership in the Wisconsin Retirement System (WRS) pension plan. This allows the District to report its proportionate share of the WRS plan net pension asset. As of June 30, 2023, a \$3,475,118 net pension liability is reported in the Statement of Net Position.
- The District follows GASB #87, *Leases*. Under this standard, the district recognizes a right-of-use leased asset, accumulated amortization, and lease liability for their long-term leases.
- The District implemented GASB #96, *Subscription Based Technology Arrangements* as of July 1, 2022. This resulted in the government wide statements recognizing SBITA assets, accumulated amortization, and SBITA liability with a prior period adjustment of \$380.
- The District's overall financial status, as reflected in total net position, increased by \$4.73 million.
- Total revenues for Governmental Funds were \$33.95 million. This amount includes \$25.20 million of local property taxes, \$1.67 million of general federal and state aids and \$2.44 million of specific grants and contributions. Property taxes represent 74% of all revenue.

## **FINANCIAL HIGHLIGHTS (continued)**

- Financial activity resulted in an increase in fund balance in the Food Service Fund (Fund 50) of \$35,402. Revenues and other financing sources of \$660,028 exceeded expenditures of \$624,626. The fund balance in fund 50 is \$68,236.
- Financial activity resulted in an increase in fund balance in the Community Service Fund (Fund 80) of \$83,418. Revenues and other financing sources of \$1.06 million exceeded expenditures of \$975,559. The fund balance in Fund 80 is \$105,798. The Community Service fund provides recreational activities and adult education opportunities to the four communities served by the District.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual financial report consists of four parts:

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

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

### **District-Wide Financial Statements**

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. These statements present an aggregate view of the District's finances. These statements contain useful long-term information as well as information for the 2022-2023 fiscal year.
- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues (charges for services and/or operating grants and contributions). General revenue and any extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue and recognizing the change in net position for the District from the previous year.

### **Fund Financial Statements**

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

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

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

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

**Table 2 - Condensed Statement of Net Position**  
(2022 has not been restated for GASB 96 implementation)

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
<b><u>Assets</u></b>			
Current Assets	\$ 83,430,571	\$ 94,537,145	(11.7)
Non-Current Assets	40,201,623	27,771,347	44.8
Deferred Outflows of Resources	<u>14,346,965</u>	<u>11,702,986</u>	22.6
<b>Total Assets &amp; Deferred Outflows</b>	<b><u>\$ 137,979,159</u></b>	<b><u>\$ 134,011,478</u></b>	3.0
<b><u>Liabilities</u></b>			
Current Liabilities	\$ 14,280,980	\$ 7,332,185	94.8
Non-Current Liabilities	78,865,275	80,676,612	(2.2)
Deferred Inflows of Resources	<u>7,719,887</u>	<u>13,621,533</u>	(43.3)
<b>Total Liabilities &amp; Deferred Inflows</b>	<b><u>\$ 100,866,142</u></b>	<b><u>\$ 101,630,330</u></b>	(0.8)
<b><u>Net Position</u></b>			
Invested in Capital, Net of Related Debt	\$ 19,270,260	\$ 15,769,484	22.2
Restricted	67,291,878	86,413,681	(22.1)
Unrestricted	<u>(49,449,121)</u>	<u>(69,802,017)</u>	(29.2)
<b>Total Net Position</b>	<b><u>\$ 37,113,017</u></b>	<b><u>\$ 32,381,148</u></b>	14.6

As of June 30, 2023, the District reported total assets and deferred outflows of \$137.98 million and total liabilities and deferred inflows of \$100.87 million. Net position amounts to \$37.11 million. Non-current asset reporting includes historical cost of sites, site improvements, buildings, building improvements, furniture and equipment (all net of accumulated depreciation).

**Table 3 - Change in Net Position from Operating Results**  
**For Governmental Activities**  
(2022 has not been restated for GASB 96 implementation)

		<u>Actual</u>		<u>Actual</u>	
		<u>2022-2023</u>	<u>%</u>	<u>2021-2022</u>	<u>%</u>
<b><u>Revenues:</u></b>					
<b>Program</b>	Charges for Services	\$ 2,300,223	6.8	\$ 2,429,578	9.2
	Operating Grants & Cont.	2,444,917	7.2	2,391,811	9.1
<b>General</b>	Property & Other Taxes	25,196,380	74.2	18,888,511	71.7
	General Federal and				
	State Aids	1,669,509	4.9	1,709,512	6.5
	Gifts	776,060	2.3	454,991	1.7
	Other	<u>1,561,715</u>	<u>4.6</u>	<u>474,476</u>	<u>1.8</u>
	<b>Total Revenue</b>	<b><u>33,948,804</u></b>	<b><u>100.0</u></b>	<b><u>26,348,879</u></b>	<b><u>100.0</u></b>

**Table 3 - Change in Net Position from Operating Results**  
**For Governmental Activities**  
 (continued)  
 (2022 has not been restated for GASB 96 implementation)

	<b>Actual</b>	<b>%</b>	<b>Actual</b>	<b>%</b>
	<b>2022-2023</b>		<b>2021-2022</b>	
<b><u>Expenses:</u></b>				
Instruction	\$ 13,167,249	45.1	\$ 13,262,864	52.0
Pupil/Instructional services	2,519,092	8.6	2,372,274	9.3
Administration and business	8,117,748		8,148,544	31.9
Other support	886,188	3.0	724,933	2.8
Interest on debt	3,220,913	11.0	126,523	0.5
Community service	939,804	3.2	872,433	3.4
Other expenditures	365,561	1.3	-	-
<b>Total Expense</b>	<b>29,216,555</b>	<b>100.0</b>	<b>25,507,571</b>	<b>100.0</b>
<b>Change in Net Position</b>	<b>\$ 4,732,249</b>		<b>\$ 841,308</b>	

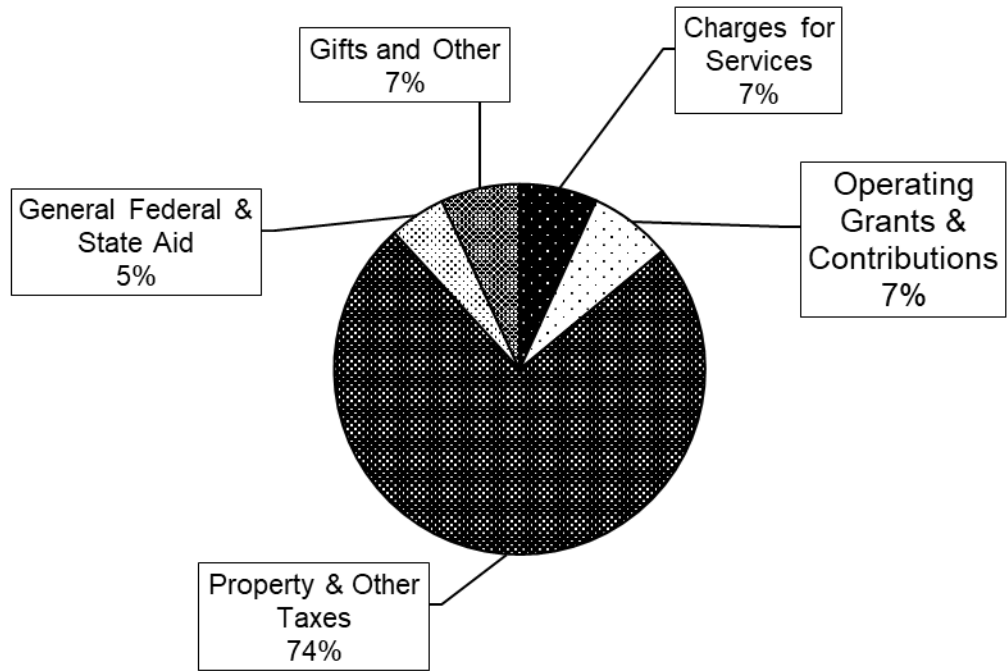
**Revenues**

- The District received \$33.95 million in revenue for the 2022-2023 fiscal year. Seventy-four percent (74%) of the District's total revenue came from local school property tax and prior year charge backs. The District received approximately fourteen percent (14%) in the form of specific use State Grants, Federal Aid, and direct fees for services. Five percent (5%) of the total came from general federal and state aids and seven percent (7%) from gift and other sources. The overall make-up of the sources of revenue did not vary significantly from the previous fiscal year.
- Individuals who directly participated or benefited from a program contributed \$2.3 million of the cost. Book and activity fees, admissions to athletic events, open enrollment tuition, recreation fees, and food services are included as charges for services.
- Federal and State governments subsidized certain specific programs with grants and contributions of approximately \$2.4 million. Special Education Aid, Transportation Aid and Integration Aid are examples of operating grants and contributions.
- General Revenues in the form of property taxes accounted for \$25.2 million and general state and federal aids for \$1.7 million.

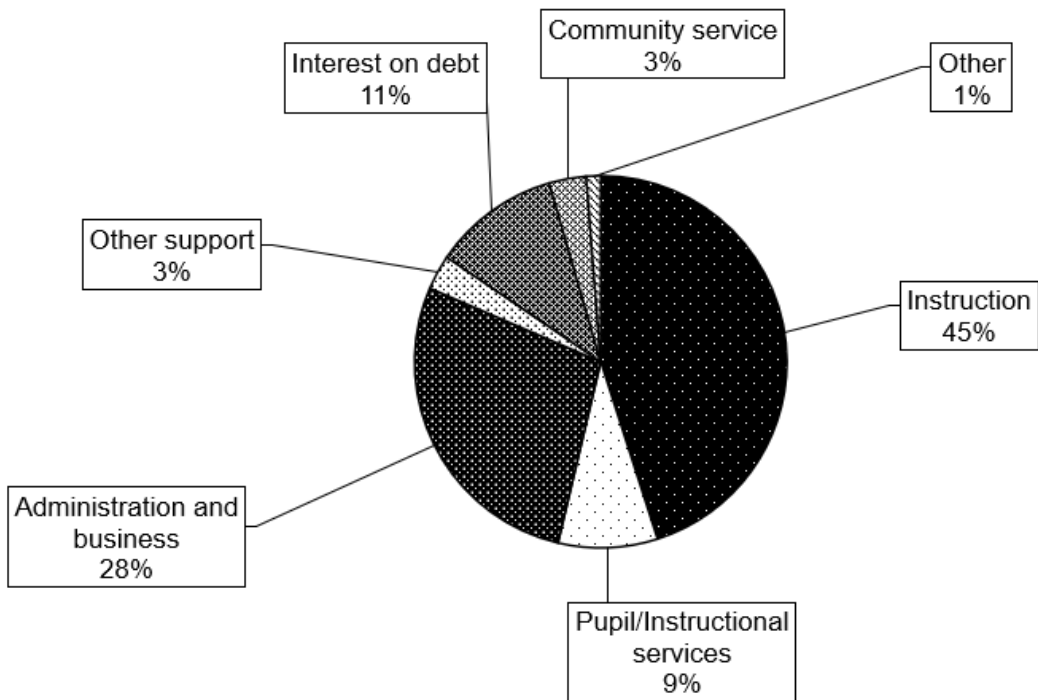
**Expenses**

- The District's total expenditure amount was \$29.2 million for fiscal year 2022-2023. Fifty-four (54%) was directed to pupil instruction and instructional services. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services. Administration and other support account for thirty-one percent (31%). These costs include administration and support salaries/benefits, district maintenance, utility costs, pupil transportation, legal services, and school business insurance. The costs associated with interest on debt payments account for eleven percent (11%). The costs associated with Community Service account for approximately three percent (3%) of all district expenses. The costs associated with other expenditures account for approximately one percent (1%) of all district expenses.

## REVENUE BY SOURCE



## Expenses By Function



**Table 4 - Net Cost of Governmental Activities**  
*(2022 has not been restated for GASB 96 implementation)*

	2023		2022	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 13,167,249	\$ 10,521,564	\$ 13,262,864	\$ 10,476,492
Pupil/Instructional services	2,519,092	2,059,765	2,372,274	1,994,204
Administration and business	8,117,748	7,220,412	8,148,544	7,099,683
Other support	886,188	885,455	724,933	719,331
Interest on debt	3,220,913	3,220,913	126,523	126,523
Community service	939,804	197,745	872,433	269,949
<b>Total</b>	<u>\$ 28,850,994</u>	<u>\$ 24,105,854</u>	<u>\$ 25,507,571</u>	<u>\$ 20,686,182</u>

- The net cost of governmental activities was \$24.1 million. The net cost is the total cost less the program revenues. Refer to the Statement of Activities for the detailed adjustments made for the net cost.

**General Fund Budgetary Comparison**

The District adopts an interim budget in June for the subsequent year. Consistent with current state statutes and regulations, the original budget is amended in October to reflect the actual revenue cap and state aid certification. The budget was subsequently amended in June of 2023.

General Fund final budget was approved with a surplus of \$744,084. Actual results for 2022-2023 show an increase of \$1.56 million to the fund balance. The favorable variance is primarily related increased revenues related to investment earnings, student fee collections, library aid, special education aid, and open enrollment revenue. The variance also reflects savings on spending primarily within salaries/benefits.

**Fund Balances**

- The District shows a total for all fund balances of \$74.6 million as of June 30, 2023. (See Note 12 in the financial statements for the detail of total governmental fund balances).
- \$10.2 million is in the General Fund (Fund 10). The District utilizes this fund balance for funding short-term operations. The interest earned on investment of these funds provides additional spending capacity.
- \$1.7 million is in the long-term capital improvement fund (Fund 46) and \$58.9 million is in the other capital projects fund (Fund 49). \$3.3 million is in the Debt Service Fund (Fund 38 & 39).
- \$68,236 is in the Food Service Fund (Fund 50). The food service fund is used for food service equipment replacements.
- The District has a \$105,798 fund balance in the Community Service Fund (Fund 80) at June 30, 2023.
- The remaining balance of the Gift Fund (Fund 21) is \$289,969. Fund 21 reflects the balance of awards and donations to the District unspent by June 30, 2023.

## **Governmental Activities**

The District's current financial position can be credited to effective and conservative fiscal management. Some highlights of fiscal management include:

- Beginning with the 2018-19 fiscal year, the District has worked with budget managers to add more accountability and transparency to the budget process. This accountability has led to an increased awareness for budget managers to stay within budget parameters that are set.
- The District has a strict budgetary implementation process that minimizes the opportunity to spend beyond the District's means. The process includes the School Board who provides governance to budget allocation.
- The Board of Education is committed to maintaining the Nicolet facility in good standing. The District commits a significant amount of dollars to capital maintenance and upkeep. The District maintains a 10-year capital improvement plan that is funded via the Capital Improvement Trust Fund (Fund 46).
- Like the District's capital improvement plan, a five-year technology replacement plan has been implemented to ensure technology infrastructure, equipment, and computers are replaced on schedule within the general fund budget and without the use of capital leases/borrowing.
- The District uses an energy management program through Constellation Energy to directly purchase natural gas. This direct purchase of natural gas gives the District stability of pricing and has resulted in significant energy savings.
- The District prefunds retirement benefits within the Fund 73 OPEB Trust. The District adheres to the investment policy determined by administration and the School Board.

## **Capital Asset and Debt Administration**

### **Capital Assets**

- At June 30, 2023, the District reported \$59.7 million of capital assets and \$19.7 million of accumulated depreciation.

### **Long Term Debt**

- As of June 30, 2023 the District had \$78.4 million in long-term obligations which includes bonds and notes payable, leases, SBITAs, accrued compensated absences, and a bond premium (Note 7 details the District's long-term obligations).

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

## **Decisions that Will Impact the Future of the District**

During the 2022-23 school year, the District achieved a significant contribution to the District's fund balance. Since it was the first year of the District's six-year financial cycle, the School Board and Administration made the decision to allocate the surplus to fund balance to be financially stable as it begins the next Nicolet six year financial cycle.

The District is in the midst of a \$77.4 million referendum project which was approved in April, 2022. This referendum is addressing major facility needs as identified in the District's facility assessment. The funding is being used to upgrade the District's HVAC system, replace plumbing, upgrade security, replace lighting, renovate all outdoor athletic/wellness spaces, build additions for physical education, innovation arts, and band, and provide general upgrades throughout the building. The debt payments will be paid by a separate tax levy outside of the operational and recreation tax levies that are already in place.

## **Contacting the District's Financial Management**

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

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

Phone: (414) 351-7548  
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**BASIC FINANCIAL STATEMENTS**

**NICOLET UNION HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2023**

<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and investments	\$ 79,040,124
Taxes receivable	3,037,280
Accounts receivable	92,843
Due from other governments	878,511
Due from related party	155,883
Prepaid expenses	<u>225,930</u>
<b>Total Current Assets</b>	<u>83,430,571</u>
<b>Non-current Assets</b>	
Right-of-use leased assets, net of accumulated amortization	83,311
SBITA assets, net of accumulated amortization	69,230
Capital assets, net of accumulated depreciation	<u>40,049,082</u>
<b>Total Non-current Assets</b>	<u>40,201,623</u>
<b>Total Assets</b>	<u>123,632,194</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources from WRS pension	12,646,870
Deferred outflows of resources from supplemental pension	<u>322,953</u>
<b>Total Deferred Outflows of Resources Pensions</b>	<u>12,969,823</u>
Deferred outflows of resources from OPEB	<u>1,377,142</u>
<b>Total Deferred Outflows of Resources</b>	<u>14,346,965</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 137,979,159</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Current portion of deferred debt premium	\$ 166,073
Current portion of long-term obligations	4,178,449
Accounts payable and accrued expenses	8,694,353
Due to fiduciary fund	1,000
Due to other governments	12,982
Other current liabilities	<u>1,228,123</u>
<b>Total Current Liabilities</b>	<u>14,280,980</u>
<b>Non-current Liabilities</b>	
Net supplemental pension liability	1,280,795
Net WRS pension liability	<u>3,475,118</u>
<b>Total pension liabilities</b>	<u>4,755,913</u>
Net OPEB liability	36,840
Noncurrent portion of deferred debt premium	2,889,214
Noncurrent portion of long-term obligations	<u>71,183,308</u>
<b>Total Non-current Liabilities</b>	<u>78,865,275</u>
<b>Total Liabilities</b>	<u>93,146,255</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources from supplemental pension	74,168
Deferred inflows of resources from WRS pension	<u>7,285,825</u>
<b>Deferred Inflows of Resources Pensions</b>	<u>7,359,993</u>
Deferred inflows of resources from OPEB	<u>359,894</u>
<b>Total Deferred Inflows of Resources</b>	<u>7,719,887</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>100,866,142</u>
<b>NET POSITION</b>	
Net investment in capital assets	19,270,260
Restricted	67,291,878
Unrestricted	<u>(49,449,121)</u>
<b>Total Net Position</b>	<u>37,113,017</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 137,979,159</u>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes In Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>Instruction</b>				
Regular	\$ 8,087,766	\$ 767,296	\$ 938,418	\$ (6,382,052)
Physical	471,948	49,358	-	(422,590)
Vocational	1,225,354	125,120	20,405	(1,079,829)
Special education	1,990,169	-	641,158	(1,349,011)
Other	1,392,012	103,930	-	(1,288,082)
<b>Total Instruction</b>	<b>13,167,249</b>	<b>1,045,704</b>	<b>1,599,981</b>	<b>(10,521,564)</b>
<b>Support Services</b>				
Pupil services	1,052,211	-	75,314	(976,897)
Instructional support services	1,466,881	-	384,013	(1,082,868)
General administrative services	639,710	-	-	(639,710)
Building administrative services	918,226	-	-	(918,226)
Business administrative services	5,902,795	512,460	204,727	(5,185,608)
Central services	340,820	-	180,149	(160,671)
Insurance and judgements	316,197	-	-	(316,197)
Other support services	886,188	-	733	(885,455)
Interest and fees	3,220,913	-	-	(3,220,913)
Community service	939,804	742,059	-	(197,745)
<b>Total Support Services</b>	<b>15,683,745</b>	<b>1,254,519</b>	<b>844,936</b>	<b>(13,584,290)</b>
<b>Total Activities</b>	<b>\$ 28,850,994</b>	<b>\$ 2,300,223</b>	<b>\$ 2,444,917</b>	<b>(24,105,854)</b>
<b>General Revenues</b>				
<b>Taxes</b>				
<b>Property taxes</b>				
General purposes				19,291,712
Debt service				5,604,668
Community service				300,000
Federal and State aids not restricted to specific functions				1,669,509
Gifts				776,060
Investment income				1,129,709
Miscellaneous				432,006
<b>Total General Revenues</b>				<b>29,203,664</b>
<b>Other Expenses</b>				
Loss on sale of capital assets				(365,561)
<b>Change in Net Position</b>				<b>4,732,249</b>
Net Position, beginning of year as restated				<b>32,380,768</b>
<b>NET POSITION, end of year</b>				<b>\$ 37,113,017</b>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023**

	General Fund	Long-Term Capital Improvements Fund	Other Capital Projects Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 8,141,956	\$ 1,708,119	\$ 65,477,850	\$ 3,269,971	\$ 442,228	\$ 79,040,124
Taxes receivable	3,037,280	-	-	-	-	3,037,280
Accounts receivable	14,284	-	50,420	11,151	16,988	92,843
Due from other funds	-	23,080	-	-	-	23,080
Due from other governments	660,851	-	-	-	217,660	878,511
Due from related party	155,679	-	-	-	204	155,883
Prepaid expenses	220,798	-	-	-	5,132	225,930
<b>Total Assets</b>	<u>\$ 12,230,848</u>	<u>\$ 1,731,199</u>	<u>\$ 65,528,270</u>	<u>\$ 3,281,122</u>	<u>\$ 682,212</u>	<u>\$ 83,453,651</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 131,972	\$ -	\$ 6,624,445	\$ -	\$ 41,845	\$ 6,798,262
Accrued salaries and wages	1,223,031	-	-	-	-	1,223,031
Payroll taxes and withholdings	658,561	-	-	-	-	658,561
Due to other funds	24,080	-	-	-	-	24,080
Due to other governments	3,982	-	-	-	-	3,982
Other current liabilities	-	-	-	-	176,364	176,364
<b>Total Liabilities</b>	<u>2,041,626</u>	<u>-</u>	<u>6,624,445</u>	<u>-</u>	<u>218,209</u>	<u>8,884,280</u>
<b>Fund Balances</b>						
Nonspendable	220,798	-	-	-	5,132	225,930
Restricted	45,394	1,731,199	58,903,825	3,281,122	458,871	64,420,411
Unassigned	9,923,030	-	-	-	-	9,923,030
<b>Total Fund Balances</b>	<u>10,189,222</u>	<u>1,731,199</u>	<u>58,903,825</u>	<u>3,281,122</u>	<u>464,003</u>	<u>74,569,371</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 12,230,848</u>	<u>\$ 1,731,199</u>	<u>\$ 65,528,270</u>	<u>\$ 3,281,122</u>	<u>\$ 682,212</u>	<u>\$ 83,453,651</u>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
For the Year Ended June 30, 2023**

Total fund balance, governmental funds	\$ 74,569,371
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	40,049,082
Right-of-use leased assets used in governmental activities are not financial resources and therefore are not reported in funds.	83,311
SBITA assets used in governmental activities are not financial resources and therefore are not reported in funds.	69,230
The District's proportionate share net pension and OPEB assets (liabilities) as well as pension and OPEB related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	1,834,325
Long term liabilities, including bonds, notes payable, lease liabilities, SBITAs, and related accrued interest and deferred premium, are not due and payable in the current period and therefore are not reported in the funds.	<u>(79,492,302)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 37,113,017</u></u>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	General Fund	Long-Term Capital Improvements Fund	Other Capital Projects Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Local	\$ 20,159,050	\$ 56,447	\$ 1,023,681	\$ 5,715,561	\$ 1,914,733	\$ 28,869,472
Interdistrict	430,497	-	-	-	357,753	788,250
Intermediate	51,398	-	-	-	-	51,398
State	3,045,253	-	-	-	-	3,045,253
Federal	881,081	-	-	-	136,694	1,017,775
Other	65,795	-	-	93,216	17,646	176,657
<b>Total Revenues</b>	<b>24,633,074</b>	<b>56,447</b>	<b>1,023,681</b>	<b>5,808,777</b>	<b>2,426,826</b>	<b>33,948,805</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular	7,674,067	-	-	-	596	7,674,663
Physical	493,622	-	-	-	-	493,622
Special education	1,855,301	-	-	-	-	1,855,301
Vocational	1,251,294	-	-	-	3,998	1,255,292
Other	1,039,381	-	55,688	-	355,344	1,450,413
<b>Total Instruction</b>	<b>12,313,665</b>	<b>-</b>	<b>55,688</b>	<b>-</b>	<b>359,938</b>	<b>12,729,291</b>
<b>Support Services</b>						
Pupil services	1,083,962	-	-	-	-	1,083,962
Instructional support services	1,502,027	-	-	-	-	1,502,027
General administrative services	614,790	-	-	-	312	615,102
Building administrative services	963,380	-	-	-	-	963,380
Business administrative services	4,314,590	-	18,849,959	-	1,051,887	24,216,436
Central services	330,445	-	-	-	-	330,445
Insurance and judgements	214,817	-	101,380	-	-	316,197
Other support services	872,469	-	136,386	-	-	1,008,855
Debt service						
Principal	79,249	-	-	4,650,000	2,530	4,731,779
Interest and fees	2,907	-	-	2,367,568	-	2,370,475
Community services	-	-	-	-	971,915	971,915
<b>Total Support Services</b>	<b>9,978,636</b>	<b>-</b>	<b>19,087,725</b>	<b>7,017,568</b>	<b>2,026,644</b>	<b>38,110,573</b>
<b>Non-Program</b>						
General tuition payments	772,974	-	-	-	-	772,974
Other non-program services	7,641	-	-	-	1,924	9,565
<b>Total Non-Program</b>	<b>780,615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,924</b>	<b>782,539</b>
<b>Total Expenditures</b>	<b>23,072,916</b>	<b>-</b>	<b>19,143,413</b>	<b>7,017,568</b>	<b>2,388,506</b>	<b>51,622,403</b>
Excess (deficiency) of revenue over expenditures	1,560,158	56,447	(18,119,732)	(1,208,791)	38,320	(17,673,598)
<b>Other Financing Sources (Uses)</b>						
Proceeds on sale of fixed assets	5,050	-	-	-	-	5,050
Proceeds from capital leases and SBITAs	87,570	-	-	-	7,822	95,392
Transfers (to) from other funds	(92,137)	23,080	-	-	69,057	-
<b>Net Change in Fund Balances</b>	<b>1,560,641</b>	<b>79,527</b>	<b>(18,119,732)</b>	<b>(1,208,791)</b>	<b>115,199</b>	<b>(17,573,156)</b>
Fund Balances, beginning of year	8,628,581	1,651,672	77,023,557	4,489,913	348,804	92,142,527
<b>FUND BALANCES, end of year</b>	<b>\$ 10,189,222</b>	<b>\$ 1,731,199</b>	<b>\$ 58,903,825</b>	<b>\$ 3,281,122</b>	<b>\$ 464,003</b>	<b>\$ 74,569,371</b>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (17,573,156)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 19,236,743	
Depreciation expense reported in the Statement of Activities	(1,069,679)	
Proceeds from disposal of fixed assets	(5,050)	
Gain (loss) on disposal of fixed assets	<u>(365,561)</u>	
		17,796,453

Governmental funds report capital outlays for right-of-use leased assets as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over the term of the related lease on a straight-line basis.

Amortization expense reported in the Statement of Activities	(13,934)	
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Governmental funds report capital outlays for SBITA assets as expenditures.

However, in the Statement of Activities, the cost of those assets are allocated over the term of the related SBITA on a straight-line basis.

SBITA adjustment	103,844	
Amortization expense reported in the Statement of Activities	<u>(45,400)</u>	58,444

Net difference between OPEB and pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities.	672,810	
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Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Repayment of long-term debt and lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.

This is the amount by which proceeds exceeded payments.	4,636,388	
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Premiums in association with debt financing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements when received.

167,219	
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

<u>(1,011,975)</u>	
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**Change in Net Position**

<u><u>\$ 4,732,249</u></u>	
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See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2023**

	<u>Employee Benefit Trust Post- employment Benefits</u>
<b>ASSETS</b>	
Cash and investments	\$ 4,910,703
Accounts receivable	23,665
Due from other funds	<u>1,000</u>
<b>Total Assets</b>	<u><u>\$ 4,935,368</u></u>
<b>LIABILITIES</b>	
<b>Total Liabilities</b>	<u>\$ -</u>
<b>NET POSITION</b>	
Restricted	<u>4,935,368</u>
<b>Total Net Position</b>	<u>4,935,368</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 4,935,368</u></u>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2023**

	<u><b>Employee Benefit Trust Post- employment Benefits</b></u>
<b>Additions</b>	
Contributions	<u>\$ 724,965</u>
<b>Investment income</b>	
Interest and dividends	133,870
Unrealized gain	<u>433,441</u>
<b>Net investment income</b>	<u>567,311</u>
<b>Total Additions</b>	<u>1,292,276</u>
<b>Deductions</b>	
Administrative fees	25,170
Other postretirement benefits	564,154
Realized loss on investments	<u>216,592</u>
<b>Total Deductions</b>	<u>805,916</u>
<b>CHANGE IN NET POSITION</b>	486,360
Net Position, beginning of year	<u>4,449,008</u>
<b>NET POSITION, end of year</b>	<u><u>\$ 4,935,368</u></u>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies**

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

**A. REPORTING ENTITY**

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

**B. BASIS OF PRESENTATION**

**District-Wide Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. BASIS OF PRESENTATION (continued)**

**Fund Financial Statements**

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

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

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

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

**Governmental Funds**

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

**General Fund**

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

**Special Revenue Funds**

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

**Debt Service Funds**

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

**Capital Projects Funds**

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**B. BASIS OF PRESENTATION (continued)**

**Permanent Funds**

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

**Fiduciary Funds (not included in District-Wide statements)**

**Employee Benefit Trust Funds**

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

**Custodial Funds**

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

**Major Funds**

The District reports the following major governmental funds:

- General Fund
- Long-Term Capital Improvements Fund
- Other Capital Projects Fund
- Debt Service Fund

**Nonmajor Funds**

The District reports the following nonmajor funds:

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

**Fiduciary Funds**

The District reports the following fiduciary funds:

- Employee Benefit Trust Funds –
  - Post-Retirement Health Trust Fund

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. BASIS OF ACCOUNTING**

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

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

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

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

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

Property tax calendar - 2022 tax roll:

Lien date and levy date	October, 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	March 31, 2023
Third installment due	May 31, 2023
Personal property taxes in full	January 31, 2023

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

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. BASIS OF ACCOUNTING (continued)**

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

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

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

**D. MEASUREMENT FOCUS**

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

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

**E. INVENTORIES**

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

**F. LONG-TERM OBLIGATIONS**

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

All long-term debt to be repaid from governmental resources are reported as liabilities in the District-wide statements. The long-term debt consists primarily of notes and bonds payable, lease liabilities, SBITA liabilities, unfunded prior service cost, and accrued compensated absences.

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**F. LONG-TERM OBLIGATIONS (continued)**

In governmental funds, debt issuance costs or premiums are recognized in the current period. For the District-wide financial statements, the district has elected to prospectively amortize debt issue costs or premiums over the life of the debt issue. At June 30, 2023 the district had \$3,055,287 of net unamortized bond premiums.

**G. RIGHT-OF-USE LEASED ASSETS**

In the district-wide financial statements, the District recorded right-of-use leased assets as a result of implementing GASB 87, *Leases*. The right-of-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right-of-use leased assets are amortized on a straight-line basis over the life of the related lease. In the fund financial statements, lease payments are expensed as paid.

**H. SBITA Assets**

The District has recorded SBITA assets as a result of implementing GASB 96, *Subscription-Based Information Technology Arrangements*. The SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any payments made prior to the SBITA term, less incentives, plus ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related SBITA.

**I. CAPITAL ASSETS**

**District-Wide Statements**

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

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

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

**Fund Financial Statements**

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**J. INTERFUND RECEIVABLES AND PAYABLES**

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

**K. BUDGETS**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C. Operating budgets are adopted each fiscal year for all governmental funds in accordance with section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments, if any, adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by School Board resolution. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgetary expenditure control is exercised at the function level in the General Fund and at the fund level for all other funds.

**L. ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS**

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

**M. PENSIONS**

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**N. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

The fiduciary net position of the OPEB liability has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the OPEB liability and additions to/deductions from the OPEB's fiduciary net position have been determined on the same basis as they are reported by OPEB. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**O. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS**

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

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

The District also allows early retirement elections. Under this program health insurance and early retirement incentive benefits are paid in future fiscal years. These benefits, though related to services currently received, are recorded as expenditures of the governmental funds in the period in which they are paid rather than the period in which the early retirement occurs. (See Notes 8, 9 and 10).

**P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

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

**Q. CLAIMS AND JUDGMENTS**

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

**R. INTERFUND TRANSACTIONS**

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**S. EQUITY CLASSIFICATIONS**

**District-Wide Statements**

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, right-of-use leased assets, net of accumulated amortization, SBITA assets, net of accumulated amortization, and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities, SBITA liabilities, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
- b. Restricted - Consists of net position with constraints placed on use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Fund Statements**

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

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c. Committed – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School Board (the district's highest level of decision-making authority).
- d. Assigned - Amounts that are intended to be used for a particular purpose expressed by the School Board or other authorized committee or individual.
- e. Unassigned – All amounts not included in other spendable classifications.

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

**Minimum Fund Balance Policy**

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 2 - Cash and Investments**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 per depositor at each financial institution. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered. At June 30, 2023, \$6,772,084 of the District's bank deposits are uninsured. The District's bank also has pledged collateral of \$8,482,795 as of June 30, 2023, leaving all bank funds protected against loss.

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

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

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

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

At June 30, 2023 the District had the following investments:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 months</u>	<u>6 - 24 Months</u>
Wisconsin Investment Series Cooperative				
Cash Management Series	Amortized Cost	\$ 10,788	\$ 10,788	\$ -
Investment Series	Amortized Cost	16,293,045	16,293,045	-
Certificate of Deposit	Cost	475,600	242,800	232,800
Treasury Notes and Bonds	Cost	54,235,249	41,107,532	13,127,717
OPEB Trust (Note 8) - Associated Trust Company	Fair Value - Level 2	4,910,703	4,910,703	-
General Obligation Bond Sinking Fund		1,241,836	1,241,836	-
Treasuries	Cost	16,293	16,293	-
Treasury Notes and Bonds	Cost	1,241,836	1,241,836	-
		<u>\$ 78,425,350</u>	<u>\$ 65,064,833</u>	<u>\$ 13,360,517</u>

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 2 - Cash and Investments (continued)**

PMA Financial Network is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network. The WISC is not registered with the Securities and Exchange Commission but invests its funds in accordance with applicable Wisconsin statutes.

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

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

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

**Note 3 - Right-of-Use Leased Assets**

The District has leased equipment as discussed in Note 7. Right-of-use leased assets activity for the year ended June 30, 2023, was as follows:

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
Right-of-use leased assets subject to amortization Equipment	\$ 135,929	\$ -	\$ -	\$ 135,929
Total Assets Being Amortized	<u>135,929</u>	<u>-</u>	<u>-</u>	<u>135,929</u>
Less: Accumulated amortization for Equipment	<u>38,684</u>	<u>13,934</u>	<u>-</u>	<u>52,618</u>
Total Accumulated Amortization	<u>38,684</u>	<u>13,934</u>	<u>-</u>	<u>52,618</u>
Net Right-of-Use Leased Assets	<u>\$ 97,245</u>	<u>\$ (13,934)</u>	<u>\$ -</u>	<u>\$ 83,311</u>

Amortization expense of \$13,934 was charged to building administrative services.

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 4 - SBITA Assets**

The District has various SBITA arrangements as discussed in Note 7. SBITA activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>
SBITA assets subject to amortization				
Canvas Cloud	\$ 32,356	\$ -	\$ -	32,356
Unitrends Cloud	-	24,690	-	24,690
Google Space	-	13,781	-	13,781
Thrillshare	-	33,980	-	33,980
Dude Solutions	-	31,393	-	31,393
	<u>32,356</u>	<u>103,844</u>	<u>-</u>	<u>136,200</u>
Total Assets Being Amortized				
Less: Accumulated amortization for				
Canvas Cloud	21,570	10,785	-	32,355
Unitrends Cloud	-	8,230	-	8,230
Google Space	-	4,594	-	4,594
Thrillshare	-	11,327	-	11,327
Dude Solutions	-	10,464	-	10,464
	<u>21,570</u>	<u>45,400</u>	<u>-</u>	<u>66,970</u>
Total Accumulated Amortization				
Net SBITA Assets	<u>\$ 10,786</u>	<u>\$ 58,444</u>	<u>\$ -</u>	<u>\$ 69,230</u>

Amortization expense was charged to functions as follows:

Instruction	
Regular	\$ 10,785
Support Services	
Other support services	24,151
Community services	<u>10,464</u>
	<u>\$ 45,400</u>

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 5 - Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<b>Balance 7/1/2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2023</b>
Capital Assets Not Being Depreciated				
Sites	\$ 325,000	\$ -	\$ -	\$ 325,000
Construction in Progress	811,932	19,155,522	-	19,967,454
Total Capital Assets Not Being Depreciated	<u>1,136,932</u>	<u>19,155,522</u>	<u>-</u>	<u>20,292,454</u>
Capital Assets Being Depreciated				
Land Improvements	5,391,955	-	(1,009,710)	4,382,245
Buildings	33,116,276	-	(504,576)	32,611,700
Equipment and Furnishings	5,745,857	81,221	(3,385,476)	2,441,602
Total Capital Assets Being Depreciated	<u>44,254,088</u>	<u>81,221</u>	<u>(4,899,762)</u>	<u>39,435,547</u>
Total Capital Assets	<u>45,391,020</u>	<u>19,236,743</u>	<u>(4,899,762)</u>	<u>59,728,001</u>
Less: Accumulated Depreciation for				
Land Improvements	1,767,342	250,508	(931,221)	1,086,629
Buildings	16,649,517	622,914	(217,960)	17,054,471
Equipment	4,721,532	196,257	(3,379,970)	1,537,819
Total Accumulated Depreciation	<u>23,138,391</u>	<u>1,069,679</u>	<u>(4,529,151)</u>	<u>19,678,919</u>
Net Capital Assets	<u>\$ 22,252,629</u>	<u>\$ 18,167,064</u>	<u>\$ (370,611)</u>	<u>\$ 40,049,082</u>

Depreciation expense was charged to functions as follows:

Instruction	
Regular	\$ 69,542
Vocational	17,704
Special Education	1,126
Co-Curricular	1,802
Support Services	
Instructional support services	300
Administration	52,922
Building and grounds	890,905
Food services	4,669
Other support services	30,057
Community services	652
	<u>\$ 1,069,679</u>

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 6 - Tax and Revenue Anticipation Notes Payable**

When needed, the district issues tax and revenue anticipation notes in advance of property tax collections. The fiscal year begins July 1, but tax collections from the municipalities are received beginning the following January. While the District has an available tax and revenue anticipation note of \$3,000,000, there were no draws for the year ended June 30, 2023.

**Note 7 - Long-Term Obligations**

A. Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2023</u>	<u>Due Within One Year</u>
<b>Bonds and Notes Payable</b>					
Notes payable	\$ 1,015,000	\$ -	\$ 350,000	\$ 665,000	\$ 665,000
Bonds payable	78,910,000	-	4,300,000	74,610,000	3,460,000
Plus refunding premium	3,222,506	-	167,219	3,055,287	166,073
	<u>83,147,506</u>	<u>-</u>	<u>4,817,219</u>	<u>78,330,287</u>	<u>4,291,073</u>
<b>Other Liabilities</b>					
Lease liability	43,395	-	38,480	4,915	4,022
SBITA liability	11,167	95,391	43,299	63,259	30,844
Accrued compensated absences - vacation	24,267	5,141	10,825	18,583	18,583
<b>Total Long-Term Liabilities</b>	<u>\$ 83,226,335</u>	<u>\$ 100,532</u>	<u>\$ 4,909,823</u>	<u>\$ 78,417,044</u>	<u>\$ 4,344,522</u>

Total long-term interest paid and expended during the year was \$2,639,275 and \$3,219,712, respectively.

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

<u>Type</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>Original Indebtedness</u>	<u>Balance Outstanding 6/30/2023</u>
General Obligation Debt					
Refunding Bond (QSCB)	9/13/2010	9/1/2023	4.35%	1,510,000	\$ 1,510,000
Promissory Note	7/15/2014	3/1/2024	1.05-3.00%	3,665,000	665,000
Facility Improvement Bond	6/27/2022	3/1/2042	3.50-5.00%	77,400,000	73,100,000
<b>Total General Obligation Debt</b>					<u>\$ 75,275,000</u>

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 7 - Long-Term Obligations (continued)**

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,125,000	\$ 3,192,929	\$ 7,317,929
2025	2,250,000	3,046,294	5,296,294
2026	2,475,000	2,933,794	5,408,794
2027	2,725,000	2,810,044	5,535,044
2028	2,975,000	2,673,794	5,648,794
2029-2033	17,750,000	10,945,968	28,695,968
2034-2038	22,040,000	6,678,168	28,718,168
2039-2042	20,935,000	2,135,200	23,070,200
<b>Totals</b>	<u><u>\$ 75,275,000</u></u>	<u><u>\$ 34,416,191</u></u>	<u><u>\$ 109,691,191</u></u>

D. The Qualified School Construction Bond Program is a tax credit program created by the American Recovery and Reinvestment Act (ARRA). The federal QSCB program provides eligible districts with an opportunity to save on interest costs associated with financing school renovations and new construction. The federal government provides eligible schools districts with a reimbursement, up to 100%, of interest costs paid by the district on qualified school construction bonds. The District received \$93,216 during 2023.

E. The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$4,842,903,400. The legal debt limit and margin of indebtedness as of June 30, 2023 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$4,842,903,400)	\$ 242,145,170
Deduct: Long-term debt applicable to debt margin	<u>75,275,000</u>
Margin of indebtedness	<u><u>\$ 166,870,170</u></u>

F. The District has agreements to lease equipment. The leases qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments at the date of their inception. There are no variable payment components of the leases. The value of the right-of-use leased assets relating to the lease liability are discussed in Note 3. The terms of the lease agreements are as follows:

<u>Leased Equipment</u>	<u>Term</u>		<u>Payment</u>	<u>Frequency</u>	<u>Discount Rate</u>
	<u>Beginning</u>	<u>End</u>			
Copier	8/15/2019	8/14/2023	\$ 3,361	Monthly	10.45%
Mail Machine	12/15/2020	12/14/2025	\$ 60	Monthly	2.50%

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 7 - Long-Term Obligations (continued)**

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2023, were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,022	\$ 64	\$ 4,086
2025	711	14	725
2026	<u>182</u>	<u>1</u>	<u>183</u>
<b>Totals</b>	<u>\$ 4,915</u>	<u>\$ 79</u>	<u>\$ 4,994</u>

G. The District has several SBITA agreements that qualify under GASB 96, and, therefore, have been recorded at the present value of future minimum payments at the date of inception. There are no variable payment components. The value of the SBITA assets relating to the SBITA liabilities are discussed in Note 4. The terms of the SBITA agreements are as follows:

<u>Description</u>	<u>Term</u>		<u>Payment</u>	<u>Frequency</u>	<u>Discount Rate</u>
	<u>Beginning</u>	<u>End</u>			
Canvas Studio Cloud	7/1/2020	6/30/2023	\$ 11,502	Yearly	3.00%
Appetgy	7/1/2022	7/1/2024	\$ 9,100	Yearly	3.00%
Dude Solutions	7/1/2022	7/1/2024	\$ 10,775	Yearly	3.00%
Google Workspace	11/4/2022	11/4/2025	\$ 4,730	Yearly	3.00%
Unitrends Cloud	1/1/2023	1/1/2025	\$ 8,136	Yearly	3.00%

The future minimum SBITA obligations and net present value of these minimum payments as of June 30, 2023, were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,844	\$ 1,898	\$ 32,742
2025	<u>32,415</u>	<u>972</u>	<u>33,387</u>
<b>Totals</b>	<u>\$ 63,259</u>	<u>\$ 2,870</u>	<u>\$ 66,129</u>

**Note 8 - Other Post Employment Benefits**

**Plan Description.** The District operates a single-employer retiree benefit plan that provides post-employment health and life insurance benefits to eligible employees and their spouses. There are 152 active and 27 retired members in the plan as of June 30, 2022, the most recent actuarial valuation date. The plan covers benefits for administrators, teachers, confidential and supervisory, custodial and maintenance, and classified staff. Benefits and eligibility are established and amended by the governing body.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 8 - Other Post Employment Benefits (continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At June 30, 2023, the Nicolet Union High School District reported a liability of \$36,840 for its net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023. Actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20. The projection of cash flows used to determine the single discount rate assumed that the employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. A discount rate of 3.75% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 3.75%).

**Funding Policy.** The district established the Nicolet Union High School District OPEB Trust to accumulate assets to fund post-retirement benefits for district employees. The District has \$4,910,703 of invested plan assets accumulated for payment of future benefits as of June 30, 2023.

**Contributions.** Contributions to the plan are determined by actuaries. Since the valuation is based upon a measurement period of 12 months prior to the reporting period, the actuarial determined contribution is determined in the prior valuation using a 6-year amortization period and the level dollar amortization method. For the year ended June 30, 2023 the District contributed \$673,709 to the Trust. Plan member contributions were \$51,256.

At June 30, 2023, the Nicolet Union High School District reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 252,175	\$ 318,619
Changes of assumptions or other input	451,258	-
Net difference between projected and actual earnings on OPEB plan investments	-	41,275
Employer contributions subsequent to the measurement date	673,709	-
<b>Total</b>	<b>\$ 1,377,142</b>	<b>\$ 359,894</b>

\$673,709 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 8 - Other Post Employment Benefits (continued)**

Other amounts reported as deferred outflows 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>
2023	\$ 6,483
2024	\$ 8,767
2025	\$ (1,825)
2026	\$ 182,109
2027	\$ 64,623
Thereafter	\$ 83,682

For the year ended June 30, 2023, the Nicolet Union High School District recognized OPEB expense (revenue) of \$(1,086,867). The pension expense is made up of certain changes in the total pension liability and amortization of deferred outflows.

**Major assumptions.** The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following major assumptions:

Actuarial Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2022
Reporting Date:	June 30, 2023
Actuarial Cost Method:	Entry Age Normal - Level Percentage of Salary
Medical Care Trend:	7.00% in the first year, decreasing .10% per year down to 4.50% and level thereafter
Discount Rate:	3.75% (Implicit in this rate is the assumed rate of inflation of 2.5%)
Actuarial Assumptions:	Based on an experience study conducted in 2021 using Wisconsin Retirement System WRS experience from 2018-20.
Mortality Assumptions:	Wisconsin 2020 Mortality Table adjusted for future mortality improvements using the MP-2021 fully generational improvement scale (multiplied 60%).

**Investment Policy.** The Districts investment policies are described fully in Note 2. The assets of the OPEB trust are invested as follows:

<b>Asset Class</b>	<b>Allocation</b>
Cash and Equivalent	7.9%
Fixed Income	43.9%
Equity	48.2%
<b>Total</b>	<b>100.0%</b>

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 8 - Other Post Employment Benefits (continued)**

**Sensitivity of the Nicolet Union High School District's OPEB liability (asset) to changes in the discount rate.** The following presents the Nicolet Union High School District's OPEB liability (asset) calculated using the discount rate of 3.75 percent, as well as what the Nicolet Union High School District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	<b>1% Decrease to Discount Rate (2.75%)</b>	<b>Current Discount Rate (3.75%)</b>	<b>1% Increase to Discount Rate (4.75%)</b>
Total OPEB Liability	\$ 5,203,451	\$ 4,972,208	\$ 4,748,576
Fiduciary Net Position	4,935,368	4,935,368	4,935,368
<b>Net OPEB liability (asset)</b>	<b>\$ 268,083</b>	<b>\$ 36,840</b>	<b>\$ (186,792)</b>

**Sensitivity of the Nicolet Union High School District's OPEB liability (asset) to changes in the healthcare trend rates.** The following presents the Nicolet Union High School District's OPEB liability (asset) calculated using the current healthcare trend rates of 7.00 percent decreasing to 4.50 percent, as well as what the Nicolet Union High School District's net OPEB liability (asset) would be if it were calculated using trend rates that are 1-percentage-point lower (6.00 percent decreasing to 3.50 percent) or 1-percentage-point higher (8.00 percent decreasing to 5.50 percent) than the current rate:

	<b>1% Decrease to Trend Rates (6.0% decreasing to 3.5%)</b>	<b>Current Trend Rates (7.0% decreasing to 4.5%)</b>	<b>1% Increase To Trend Rates (8.0% decreasing to 5.5%)</b>
Total OPEB Liability	\$ 4,733,956	\$ 4,972,208	\$ 5,234,690
Fiduciary Net Position	4,935,368	4,935,368	4,935,368
<b>Net OPEB Liability (asset)</b>	<b>\$ (201,412)</b>	<b>\$ 36,840</b>	<b>\$ 299,322</b>

**Note 9 - WRS Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Additionally, EFT issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

**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.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 9 - WRS Pension Plan (continued)**

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

Final average earnings 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 or after 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.

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

<b>Year</b>	<b>Core Fund Adjustment (%)</b>	<b>Variable Fund Adjustment (%)</b>
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)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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

During the reporting period, the WRS recognized \$762,317 in contributions from the District.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 9 - WRS Pension Plan (continued)**

Contribution rates as of December 30, 2022 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

**Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2023, the Nicolet Union High School District reported a liability (asset) of \$3,475,118 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Nicolet Union High School District's proportion of the net pension liability (asset) was based on the Nicolet Union High School District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Nicolet Union High School District's proportion was 0.0656%, which was a decrease of .0017% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Nicolet Union High School District recognized pension expense (revenue) of \$1,750,310.

At June 30, 2023, the Nicolet Union High School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,534,788	\$ 7,271,467
Net differences between projected and actual earnings on pension plan investments	5,903,423	-
Changes in Assumption	683,352	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,657	14,358
Employer contributions subsequent to the measurement date	474,650	-
<b>Total</b>	<b>\$ 12,646,870</b>	<b>\$ 7,285,825</b>

\$474,650 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2023.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 9 - WRS Pension Plan (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflow (Inflows) of Resources
2023	\$ 206,476
2024	\$ 1,014,719
2025	\$ 1,043,874
2026	\$ 2,621,326

**Actuarial assumptions.** The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset)	December 31, 2022
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 9 - WRS Pension Plan (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 table:

**Asset Allocation Targets and Expected Returns<sup>1</sup>**

**As of December 31, 2022**

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>		<u>Long-Term Expected Nominal Rate of Return %</u>		<u>Long-Term Expected Real Rate of Return %<sup>2</sup></u>	
Public Equities	48	%	7.6	%	5	%
Public Fixed Income	25		5.3		2.7	
Inflation Sensitive Assets	19		3.6		1.1	
Real Estate	8		5.2		2.6	
Private Equity/Debt	15		9.6		6.9	
Total Core Fund <sup>3</sup>	<u>115</u>	%	7.4	%	4.8	%
<u>Variable Fund Asset Class</u>						
U.S. Equities	70	%	7.2	%	4.6	%
International Equities	30		8.1		5.5	
Total Variable Fund	<u>100</u>	%	7.7	%	5.1	%

<sup>1</sup>Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

<sup>2</sup>New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

<sup>3</sup>The investment policy used for the core fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**Single Discount rate.** A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 9 - WRS Pension Plan (continued)**

**Sensitivity of the Nicolet Union High School District's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the Nicolet Union High School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the Nicolet Union High School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	<b>1% Decrease to Discount Rate (5.80%)</b>	<b>Current Discount Rate (6.80%)</b>	<b>1% Increase to Discount Rate (7.80%)</b>
Nicolet Union High School District's proportionate share of the net pension liability (asset)	\$ 11,533,804	\$ 3,475,118	\$ (2,068,566)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

**Note 10 - Supplemental Pension Plan**

**Plan Description.** The Nicolet Union High School District provides a single-employer defined benefit supplemental pension plan to eligible administrators and teachers hired prior to July 1, 2012, as well as custodial and maintenance staff hired prior to July 1, 2013. Currently, full-time teachers are eligible to retire and receive the pension supplement after the attainment of age 55 and the completion 15 years of service. Administrators are eligible to retire after the attainment of age 55 and the completion of 10 years of service. There are 35 active and 21 retired employees in the plan as of June 30, 2022, the most recent actuarial valuation date. Benefits and eligibility are established and amended by the governing body.

**Benefits Provided.** The District provides eligible employees with monthly contributions into a 403(b) upon their retirement. The pension benefit is equal to \$11,200 per year for administrators and \$10,000 per year for teachers and will be paid out for a period of 5 years.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2023, the Nicolet Union High School District reported a liability of \$1,280,795 for its supplemental pension liability. The supplemental pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023. Actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the total pension liability. A discount rate of 4.00% was used in calculating the District's pension liabilities (based upon all projected payments discounted at a municipal bond rate of 4.00%). The discount rate is based on the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

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

For the year ended June 30, 2023, the Nicolet Union High School District recognized pension expense of \$56,762. The pension expense is made up of certain changes in the total pension liability and amortization of deferred outflows (inflows).

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 10 - Supplemental Pension Plan (continued)**

At June 30, 2023, the Nicolet Union High School District reported deferred outflows of resources related to the supplemental pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 92,635	\$ 535
Changes of assumptions or other input	15,675	73,633
Employer contributions subsequent to the measurement date	214,643	-
<b>Total</b>	<b>\$ 322,953</b>	<b>\$ 74,168</b>

\$214,643 reported as deferred outflows of resources related to the supplemental pension plan resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to the supplemental pension plan will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ 8,621
2024	\$ 13,461
2025	\$ 15,634
2026	\$ (1,787)
2027	\$ (1,787)

**Major assumptions.** The total supplemental pension liability in the June 30, 2022, actuarial valuation was determined using the following major assumptions:

Actuarial Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2022
Reporting Date:	June 30, 2023
Actuarial Cost Method:	Entry Age Normal - Level Percentage of Salary
Discount Rate:	Discount rate for valuing liabilities – 4.00% Municipal bond rate – 4.00% Implicit in this rate is 2.50% assumed rate of inflation
Municipal Bond Rate Source:	Bond Buyer 20-Bond GO Index
Actuarial Assumptions:	Based on an experience study conducted in 2021 using Wisconsin Retirement System WRS experience from 2018-20
Mortality Assumptions:	Wisconsin 2020 Mortality Table adjusted for future mortality improvements using the MP-2021 fully generational improvement scale (multiplied 60%).

**Single Discount rate.** A single discount rate of 4.00% was used to measure the total supplemental pension liability.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 10 - Supplemental Pension Plan (continued)**

**Sensitivity of the Nicolet Union High School District's supplemental pension liability to changes in the discount rate.** The following presents the Nicolet Union High School District's supplemental pension liability calculated using the discount rate of 4.00 percent, as well as what the Nicolet Union High School District's supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (3.00%)</b>	<b>Current Discount Rate (4.00%)</b>	<b>1% Increase to Discount Rate (5.00%)</b>
Nicolet Union High School District's net administrators pension liability (asset)	\$ 1,332,551	\$ 1,280,795	\$ 1,230,579

**Note 11 - Governmental Activities Net Position**

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2023 includes the following:

**Net Investment in Capital Assets**

Capital assets, net of accumulated depreciation	\$ 40,049,082
Right-of-use leased assets, net of accumulated amortization	83,311
SBITA assets, net of accumulated amortization	69,230
Less: related long-term debt outstanding	(78,398,461)
Plus: unspent proceeds	57,467,098

**Total Net Investment in Capital Assets** 19,270,260

**Restricted**

Net WRS Pension	1,885,927
Net OPEB Net Position	980,408
Unspent Get Kids Ahead Grant	45,394
Long-Term Capital Improvement Fund	1,731,199
Other Capital Projects Fund	58,903,825
Debt Service	3,281,122
Gift Fund	289,969
Food Service Fund	68,236
Community Service	105,798

**Total Restricted** 67,291,878

**Unrestricted**

(49,449,121)

**Total Governmental Activities Net Position** \$ 37,113,017

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 12 - Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at June 30, 2023 include the following:

**Nonspendable**

Inventories and prepaid expenses:

General Fund	\$ 220,798
Gift Fund	1,000
Community Service	4,132
<b>Total Nonspendable Fund Balance</b>	<b>225,930</b>

**Restricted**

Unspent Get Kids Ahead Grant	45,394
Long-Term Capital Improvement Fund	1,731,199
Other Capital Projects Fund	58,903,825
Debt Service	3,281,122
Gift Fund	288,969
Food Service Fund	68,236
Community Service Fund	101,666
<b>Total Restricted Fund Balance</b>	<b>64,420,411</b>

**Unassigned**

9,923,030

**Total Governmental Fund Balances**

**\$ 74,569,371**

**Note 13 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position**

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

Capital assets, net of accumulated depreciation	\$ 40,049,082
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Right-of-use leased assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Right-of-use leased assets, net of accumulated amortization	\$ 83,311
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SBITA assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

SBITA assets, net of accumulated amortization	\$ 69,230
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**NICOLET UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 13 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position (continued)**

The District's proportionate share of pension and OPEB liabilities (assets) and related deferred outflows and deferred inflows of resources that are recognized in the government-wide statements include:

Net WRS pension liability	\$ (3,475,118)
Net supplemental pension liability	(1,280,795)
Net OPEB liability	(36,840)
Deferred outflows of resources from WRS pension	12,646,870
Deferred outflows of resources from supplemental pension	322,953
Deferred outflows of resources from OPEB	1,377,142
Deferred inflows of resources from WRS pension	(7,285,825)
Deferred inflows of supplemental pension	(74,168)
Deferred inflows of resources from OPEB	<u>(359,894)</u>
Combined Adjustment	<u><u>\$ 1,834,325</u></u>

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

General obligation bonds and notes payable	\$ (75,275,000)
Lease liability	(4,915)
SBITA liability	(63,259)
Net deferred debt premium	(3,055,287)
Accrued compensated absences	(18,583)
Accrued interest on long-term obligations	<u>(1,075,258)</u>
Combined Adjustment	<u><u>\$ (79,492,302)</u></u>

**Note 14 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

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

Capital expenditures	\$ 19,236,743
Depreciation expense	(1,069,679)
Proceeds from disposal of fixed assets	(5,050)
Gain on disposal of fixed assets	<u>(365,561)</u>
Combined Adjustment	<u><u>\$ 17,796,453</u></u>

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 14 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (continued)**

Right-of-use leased assets related difference includes the difference between recording an expenditure in the amount equal to the initial measurement of the related lease liability in the governmental fund statements, and capitalization and recording amortization expense on those items as recorded in the statement of activities. This adjustment is a combination of the following items:

Amortization expense	<u>\$ (13,934)</u>
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SBITA assets related difference includes the difference between recording an expenditure in the amount equal to the initial measurement of the related lease liability in the governmental fund statements, and capitalization and recording amortization expense on those items as recorded in the statement of activities. This adjustment is a combination of the following items:

SBITA expenditures	\$ 103,844
Amortization expense	<u>(45,400)</u>
Combined Adjustment	<u>\$ 58,444</u>

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

Employer WRS contributions paid	\$ 762,317
WRS pension expense	(1,750,310)
Supplemental pension benefits paid	182,399
Supplemental pension expense	(56,762)
OPEB benefits paid	448,299
OPEB revenue	<u>1,086,867</u>
Combined Adjustment	<u>\$ 672,810</u>

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

Proceeds on long-term debt and leases	\$ (95,391)
Principal payments on long-term debt and leases	<u>4,731,779</u>
Combined Adjustment	<u>\$ 4,636,388</u>

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 14 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (continued)**

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

Amortization of debt premium	<u>\$ 167,219</u>
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported when the liability is incurred. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

Compensated absences	\$ 5,684
Accrued interest	<u>(1,017,659)</u>
Combined Adjustment	<u>\$ (1,011,975)</u>

**Note 15 - Risk Management**

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

**Note 16 - Commitments and Contingencies**

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

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

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

As of June 30, 2023 there is \$58,903,825 of fund balance remaining in the capital projects fund for the use of school building and facility improvements. There is also a fund balance of \$1,731,199 in the long-term capital improvement trust. These funds are set aside for future capital improvements which will be done in accordance with the District's 10-year capital improvement plan.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 17 - Limitation of School District Revenues**

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

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

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

**Note 18 - Related Parties**

Management of Nicolet Union High School District serves as board members of Nicolet High School Foundation, Inc. (the "Foundation"). Employees of the District provide clerical and accounting services to the Foundation at no cost. The District received \$199,323 from the Foundation in the current year. As of June 30, 2023, the District has \$155,679 due from the Foundation.

**Note 19 - Interfund Receivables/Payables and Transfers**

The following is a schedule of interfund receivables and payables as of June 30, 2023 including any overdrafts on pooled cash and investment accounts. These amounts are all due within one year:

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
<b>Governmental Activities</b>		
General Fund	\$ -	\$ 24,080
Food Service Fund	-	-
Long-Term Capital Improvement Fund	23,080	-
<b>Total Governmental Activities</b>	<b>23,080</b>	<b>24,080</b>
<b>Fiduciary Funds</b>		
Employee Benefit Trust	1,000	-
<b>Total Fiduciary Funds</b>	<b>1,000</b>	<b>-</b>
<b>Total</b>	<b>\$ 24,080</b>	<b>\$ 24,080</b>

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

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 19 - Interfund Receivables/Payables and Transfers (continued)**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Long-Term Capital Improvement Fund	General Fund	\$ 23,080
Food Service Fund	Gift Fund	1,752
Food Service Fund	General Fund	172
Transportation Services Fund	General Fund	<u>68,885</u>
Total - Fund Financial Statements		93,889
Less: Eliminations		<u>(93,889)</u>
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>

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

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

**Note 20 - Subsequent Event**

Management has evaluated subsequent events for possible recognition or disclosure through November 17, 2023 date the financial statements were available to be distributed.

**Note 21 - Change in Accounting Principle**

The net position as of July 1, 2022 has been decreased by \$381 as a result of the District implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

The following illustrates the change in accounting principle as shown on the Districts Statement of Net Position and Statement of Activities for the year ended June 30, 2023:

Net position as previously reported July 1, 2022	<u>\$ 32,381,148</u>
Prior period adjustments	
Adjustment for SBITA liability - to implement GASB 96	
Beginning SBITA assets	32,356
Beginning amortization of SBITA assets	(21,570)
Beginning SBITA liability	<u>(11,166)</u>
Total adjustment	<u>(380)</u>
Net position, as restated	<u>\$ 32,380,768</u>

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 22 - Recently Issued Accounting Standards**

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

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 22 - Recently Issued Accounting Standards (continued)**

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**NICOLET UNION HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS  
OTHER POST EMPLOYMENT BENEFITS PLAN  
Last 10 Fiscal Years (built prospectively)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>Total OPEB Liability</u></b>				
Total OPEB liability - beginning	\$ 5,396,889	\$ 5,522,113	\$ 4,662,519	\$ 4,658,955
Changes for the year:				
Service Cost	155,008	149,405	140,826	132,855
Interest	195,617	200,963	271,358	271,499
Benefit payments	(515,869)	(475,592)	(420,600)	-
Changes of benefit terms	(34,649)	-	-	-
Differences between expected and actual experience	(269,604)	-	360,250	(400,790)
Changes of assumptions or other input	44,816	-	507,760	-
Net Changes	<u>(424,681)</u>	<u>(125,224)</u>	<u>859,594</u>	<u>3,564</u>
Total OPEB liability - ending (a)	<u>\$ 4,972,208</u>	<u>\$ 5,396,889</u>	<u>\$ 5,522,113</u>	<u>\$ 4,662,519</u>
<b><u>Fiduciary Net Position</u></b>				
Fiduciary net position - beginning	\$ 4,981,096	\$ 3,972,049	\$ 3,344,479	\$ 3,113,031
Changes for the year:				
Contributions - Employer	448,299	448,299	910,418	455,209
Net Investment Income	(429,670)	1,067,539	161,677	199,183
Benefit payments	(515,869)	(475,592)	(420,600)	(400,790)
Administrative expense	(34,848)	(31,199)	(23,925)	(22,154)
Net Changes	<u>(532,088)</u>	<u>1,009,047</u>	<u>627,570</u>	<u>231,448</u>
Fiduciary net position - ending (b)	<u>\$ 4,449,008</u>	<u>\$ 4,981,096</u>	<u>\$ 3,972,049</u>	<u>\$ 3,344,479</u>
<b><u>Net OPEB Liability</u></b>				
Net OPEB liability - ending (a) - (b)	<u>\$ 523,200</u>	<u>\$ 415,793</u>	<u>\$ 1,550,064</u>	<u>\$ 1,318,040</u>
Fiduciary net position as a percentage of the total OPEB liability	89.48%	92.30%	71.93%	71.73%
Covered-employee payroll	\$11,070,325	\$10,847,762	\$10,847,762	\$10,566,958
Total OPEB liability as a percentage of the covered-employee payroll	4.73%	3.83%	14.29%	12.47%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	
<b><u>Total OPEB Liability</u></b>				
Total OPEB liability - beginning	\$ 4,598,930	\$ 4,494,587	\$ 4,436,931	
Changes for the year:				
Service Cost	144,765	144,765	144,765	
Interest	270,989	264,860	260,141	
Benefit payments	(309,646)	(305,282)	(347,250)	
Changes of benefit terms	-	-	-	
Differences between expected and actual experience	(170,945)	-	-	
Changes of assumptions or other input	124,862	-	-	
Net Changes	<u>60,025</u>	<u>104,343</u>	<u>57,656</u>	
Total OPEB liability - ending (a)	<u>\$ 4,658,955</u>	<u>\$ 4,598,930</u>	<u>\$ 4,494,587</u>	
<b><u>Fiduciary Net Position</u></b>				
Fiduciary net position - beginning	\$ 2,683,089	\$ 2,245,024	\$ 2,070,582	
Changes for the year:				
Contributions - Employer	515,711	503,915	510,868	
Net Investment Income	243,777	256,008	24,923	
Benefit payments	(309,646)	(305,282)	(347,250)	
Administrative expense	(19,900)	(16,576)	(14,099)	
Net Changes	<u>429,942</u>	<u>438,065</u>	<u>174,442</u>	
Fiduciary net position - ending (b)	<u>\$ 3,113,031</u>	<u>\$ 2,683,089</u>	<u>\$ 2,245,024</u>	
<b><u>Net OPEB Liability</u></b>				
Net OPEB liability - ending (a) - (b)	<u>\$ 1,545,924</u>	<u>\$ 1,915,841</u>	<u>\$ 2,249,563</u>	
Fiduciary net position as a percentage of the total OPEB liability	66.82%	58.34%	49.95%	
Covered-employee payroll	\$10,566,958	\$ 5,749,481	\$ 5,749,481	
Total OPEB liability as a percentage of the covered-employee payroll	14.63%	33.32%	39.13%	

See Note 8 and Notes to Required Supplementary Information

**NICOLET UNION HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS PLAN  
Last 10 Fiscal Years (built prospectively)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Actuarially Determined Contribution (ADC)	\$ 448,299	\$ 448,299	\$ 455,209	\$ 455,209
Contributions in relation to the ADC	\$ 448,299	\$ 448,299	\$ 910,418	\$ 455,209
Contribution deficiency (excess)	\$ -	\$ -	\$ (455,209)	\$ -
Nicolet Union High School District's covered-employee payroll	\$11,070,325	\$10,847,762	\$10,847,762	\$10,566,958
Contributions as a percentage of covered-employee payroll	4.05%	4.13%	8.39%	4.31%

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially Determined Contribution (ADC)	\$ 515,711	\$ 515,711	\$ 510,868
Contributions in relation to the ADC	\$ 515,711	\$ 503,915	\$ 510,868
Contribution deficiency (excess)	\$ -	\$ 11,796	\$ -
Nicolet Union High School District's covered-employee payroll	\$10,566,958	\$ 5,749,481	\$ 5,749,481
Contributions as a percentage of covered-employee payroll	4.88%	8.76%	8.89%

See Note 8 and Notes to Required Supplementary Information

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

<u>Year Ending June 30</u>	<u>Rate of Return</u>
2023	6.75%
2022	-9.31%
2021	26.04%
2020	0.20%
2019	5.64%
2018	8.35%
2017	10.68%

See Note 8 and Notes to Required Supplementary Information

**NICOLET UNION HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
Last 10 Fiscal Years (built prospectively)**

	2023	2022	2021	2020	2019
Nicolet Union High School District's proportion of the net pension liability (asset)	0.0656%	0.0673%	0.0698%	0.0721%	0.0733%
Nicolet Union High School District's proportionate share of the net pension liability (asset)	\$ 3,475,118	\$ (5,421,473)	\$ (4,357,740)	\$ (2,324,444)	\$ 2,609,142
Nicolet Union High School District's covered-employee payroll	\$ 11,727,967	\$ 11,192,094	\$ 11,235,345	\$ 11,190,302	\$ 11,135,974
Nicolet Union High School District's proportionate share of the net pension liability (asset) as a percentage of the covered-employee payroll	29.63%	-48.44%	-38.79%	-20.77%	23.43%
Plan fiduciary net position as a percentage of the total pension liability (asset)	95.72%	106.02%	105.26%	102.96%	96.45%

	2018	2017	2016	2015
Nicolet Union High School District's proportion of the net pension liability (asset)	0.0735%	0.0728%	0.0721%	0.0714%
Nicolet Union High School District's proportionate share of the net pension liability (asset)	\$ (2,182,043)	\$ 600,095	\$ 1,172,095	\$ (1,753,792)
Nicolet Union High School District's covered-employee payroll	\$ 10,988,732	\$ 10,616,106	\$ 10,350,720	\$ 10,074,890
Nicolet Union High School District's proportionate share of the net pension liability (asset) as a percentage of the covered-employee payroll	-19.86%	5.65%	11.32%	-17.41%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.93%	99.12%	98.20%	102.74%

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

See Note 9 and Notes to Required Supplementary Information

**NICOLET UNION HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM  
Last 10 Fiscal Years (built prospectively)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually required contributions	\$ 762,317	\$ 755,467	\$ 758,386	\$ 732,968	\$ 746,275
Contributions in relation to the contractually required contributions	\$ 762,317	\$ 755,467	\$ 758,386	\$ 732,968	\$ 746,275
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Nicolet Union High School District's covered-employee payroll	\$ 11,727,967	\$ 11,192,094	\$ 11,235,345	\$ 11,190,302	\$ 11,135,974
Contributions as a percentage of covered-employee payroll	6.50%	6.75%	6.75%	6.55%	6.70%

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions	\$ 747,234	\$ 702,205	\$ 703,849	\$ 705,246
Contributions in relation to the contractually required contributions	\$ 747,234	\$ 702,205	\$ 703,849	\$ 705,246
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Nicolet Union High School District's covered-employee payroll	\$ 10,988,732	\$ 10,616,106	\$ 10,305,720	\$ 10,074,890
Contributions as a percentage of covered-employee payroll	6.80%	6.61%	6.80%	7.00%

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

See Note 10 and Notes to Required Supplementary Information

**NICOLET UNION HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS  
SUPPLEMENTAL PENSION PLAN  
Last 10 Fiscal Years (built prospectively)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability, beginning of year	\$ 1,393,530	\$ 1,501,068	\$ 1,519,452	\$ 1,590,165
Changes for the year:				
Service Cost	50,515	49,403	52,405	48,700
Interest	29,871	32,202	50,380	56,947
Differences between expected and actual experience	67,242	-	73,203	-
Changes of assumptions or other input	(77,964)	-	18,082	15,483
Benefit payments	<u>(182,399)</u>	<u>(189,143)</u>	<u>(212,454)</u>	<u>(191,843)</u>
Net Changes	<u>(112,735)</u>	<u>(107,538)</u>	<u>(18,384)</u>	<u>(70,713)</u>
Total Pension Liability, end of year	<u>\$ 1,280,795</u>	<u>\$ 1,393,530</u>	<u>\$ 1,501,068</u>	<u>\$ 1,519,452</u>
Covered-employee payroll	\$ 3,184,607	\$ 3,746,891	\$ 3,746,891	\$ 4,278,813
Total Pension Liability as a percentage of the covered-employee payroll	40.22%	37.19%	40.06%	35.51%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	
Total Pension Liability, beginning of year	\$ 1,685,140	\$ 1,814,464	\$ 1,936,686	
Changes for the year:				
Service Cost	60,991	65,675	65,675	
Interest	56,594	52,219	55,436	
Differences between expected and actual experience	(1,865)	-	-	
Changes of assumptions or other input	(13,376)	(33,900)	-	
Benefit payments	<u>(197,319)</u>	<u>(213,318)</u>	<u>(243,333)</u>	
Net Changes	<u>(94,975)</u>	<u>(129,324)</u>	<u>(122,222)</u>	
Total Pension Liability, end of year	<u>\$ 1,590,165</u>	<u>\$ 1,685,140</u>	<u>\$ 1,814,464</u>	
Covered-employee payroll	\$ 4,278,813	\$ 5,076,366	\$ 5,076,366	
Total Pension Liability as a percentage of the covered-employee payroll	37.16%	33.20%	35.74%	

See Note 10 and Notes to Required Supplementary Information

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2023**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>with Final Budget</b>
<b>Revenues</b>				
Local	\$ 19,760,312	\$ 19,760,312	\$ 20,159,050	\$ 398,738
Interdistrict	385,982	385,982	430,497	44,515
Intermediate	16,650	16,650	28,775	12,125
State	2,152,987	2,189,137	2,223,672	34,535
Federal	635,362	648,270	652,316	4,046
Other	20,000	20,000	65,795	45,795
<b>Total Revenues</b>	<u>22,971,293</u>	<u>23,020,351</u>	<u>23,560,105</u>	<u>539,754</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular	7,637,097	7,637,097	7,673,532	(36,435)
Physical	484,503	484,503	493,622	(9,119)
Vocational	1,239,073	1,239,073	1,251,294	(12,221)
Other	905,592	905,592	1,039,381	(133,789)
<b>Total Instruction</b>	<u>10,266,265</u>	<u>10,266,265</u>	<u>10,457,829</u>	<u>(191,564)</u>
<b>Support Services</b>				
Pupil services	786,685	786,086	805,152	(19,066)
Instructional support services	1,353,959	1,392,242	1,247,027	145,215
General administrative services	617,629	617,629	614,790	2,839
Building administrative services	996,093	996,093	963,380	32,713
Business administrative services	4,402,493	4,402,493	4,153,371	249,122
Central services	334,907	335,683	326,962	8,721
Insurance and judgements	237,080	237,080	214,817	22,263
Other support services	722,251	722,251	872,469	(150,218)
Debt service	50,350	50,350	82,156	(31,806)
<b>Total Support Services</b>	<u>9,501,447</u>	<u>9,539,907</u>	<u>9,280,124</u>	<u>259,783</u>
<b>Non-Program</b>				
General tuition payments	531,543	532,141	538,988	(6,847)
Other non-program services	19,500	19,500	7,641	11,859
<b>Total Non-Program</b>	<u>551,043</u>	<u>551,641</u>	<u>546,629</u>	<u>5,012</u>
<b>Total Expenditures</b>	<u>20,318,755</u>	<u>20,357,813</u>	<u>20,284,582</u>	<u>73,231</u>
Excess of revenues over expenditures	2,652,538	2,662,538	3,275,523	612,985
<b>Other Financing Sources (Uses)</b>				
Proceeds on sale of fixed assets	-	-	5,050	5,050
Proceeds from capital leases and SBITAs	-	-	87,570	87,570
Transfers to other funds	(1,920,116)	(1,918,454)	(1,807,502)	110,952
<b>Net Change in Fund Balances</b>	732,422	744,084	1,560,641	816,557
Fund Balances, beginning of year	<u>8,628,581</u>	<u>8,628,581</u>	<u>8,628,581</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 9,361,003</u>	<u>\$ 9,372,665</u>	<u>\$ 10,189,222</u>	<u>\$ 816,557</u>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SPECIAL EDUCATION FUND**  
**For the Year Ended June 30, 2023**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>with Final Budget</b>
<b>Revenues</b>				
Intermediate	\$ 18,000	\$ 18,000	\$ 22,623	\$ 4,623
State	779,823	779,823	821,581	41,758
Federal	272,372	262,372	228,765	(33,607)
<b>Total Revenues</b>	<u>1,070,195</u>	<u>1,060,195</u>	<u>1,072,969</u>	<u>12,774</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular	-	575	535	40
Special education	1,937,659	1,929,504	1,855,301	74,203
<b>Total Instruction</b>	<u>1,937,659</u>	<u>1,930,079</u>	<u>1,855,836</u>	<u>74,243</u>
<b>Support Services</b>				
Pupil services	304,561	300,561	278,810	21,751
Instructional support services	264,389	263,894	255,000	8,894
Business administrative services	147,000	147,000	161,219	(14,219)
Central services	3,500	5,530	3,483	2,047
<b>Total Support Services</b>	<u>719,450</u>	<u>716,985</u>	<u>698,512</u>	<u>18,473</u>
<b>Non-Program</b>				
General tuition payments	258,202	256,585	233,986	22,599
<b>Total Non-Program</b>	<u>258,202</u>	<u>256,585</u>	<u>233,986</u>	<u>22,599</u>
<b>Total Expenditures</b>	<u>2,915,311</u>	<u>2,903,649</u>	<u>2,788,334</u>	<u>115,315</u>
Deficiency of revenues over expenditures	(1,845,116)	(1,843,454)	(1,715,365)	128,089
<b>Other Financing Uses</b>				
Transfers from other funds	1,845,116	1,843,454	1,715,365	(128,089)
<b>Net Change in Fund Balances</b>	-	-	-	-
Fund Balances, beginning of year	-	-	-	-
<b>FUND BALANCES, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2023**

**Note 1 – Other Postemployment Benefit Plan**

*Changes of benefit terms.* A change in benefit terms was calculated causing a decrease in the total OPEB liability. One individually-negotiated Administrator now receives a separate life insurance benefit with the prior benefit only payable through 2026/27. All other benefit terms remain unchanged from the valuation performed as of June 30, 2020.

*Changes of assumptions.* The following assumptions were updated:

- 1) The medical care trend rate increased from 6.50% to 7.00%.
- 2) The mortality improvement scale has been changed to MP-2021.

**Note 2 – Wisconsin Retirement System (WRS) Pension Data**

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

*Changes of assumptions:*

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the EFT Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Table to the Wisconsin 2018 Mortality Table.

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2023**

**Note 2 – Wisconsin Retirement System (WRS) Pension Data (continued)**

**Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined contributions:**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions Net Investment Rate of Return	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015- 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015- 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015- 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012- 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012- 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2015 fully generational improvement scale (multiplied by 50%).

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2023**

**Note 2 – Wisconsin Retirement System (WRS) Pension Data (continued)**

**Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined contributions:**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rate based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rate based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rate based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2023**

**Note 3 – Supplemental Pension Data**

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

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

*Changes of assumptions.* The following assumptions were updated:

- 1) The discount and municipal bond rate increased from 2.25% to 4.00%.
- 2) The implicit rate of inflation increased from 2.00% to 2.50%.
- 3) The mortality improvement scale has been changed to MP-2021.

**Note 4 – Budgetary Information**

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

**Excess Expenditures Over Appropriations**

The following general fund functions had an excess of actual expenditures over appropriations for the year ended June 30, 2023:

<b>Fund - Function</b>	<b>Excess Expenditures</b>
<b>General Fund</b>	
Regular instruction	\$ 36,435
Physical instruction	\$ 9,119
Vocational instruction	\$ 12,221
Other instruction	\$ 133,789
Pupil services	\$ 19,066
Other support services	\$ 150,218
Debt service	\$ 31,806
General tuition payments	\$ 6,847
<b>Special Education Fund</b>	
Business administrative services	\$ 14,219

**SUPPLEMENTAL FINANCIAL INFORMATION**

**NICOLET UNION HIGH SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2023**

	<b>Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Gift Fund</b>	<b>Food Service</b>	<b>Community Service</b>	<b>Transportation Services</b>	
<b>ASSETS</b>					
Cash and investments	\$ 291,345	\$ 90,677	\$ 272,861	\$ (212,655)	\$ 442,228
Accounts receivable	-	16,988	-	-	16,988
Due from other governments	-	1,781	3,224	212,655	217,660
Due from related party	204	-	-	-	204
Prepaid expenses	1,000	-	4,132	-	5,132
<b>Total Assets</b>	<b>\$ 292,549</b>	<b>\$ 109,446</b>	<b>\$ 280,217</b>	<b>\$ -</b>	<b>\$ 682,212</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,580	\$ 26,712	\$ 12,553	\$ -	\$ 41,845
Other current liabilities	-	14,498	161,866	-	176,364
<b>Total Liabilities</b>	<b>2,580</b>	<b>41,210</b>	<b>174,419</b>	<b>-</b>	<b>218,209</b>
<b>Fund Balances</b>					
Nonspendable	1,000	-	4,132	-	5,132
Restricted	288,969	68,236	101,666	-	458,871
<b>Total Fund Balances</b>	<b>289,969</b>	<b>68,236</b>	<b>105,798</b>	<b>-</b>	<b>464,003</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 292,549</b>	<b>\$ 109,446</b>	<b>\$ 280,217</b>	<b>\$ -</b>	<b>\$ 682,212</b>

See accompanying notes to the financial statements.

**NICOLET UNION HIGH SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Gift Fund	Food Service	Community Service	Transportation Services	
<b>REVENUES</b>					
Local	\$ 359,814	\$ 512,459	\$ 1,042,460	\$ -	\$ 1,914,733
Interdistrict	-	-	-	357,753	357,753
Federal	-	136,694	-	-	136,694
Other revenue	-	8,951	8,695	-	17,646
<b>Total Revenues</b>	<u>359,814</u>	<u>658,104</u>	<u>1,051,155</u>	<u>357,753</u>	<u>2,426,826</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Regular	596	-	-	-	596
Vocational	3,998	-	-	-	3,998
Other	355,344	-	-	-	355,344
<b>Total Instruction</b>	<u>359,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,938</u>
<b>Support Services</b>					
General administrative services	312	-	-	-	312
Business administrative services	1,433	622,702	1,114	426,638	1,051,887
Debt Service					
Principal	-	-	2,530	-	2,530
Community Services	-	-	971,915	-	971,915
<b>Total Support Services</b>	<u>1,745</u>	<u>622,702</u>	<u>975,559</u>	<u>426,638</u>	<u>2,026,644</u>
<b>Non-Program</b>					
Other non-program services	-	1,924	-	-	1,924
<b>Total Non-Program</b>	<u>-</u>	<u>1,924</u>	<u>-</u>	<u>-</u>	<u>1,924</u>
<b>Total Expenditures</b>	<u>361,683</u>	<u>624,626</u>	<u>975,559</u>	<u>426,638</u>	<u>2,388,506</u>
Excess (deficiency) of revenues over expenditures	(1,869)	33,478	75,596	(68,885)	38,320
<b>OTHER FINANCING SOURCES</b>					
Proceeds from capital leases and SBITAs			7,822		7,822
Transfers from other fund	(1,752)	1,924	-	68,885	69,057
<b>Net Change in Fund Balances</b>	(3,621)	35,402	83,418	-	115,199
Fund Balances, beginning of year	293,590	32,834	22,380	-	348,804
<b>FUND BALANCES, end of year</b>	<u>\$ 289,969</u>	<u>\$ 68,236</u>	<u>\$ 105,798</u>	<u>\$ -</u>	<u>\$ 464,003</u>

See accompanying notes to the financial statements.

**SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
AND OTHER AUDITOR'S REPORTS**

**NICOLET UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2023**

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program of Award Amount	Accrued Receivable 7/1/2022	Revenues/ Expenditures Grantor	Grantor Reimbursements	Accrued Receivable 6/30/2023
<b>U.S. DEPARTMENT OF EDUCATION</b>							
State of Wisconsin							
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
<b>Title 1</b>							
<b>Title 1 - Basic Grant - Public</b>							
July 1, 2021 - June 30, 2022 - Public	84.010	2023-402177-DPI-TI-A-141	\$ 99,299	\$ 40,189	\$ -	\$ 40,189	\$ -
July 1, 2022 - June 30, 2023 - Public			\$ 106,890	-	105,900	67,015	38,885
July 1, 2022 - June 30, 2023 - Private			\$ 3,570	-	833	-	833
<b>Title 1 - Milwaukee Public Schools</b>							
July 1, 2021 - June 30, 2022	84.010	2023-402177-DPI-TI-A-141	\$ 372	3,904	-	3,904	-
July 1, 2022 - June 30, 2023			-	-	8,225	4,113	4,112
<b>Total Title 1</b>				<u>44,093</u>	<u>114,958</u>	<u>115,221</u>	<u>43,830</u>
<b>Education Stabilization Fund</b>							
<b>ARPA - General Education - COVID-19</b>							
March 13, 2020 - September 30, 2024	84.425U	2022-402177-DPI-ESSERFIII-165	\$ 702,147	32,875	352,930	343,723	42,082
<b>ARP - Homeless Children and Youth Part II - CESA</b>							
April 23, 2021 - September 30, 2024	84.425W	2022-402177-DPI-ARPHCYII-173	\$ 2,148	-	2,148	-	2,148
<b>Education Stabilization Fund</b>				<u>32,875</u>	<u>355,078</u>	<u>343,723</u>	<u>44,230</u>
<b>Special Education Cluster</b>							
<b>IDEA Flow Through</b>							
July 1, 2021 - June 30, 2022	84.027	2023-402177-DPI-FLOW-341	\$ 347,147	148,196	-	148,196	-
July 1, 2022 - June 30, 2023			\$ 302,372	-	268,765	153,350	115,415
<b>Total Special Education Cluster</b>				<u>148,196</u>	<u>268,765</u>	<u>301,546</u>	<u>115,415</u>
<b>Title IIIA - English Language Acquisition - CESA</b>							
July 1, 2021 - June 30, 2022	84.395	2023-402177-DPI-TIIIA-391	\$ 2,024	2,024	-	2,024	-
July 1, 2022 - June 30, 2023			\$ 1,650	-	1,650	-	1,650
<b>Carl Perkins</b>							
July 1, 2021 - June 30, 2022 - CESA	84.048	2023-402177-DPI-CTE-400	\$ 20,407	-	20,405	9,807	10,598
<b>Title II - A - Quality Teachers and Principals</b>							
July 1, 2021 - June 30, 2022 - Public	84.367	2023-402177-DPI-TIIA-365	\$ 27,910	7,047	-	7,047	-
July 1, 2022 - June 30, 2023 - Public			\$ 27,880	-	22,047	22,047	-
July 1, 2022 - June 30, 2023 - Private			\$ 1,982	-	733	-	733
<b>Title IV - A Student Support and Aced Enrich Grant</b>							
July 1, 2022 - June 30, 2023 - Public	84.424	2023-402177-DPI-TIVA-381	\$ 9,222	-	8,710	7,722	988
July 1, 2022 - June 30, 2023 - Private			\$ 778	-	703	703	-
<b>Total U.S. Department of Education</b>				<u>234,235</u>	<u>793,049</u>	<u>809,840</u>	<u>217,444</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b>Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response - CESA</b>							
July 1, 2022 - June 30, 2023	93.354	-	\$ 4,793	-	4,572	4,572	-
<b>Total U.S. Department of Health and Human Services</b>				<u>-</u>	<u>4,572</u>	<u>4,572</u>	<u>-</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
<b>School Milk</b>							
July 1, 2021 - June 30, 2022	10.556	2023-402177-DPI-SMP-548	\$ 11,959	277	-	277	-
<b>National School Breakfast Program</b>							
July 1, 2022 - June 30, 2023	10.553	2023-402177-DPI-SB-546	\$ -	-	3,675	3,520	155
<b>National School Lunch Program</b>							
July 1, 2022 - June 30, 2023	10.555	2023-402177-DPI-NSL-547	\$ -	-	95,393	93,767	1,626
<b>National School Lunch Program - COVID - 19</b>							
July 1, 2022 - June 30, 2023	10.555	2023-402177-DPI-NSL-547	\$ -	-	34,306	34,306	-
<b>Donated Commodities</b>							
July 1, 2022 - June 30, 2023	10.555	2023-402177-DPI-NSL-547	\$ -	-	3,319	3,319	-
<b>Total U.S. Department of Agriculture</b>				<u>277</u>	<u>136,693</u>	<u>135,189</u>	<u>1,781</u>
				<u>\$ 234,512</u>	<u>\$ 934,314</u>	<u>\$ 949,601</u>	<u>\$ 219,225</u>

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

NICOLET UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2023

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Accrued Receivable 7/1/2022</u>	<u>Revenue/ Expenditures</u>	<u>Reimbursements</u>	<u>Accrued Receivable 6/30/2023</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
<b>Entitlement Programs</b>						
<b>Major Programs</b>						
Equalization Aid	255.201	402177-116	\$ -	\$ 313,254	\$ 313,254	\$ -
Special Adjustment Aid	255.203	402177-118	-	27,018	27,018	-
Integration Aid - Non-resident	255.204	402177-106	-	564,088	564,088	-
Per Pupil Adjustment Aid	255.945	402177-113	-	787,262	787,262	-
<b>Total Major Programs</b>			<u>-</u>	<u>1,691,622</u>	<u>1,691,622</u>	<u>-</u>
<b>Nonmajor Programs</b>						
Handicapped Pupils and School Age Parents	255.101	402177-100	-	806,561	806,561	-
Handicapped Pupils and School Age Parents - CESA	255.101	-	4,660	22,623	4,660	22,623
Common School Library Fund	255.103	402177-104	-	96,150	96,150	-
Pupil Transportation	255.107	402177-102	-	20,296	20,296	-
High Cost Special Education	255.210	402177-119	-	15,020	15,597	(577)
Aid for School Mental Health Program	255.227	402177-176	14,843	30,971	45,814	-
Early College Credit Program	255.445	402177-178	-	159	159	-
Educator Effective Eval Sys Grants	255.940	402177-154	-	8,160	8,160	-
Career and Technical Education	255.950	402177-152	15,190	8,466	23,656	-
<b>Total Nonmajor Programs</b>			<u>34,693</u>	<u>1,008,406</u>	<u>1,021,053</u>	<u>22,046</u>
<b>Total Wisconsin Department of Public Instruction</b>			<u>34,693</u>	<u>2,700,028</u>	<u>2,712,675</u>	<u>22,046</u>
<b>Total</b>			<u>\$ 34,693</u>	<u>\$ 2,700,028</u>	<u>\$ 2,712,675</u>	<u>\$ 22,046</u>

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS  
June 30, 2023**

**Note 1 - Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state awards (the "Schedules") includes the federal and state award activity of the District. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Wisconsin State Single Audit Guidelines. Because the Schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies**

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

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

**Note 3 - Oversight Agencies**

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

**Note 4 - Eligible Costs for Special Education**

Eligible costs for special education under project 011 were \$2,504,539 for the year ended June 30, 2023.

**Note 5 – Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements**

A reconciliation of the amounts presented in the financial statements to the schedule of expenditures of federal awards is as follows:

Federal sources included in the financial statements	\$ 1,017,775
Less: aid not subject to single audit requirements	
Back to school aid	(95,525)
Get kids ahead grant	(23,948)
Prior year ESSER refund	(988)
Add: transit of federal aid	37,000
Total included on the schedule of expenditures of federal awards	\$ 934,314

**NICOLET UNION HIGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS  
June 30, 2023**

**Note 6 – Reconciliation of the Schedule of Expenditures of State Awards to the Financial Statements**

A reconciliation of the amounts presented in the financial statements to the schedule of expenditures of state awards is as follows:

State sources included in the financial statements	\$ 3,045,253
Less: aid not subject to single audit requirements	
Personal property aid	(145,543)
Exempt computer aid	(222,305)
Add: transit of state aid	<u>22,623</u>
Total included on the schedule of expenditures of state awards	<u><u>\$ 2,700,028</u></u>

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

Board of Education  
Nicolet Union High School District  
Milwaukee County, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Nicolet Union High School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Nicolet Union High School District's basic financial statements and have issued our report thereon dated November 17, 2023.

***Report on Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items **2023-001** that we consider to be a significant deficiency.

***Report on Compliance and Other Matters***

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

## **Nicolet Union High School District's Response to Findings**

Nicolet Union High School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Nicolet Union High School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SCHUMACHER SAMA, LLP

A handwritten signature in cursive script that reads "Schumacher Sama, LLP".

Wauwatosa, Wisconsin  
November 17, 2023

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

Board of Education  
Nicolet Union High School District  
Milwaukee County, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited the compliance of the Nicolet Union High School District (the "District") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. We have also audited the compliance of the District with the types of compliance requirements described in the State Single Audit Guidelines issued by the Wisconsin Department of Administration and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction that are applicable to each of its major state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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). We have also conducted our audit of compliance with the requirements described in the State Single Audit Guidelines issued by the Wisconsin Department of Administration and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction. Our responsibilities under those standards, the Uniform Guidance, and State Single Audit Guidelines, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of District's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and State Single Audit Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and State Single Audit Guidelines we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

SCHUMACHER SAMA, LLP

*Schumacher Sama, LLP*

Wauwatosa, Wisconsin  
November 17, 2023

**NICOLET UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Federal Awards**

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.510(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs

<u>CFDA NUMBER(S)</u>	<u>Name of Federal Program or Cluster</u>
84.425	ARPA – General Education – COVID-19

Dollar threshold used to distinguish between Type A & Type B programs	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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**State Awards**

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(s) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Type of auditor's report issued on compliance for major programs.	Unmodified	
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Any audit findings disclosed that are required in accordance with the State Single Audit Guidelines	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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**NICOLET UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**Section I: Summary of Auditor's Results (continued)**

Identification of major state programs

<u>State Identification Number</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aid – General Aids Cluster
255.203	Special Adjustment Aid – General Aids Cluster
255.204	Integration Aid – General Aids Cluster
255.945	Per Pupil Adjustment Aid

**Section II: Financial Statement Findings**

**Finding 2023-001:**

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

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

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

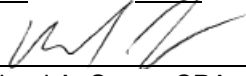
Cause - Management and those charged with governance have accepted this condition because of cost.

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

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**Section IV: Other issues**

1. Does the auditor's report of the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_ Yes     X  No    \_\_\_\_ N/A
2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:  
Department of Health Services \_\_\_\_ Yes     X  No    \_\_\_\_ N/A
3. Was a Management letter or other document conveying audit comments issued as a result of this audit?  X  Yes    \_\_\_\_ No    \_\_\_\_ N/A
4. Name and signature of partner   
\_\_\_\_\_  
Michael A. Sama, CPA
5. Date of report \_\_\_\_\_  
November 17, 2023



## CORRECTIVE ACTION PLAN For the Year Ended June 30, 2023

### **Financial Statement Findings**

#### **Finding 2023-001:**

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

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

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

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

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

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

**NICOLET UNION HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2023**

**Finding 2022-001:**

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

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

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

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

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

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

**Status of Finding** - No Change

**Finding 2022-002**

Criteria – Wisconsin State Statutes require that substitute teachers must have a valid license to be employed.

Condition – The District had one substitute teacher that did not have a valid license from the Wisconsin Department of Public Instruction. The District did not have internal controls in place to ensure proper licensure.

Effect – As a result of the substitute teacher not having a valid license, the District has an internal control deficiency.

Cause – The substitute in question was a retired teacher from Nicolet. The DPI website shows this employee held a license, but that it became invalid at some point. The staff member tasked with verifying licensure misinterpreted the information provided on the DPI website.

Recommendation – Controls should be in place to ensure all staff have adequate licenses in accordance with Wisconsin State Statutes.

Corrective Action Plan - Prior to each school year, the Teaching and Learning Department will cross reference the Nicolet active sub pool with the DPI License Lookup website to verify all active subs are licensed. A report of this task will be submitted to the Substitute Coordinator and Building Principal for verification of completion and compliance. The Substitute Coordinator will then only place substitutes that are actively licensed.

**Status of finding** - Resolved.