

# Northwood Technical College District

Financial Report

Year Ended June 30, 2024 & 2023

**WIPFLI**

# Northwood Technical College District

## Financial Statements and Supplementary Financial Information

Years Ended June 30, 2024 and 2023

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# Northwood Technical College District

## Financial Statements and Supplementary Financial Information

Years Ended June 30, 2024 and 2023

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## Independent Auditor's Report

District Board  
Northwood Technical College District  
Rice Lake, Wisconsin

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Northwood Technical College District (the "District"), as of and for the years ended June 30, 2024 and 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 business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Northwood Technical College District as of June 30, 2024 and 2023, and respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits 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 Northwood Technical College District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Northwood Technical College Foundation, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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

##### ***Change in Accounting Principle***

We draw attention to Note 1 of the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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

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

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 Northwood Technical College 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 Northwood Technical College 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 Northwood Technical College 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, the schedule of changes in the employer's net OPEB liability (asset) and related ratios - District OPEB plan, schedule of investment returns - District OPEB plan, schedule of employer contributions - District OPEB plan, and the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The non-GAAP budgetary basis schedules listed in the table of contents as supplementary information, as required by the Wisconsin Technical College Systems Board, 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 audits 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northwood Technical College District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Wipfli LLP

Eau Claire, Wisconsin  
December 11, 2024

# **Management Discussion and Analysis**

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# Northwood Technical College District

## Management's Discussion and Analysis

Years Ended June 30, 2024 and 2023

Northwood Technical College District's (Northwood Tech, "College" or the "District") management's discussion and analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader of the financial statements in focusing on noteworthy financial issues.

While maintaining its financial health is crucial to the long-term viability of Northwood Tech, the primary mission of a public institution of higher education is to provide education and training. Therefore, net position is accumulated only as required to ensure that there are sufficient reserve funds to avoid cash flow borrowing and to prevent short-term reactionary changes due to higher than anticipated expenses or lower than anticipated revenues. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.



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

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

The following is a condensed version of the Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024, 2023 and 2022.

	2024	Restated 2023	Net Position Increase (Decrease) 2024-2023		2022	Net Position Increase (Decrease) 2023-2022	
<b>Operating revenues:</b>							
Tuition and fees	\$ 5,005,617	\$ 4,199,268	\$ 806,349	19.2 %	\$ 5,266,601	\$(1,067,333)	(20.3)%
State and federal grants	11,426,952	13,121,050	1,694,098)	(12.9)%	9,538,090	3,582,960	37.6 %
Contract revenue	3,168,552	2,531,736	636,816	25.2 %	2,337,494	194,242	8.3 %
Miscellaneous	2,954,667	819,365	2,135,302	260.6 %	828,278	(8,913)	(1.1)%
<b>Total operating revenues</b>	<b>22,555,788</b>	<b>20,671,419</b>	<b>1,884,369</b>	<b>9.1 %</b>	<b>17,970,463</b>	<b>2,700,956</b>	<b>15.0 %</b>
<b>Operating expenses:</b>							
Instruction	36,046,425	32,571,184	3,475,241	10.7 %	29,093,785	3,477,399	12.0 %
Instructional resources	1,700,002	1,708,611	(8,609)	(0.5)%	1,427,661	280,950	19.7 %
Student services	6,392,873	7,209,460	(816,587)	(11.3)%	9,123,381	(1,913,921)	(21.0)%
General institutional	9,162,616	10,698,658	1,536,042)	(14.4)%	9,743,649	955,009	9.8 %
Physical plant	3,924,023	1,880,690	2,043,333	108.6 %	6,304,608	(4,423,918)	(70.2)%
Auxiliary enterprise services	1,483,461	873,558	609,903	69.8 %	1,585,832	(712,274)	(44.9)%
Depreciation	7,171,327	5,812,685	1,358,642	23.4 %	6,073,944	(261,259)	(4.3)%
Student aid	3,211,203	2,799,481	411,722	14.7 %	3,812,865	(1,013,384)	(26.6)%
<b>Total operating expenses</b>	<b>69,091,930</b>	<b>63,554,327</b>	<b>5,537,603</b>	<b>201.0 %</b>	<b>67,165,725</b>	<b>(3,611,398)</b>	<b>(5.4)%</b>
<b>Nonoperating revenues (expenses):</b>							
Property taxes	13,917,800	13,168,841	748,959	5.7 %	13,310,919	(142,078)	(1.1)%
State nonoperating appropriations	32,964,525	32,997,230	(32,705)	(0.1)%	32,146,688	850,542	2.6 %
CARES Act funding	-	23,954	(23,954)	(100.0)%	6,457,087	(6,433,133)	100.0 %
Investment income earned	1,206,301	951,534	254,767	26.8 %	55,783	895,751	1,605.8 %
Interest expense	(778,843)	(753,893)	(24,950)	3.3 %	(760,846)	6,953	(0.9)%
Gain (loss) on disposal of capital assets	(317,332)	77,573	(394,905)	(509.1)%	23,574	53,999	229.1 %
<b>Total nonoperating revenues (expenses)</b>	<b>46,992,451</b>	<b>46,465,239</b>	<b>527,212</b>	<b>1.1 %</b>	<b>51,233,205</b>	<b>(4,767,966)</b>	<b>(9.3)%</b>

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

	2024	Restated 2023	Net Position Increase (Decrease) 2024-2023		2022	Net Position Increase (Decrease) 2023-2022	
Change in net position	\$ 456,309	\$ 3,582,331	\$3,126,022)	(87.26)%	\$ 2,037,943	\$ 1,544,388	75.8 %
Net position - Beginning of year, as originally presented	53,715,418	49,454,054	4,261,364	8.62 %	47,416,111	2,037,943	4.3 %
Restatement for implementation of GASB 101	-	679,033	(679,033)	(100.00)%	-	679,033	100.0 %
Net position - Beginning of year, as restated	53,036,385	50,133,087	2,903,298	5.79 %	47,416,111	2,716,976	5.7 %
Net position - End of year	\$ 54,171,727	\$ 53,036,385	\$ 1,135,342	2.14 %	\$ 49,454,054	\$ 3,582,331	7.2 %

Fiscal year 2022 balances were not restated for the impacts of implementing GASB 101

**Fiscal Year 2024 Compared to 2023**

Some of the most noteworthy results of operations for the current year are reflected below:

Operating revenues are the charges for services offered by the District. During 2024, the District generated more than \$22.5 million of operating revenue. Significant items and revenue sources are as follows:

In total, tuition and fee income show an increase of 19.2% in 2024, which is a direct reflection of increased enrollment within the College.

Contract revenues were approximately \$3.2 million for the year and represent revenue from instructional and technical assistance contracts with business and industry as well as local school districts.

Auxiliary enterprise revenues are revenues generated by the bookstore, program retail and services sales, food service, and other similar activities of the District. These revenues are included in tuition and fees and totaled \$1,950,142 for 2024. This represents an increase of 52.0% from the previous year.

The State and federal grant revenue decreased 12.9% or \$(1,694,098) in 2024, which is due to the college utilizing more funding of multi-year awarded grants in 2023 compared to 2024.

Operating expenses are costs related to offering the programs of the District. For 2024, operating expenses totaled approximately \$69 million. Approximately 64.0% of this figure represents personnel-related costs. Another major expense was depreciation 10.4%. Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 25.6% of total operating expenses.

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

Fluctuations in major operating expense categories occur on a year-to-year basis based on enrollment changes as well as District initiatives and priorities. The 108.6% increase in physical plant expenditures relates to the percentage completion of district renovation projects as of June 30, 2024 as compared to 2023. The 23.4% increase in depreciation is related to the increase of assets reaching the end of their useful life, as well as ERP implementation costs being amortized. The 0.5% decrease in instructional resources was the result of higher expenses being utilized for instruction-based operations. The 14.4% decrease in general institutional expenditures is attributed to a decrease in spending for ERP implementation costs in 2024 compared to 2023. The 69.8% increase in auxiliary enterprise services is a result of higher claims for self-insurance.

Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenues and expenses for the year ended June 30, 2024, increased 1.1%. The most significant component of the decrease in net nonoperating revenues was the loss on disposal of capital assets in 2024.

Net position for 2024 increased \$456,309 as a result of the above activity.

### Fiscal Year 2023 Compared to 2022

Some of the most noteworthy results of operations for the current year are reflected below:

Operating revenues are the charges for services offered by the District. During 2023, the District generated more than \$20.6 million of operating revenue. Significant items and revenue sources are as follows:

In total, tuition and fee income show a decrease of 37.7% in 2023, which is a direct reflection of HEERF dollars not being refunded to students in the current fiscal year as it was in the prior fiscal year. This contributed to a change in scholarship allowance recorded.

Contract revenues were approximately \$2.5 million for the year and represent revenue from instructional and technical assistance contracts with business and industry as well as local school districts.

Auxiliary enterprise revenues are revenues generated by the bookstore, program retail and services sales, food service, and other similar activities of the District. These revenues are included in tuition and fees and totaled \$1,280,450 for 2023. This represents a decrease of 14.9% from the previous year.

State and federal grant revenue increased 37.6% or \$3,582,960 in 2023, which reflects an increase in funding from the State of Wisconsin allocation of Workforce Innovation Grants for the federal grants to district's program.

Operating expenses are costs related to offering the programs of the District. For 2023, operating expenses totaled approximately \$64 million. Approximately 64.6% of this figure represents personnel-related costs. Another major expense was depreciation 9.0%. Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 26.4% of total operating expenses.

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

Fluctuations in major operating expense categories occur on a year-to-year basis based on enrollment changes as well as District initiatives and priorities. The 70.2% decrease in physical plant expenditures relates to the percentage completion of district renovation projects as of June 30, 2023 as compared to 2022. The 3.9% increase in depreciation is related to the increase in assets reaching the end of their useful life, as well as ERP implementation costs being amortized. The 25.3% increase in instructional resources was the result of capital expenditures for technology related to the COVID-19 pandemic to expand virtual instruction. The 18% increase in general institutional expenditures is attributed to an increase in salaries & fringe for staff as a result of a 3-year compensation study by the college. The 44.9% decrease in auxiliary enterprise service is a result of lower enrollment.

Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenues and expenses for the year ended June 30, 2023, decreased 9.3%. The most significant component of net nonoperating revenues was the CARES Act funding of \$6.5 million. The other significant component of the decrease in net nonoperating revenues was the CARES Act funding reduction of \$6.4 million over 2022.

Net position for 2023 increased \$3,582,331 as a result of the above activity.

## Statement of Cash Flows

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

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

	2024	Restated 2023	Cash Increase (Decrease) 2024-2023		Restated 2022	Cash Increase (Decrease) 2023-2022	
Net cash from operating activities	\$(38,230,228)	\$ (35,080,760)	\$ (3,149,468)	9.0 %	\$ (43,432,552)	\$ 8,351,792	(19.2)%
Net cash from non capital financing activities	47,399,713	45,270,819	2,128,894	4.7 %	52,455,392	(7,184,573)	(13.7)%
Net cash from capital and related financing activities	(10,615,028)	(14,921,714)	4,306,686	(28.9)%	(5,641,374)	(9,280,340)	164.5 %
Net cash from investing activities	1,206,301	951,534	254,767	26.8 %	\$ 55,783	895,751	1,605.8 %
Net increase/ (decrease) in cash and investments	\$ (239,242)	\$ (3,780,121)	\$ 3,540,879	(93.67)%	\$ 3,437,249	\$ (7,217,370)	(210.0)%

## **Statement of Cash Flows (Continued)**

### **Fiscal Year 2024 Compared to 2023**

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

The largest component of cash used in operating activities was payments to employees for salaries/wages and benefits. Approximately \$42.7 million was paid in 2024.

Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$23.5 million represents the costs of goods and services purchased from outside vendors.

The largest cash inflows from operating activities included approximately \$5.8 million in tuition and fees and approximately \$17 million in state and federal grants.

Property tax receipts of \$13,462,960 and \$29.8 million of Property Tax Relief Aid, received in February 2024, are categorized as cash flows from non-capital financing activities.

### **Fiscal Year 2024 Compared to 2023 (Continued)**

The net cash used in capital and related financing activities is primarily made up of two categories of cash flows: purchases of capital assets and capital-related debt activity (debt proceeds and principal and interest payments). Net cash used in capital-related debt activity in this category was approximately \$3.4 million in 2024 as compared to net cash used of approximately \$3.0 million in 2023. Net cash used for capital purchase (purchases less sales proceeds) was approximately \$8.4 million in 2024 and \$11.0 million in 2023.

Investment income is interest received on the District's investments.

Overall, the District's cash and investments decreased by \$239,242 for the current fiscal period.

### **Fiscal Year 2023 Compared to 2022**

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

The largest component of cash used in operating activities was payments to employees for salaries/wages and benefits. Approximately \$38.3 million was paid in 2023.

Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$16.5 million represents the costs of goods and services purchased from outside vendors.

The largest cash inflows from operating activities included approximately \$4.2 million in tuition and fees and approximately \$12.6 million in state and federal grants.

Property tax receipts of approximately \$13.2 million and \$29.8 million of Property Tax Relief Aid, received in February 2023, are categorized as cash flows from non-capital financing activities.

## **Statement of Cash Flows (Continued)**

The net cash used in capital and related financing activities is primarily made up of two categories of cash flows: purchases of capital assets and capital-related debt activity (debt proceeds and principal and interest payments). Net cash used in capital-related debt activity in this category was approximately \$3.0 million in 2023 as compared to net cash provided of approximately \$1.5 million in 2022. Net cash used for capital purchases (purchases less sales proceeds) was approximately \$11.0 million in 2023 and \$4.2 million in 2022.

Investment income is interest received on the District's investments.

Overall, the District's cash and investments decreased by \$3,780,121 for the current fiscal period.

## **Statement of Net Position**

The statements of net position present the financial position of the District at the end of the fiscal year and includes all assets (items that the District owns and amounts owed to the District by others) and liabilities (amounts owed to others by the District and what has been collected from others for which a service has not yet been performed) and deferred inflows and outflows as applicable. These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service to the District—regardless of when cash is exchanged.

## Statement of Net Position (Continued)

The following is a condensed version of the statements of net position as of June 30, 2024, 2023 and 2022:

	2024	Restated 2023	Increase (Decrease) 2024-2023		2022	Increase (Decrease) 2023-2022		
<b>Assets:</b>								
Cash and investments	\$30,763,678	\$ 31,002,920	\$ (239,242)	(0.8)%	\$ 34,783,041	\$ (3,780,121)	(10.9)%	
Net capital assets	62,796,750	62,272,553	524,197	0.8 %	55,220,790	7,051,763	12.8 %	
Other assets	14,505,063	8,130,889	6,374,174	78.4 %	18,505,713	(10,374,824)	(56.1)%	
<b>Total assets</b>	<b>108,065,491</b>	<b>101,406,362</b>	<b>6,659,129</b>	<b>6.6 %</b>	<b>108,509,544</b>	<b>(7,103,182)</b>	<b>(6.5)%</b>	
<b>Deferred outflows of resources:</b>								
Related to pensions (WRS)	18,374,211	28,322,562	(9,948,351)	(35.1)%	22,795,881	5,526,681	24.2 %	
Related to OPEB (District plan)	245,537	1,961,443	(1,715,906)	(87.5)%	3,805,367	(1,843,924)	(48.5)%	
<b>Total deferred outflows of resources</b>	<b>18,619,748</b>	<b>30,284,005</b>	<b>(11,664,257)</b>	<b>(38.5)%</b>	<b>26,601,248</b>	<b>3,682,757</b>	<b>13.8 %</b>	
<b>Liabilities:</b>								
Other liabilities	10,287,442	3,747,162	6,540,280	174.5 %	5,027,349	(1,280,187)	(25.5)%	
Noncurrent liabilities	49,282,673	57,298,351	(8,015,678)	(14.0)%	51,271,242	6,027,109	11.8 %	
<b>Total liabilities</b>	<b>59,570,115</b>	<b>61,045,513</b>	<b>(1,475,398)</b>	<b>(2.4)%</b>	<b>56,298,591</b>	<b>4,746,922</b>	<b>8.4 %</b>	
<b>Deferred inflows of resources:</b>								
Related to pensions (WRS)	11,618,472	16,386,791	(4,768,319)	(29.1)%	28,675,213	(12,288,422)	(42.9)%	
Related to OPEB (District plan)	1,324,925	542,645	782,280	144.2 %	737,591	(194,946)	(26.4)%	
<b>Total deferred inflows of resources</b>	<b>12,943,397</b>	<b>16,929,436</b>	<b>(3,986,039)</b>	<b>(23.5)%</b>	<b>29,412,804</b>	<b>(12,483,368)</b>	<b>(42.4)%</b>	
<b>Net Position:</b>								
Net investment in capital assets	26,960,113	24,951,349	2,008,764	8.1 %	19,246,797	5,704,552	29.6 %	
Restricted net pension asset	-	-	-	- %	12,147,023	(12,147,023)	100.0 %	
Restricted for students and other organizations	504,918	525,470	(20,552)	(3.9)%	524,835	635	0.1 %	
Restricted for debt service	8,208,910	8,037,369	171,541	2.1 %	7,730,764	306,605	4.0 %	
Unrestricted	18,497,786	20,201,230	(1,703,444)	(8.4)%	9,804,635	10,396,595	106.0 %	
<b>Total net position</b>	<b>\$54,171,727</b>	<b>\$ 53,715,418</b>	<b>\$ 456,309</b>	<b>0.8 %</b>	<b>\$ 49,454,054</b>	<b>\$ 4,261,364</b>	<b>8.6 %</b>	

## Statement of Net Position (Continued)

### Fiscal Year 2024 Compared to 2023

Specific items of interest related to the statements of net position include the following:

Cash and investments decreased by \$239,242 in 2024. This is primarily the result of an increase in self-funded insurance benefits over what was budgeted by the college.

The largest component of the District's assets is net capital assets, which represents the District's net investment in its physical plant and equipment. The net capital asset balance increased by 0.8%.

The other assets category is made up of various receivable balances, including tuition and contracted services accounts receivable [\$3.2 million], property taxes receivable [\$4.7 million], bookstore inventories [\$215,000] and prepaid expenses [\$337,000].

Total liabilities and deferred inflows decreased by \$5.4 million in 2024, compared to a decrease of \$6.9 million in 2023. This decrease is mainly a result of the decrease in deferred inflows related to WRS.

Other liabilities include accounts payable and various types of accruals.

Noncurrent liabilities of approximately \$41 million represent the portion of long-term obligations due after fiscal year as well as the District's net OPEB liability.

The District is also reporting a \$18.4 million deferred outflow of resources and a \$11.6 million deferred inflow of resources for its proportionate share of the WRS deferred outflows and inflows related to pensions. In 2024, the District is reporting a deferred outflow of \$246,000 as well as a deferred inflow of \$1.3 million related to the District's OPEB plan.

### Fiscal Year 2023 Compared to 2022

Specific items of interest related to the statements of net position include the following:

Cash and investments increased by \$3,780,121 in 2023. This is primarily the result of not having CARES Act funding that was drawn for 2022 and 2021 lost revenues, as well as an increase in wages & fringe benefits due to the compensation study. The District also stopped reimbursements from the OPEB Trust in September, 2022 due to market fluctuation and covered reimbursements through fund balance until the OPEB reimbursement was made in the subsequent fiscal year.

The largest component of the District's assets is net capital assets, which represents the District's net investment in its physical plant and equipment. The net capital asset balance increased by 11.0%.

The other assets category is made up of various receivable balances, including tuition and contracted services accounts receivable [\$2.4 million], property taxes receivable [\$4.2 million], bookstore inventories [\$410,000], and prepaid expenses[\$53,000].

Total liabilities and deferred inflows decreased by \$6.9 million in 2023, compared to an increase of \$8.1 million in 2022. The decrease is mainly a result of the decrease in deferred outflows related to WRS.

Other liabilities include accounts payable and various types of accruals.



## **Statement of Net Position (Continued)**

Noncurrent liabilities of approximately \$58.0 million represent the portion of long-term obligations due after fiscal year as well as the District's net OPEB liability.

The District is also reporting an \$28.3 million deferred outflow of resources and a \$16.4 million deferred inflow of resources for its proportionate share of the WRS deferred outflows and inflows related to pensions. In 2023, the District is reporting a deferred outflow of \$2 million as well as a deferred inflow of \$542,645 related to the District's OPEB plan.

## **Capital Assets and Debt Administration**

The District's net capital assets as of June 30, 2024, amounts to approximately \$62.7 million. This includes land and land improvements, buildings and improvements, movable equipment, and construction in progress. The most significant building project in fiscal year 2024 was the New Richmond Medical Lab Education Center Remodel.

At the end of the 2024 fiscal year, the District had total general obligation debt outstanding of approximately \$39.5 million. The District's Moody's Investor Services bond rating was maintained at Aaa. The District has continued to meet all of its debt service requirements. All general obligation debt for equipment is repaid in three years, while debt related to building and remodeling is repaid in eight to ten years. The debt is secured by the taxing authority of the District. The current debt structure adequately replaces and expands the equipment and facility needs of the District.

The District participates in the Wisconsin Retirement System (WRS) and the Basic Financial Statements include a proportionate share of the assets, liabilities, deferred inflows and outflows, and an increase or decrease in pension expense related to WRS actuarial projections for calendar years ended December 31, 2023 and 2022.

## Capital Assets and Debt Administration (Continued)

The following table summarizes the financial impact to the District related to GASB Statement No. 68. For more information, refer to Note 7 and the Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System.

### Impact of GASB No. 68 on the Basic Financial Statements Years Ended June 30, 2024, 2023 and 2022

	2024	Restated 2023	2022
Net Pension Asset (WRS)	\$ -	\$ -	\$ 12,147,023
Deferred Outflows Related to Pensions (WRS)	18,374,211	28,322,562	22,795,881
Asset and Deferred Outflows	18,374,211	28,322,562	34,942,904
Net Pension Liability (WRS)	2,172,926	7,808,790	-
Deferred Inflows Related to Pensions (WRS)	11,618,472	16,386,791	28,675,213
Liabilities and Deferred Inflows	13,791,398	24,195,581	28,675,213
Impact on Total Net Position	4,582,813	4,126,981	6,267,691
Impact on Pension Expense	(455,832)	2,140,711	(2,779,967)
Increase (decrease) in net position excluding GASB No.68 pension expense	477	5,723,042	(742,024)
Increase (decrease) in net position including GASB No. 68 pension expense	456,309	3,582,331	2,037,943
District proportion of the WRS pension liability (asset)	0.146 %	0.147 %	0.151 %
Plan fiduciary net position as a percentage of the total WRS pension liability (asset)	98.85 %	95.72 %	(106.02)%

## Economic Factors

Northwood Technical College continues to face a range of economic factors influenced by the ongoing recovery from the COVID-19 pandemic and broader economic conditions. While both the United States and Wisconsin economies showed signs of recovery, challenges from supply chain disruptions, inflation, and rising borrowing costs continued to impact both the cost of goods and services and the delivery of educational programs. Although conditions had improved since the pandemic's peak, Northwood Tech still experienced supply chain delays and inflationary pressures, particularly affecting the cost of goods and services essential to its operations.

## **Economic Factors (Continued)**

Nationally, the Federal Reserve's continued interest rate hikes to curb inflation contributed to higher borrowing costs for both businesses and consumers, including student loans and business loans, which could influence enrollment patterns and financial planning. Despite this, Northwood Tech remained financially stable, with the District's statutory tax levy limits still above its actual tax levy. However, future revenue growth was constrained by the state's biennial budget tax levy freeze, which limits tax levy increases to net new construction, unless approved by referendum.

One of the key economic influences on Northwood's revenue has been the behavior of its student enrollment. Historically, technical colleges see higher enrollment during economic downturns as individuals seek to retrain for new job opportunities. However, the pandemic's economic downturn was unique in its complexity, with many individuals facing uncertainty in employment, childcare, and educational decisions, leading to stagnant enrollments for the college. With that said, Northwood saw a prominent increase in enrollment for the 2024 fiscal year and expect a continued increase in enrollment for the coming fiscal year.

The District also faced increasing financial pressures, including the rising costs of personnel and health insurance, which will continue to outpace revenue growth. Additionally, the evolving nature of technology in the workforce require the college to continuously update and develop new programs to meet labor market needs. Technology-related expenses remained a critical component in maintaining high-quality educational offerings, while also prioritizing a seamless transition to the college's new ERP system.

Despite these challenges, Northwood Tech's financial outlook remains positive, due in part to modest increases in property values within the District, which were expected to slightly reduce the mill rate. The college's long-term financial planning, including the establishment of a post-employment benefit trust, positioned Northwood Tech to continue meeting its financial obligations while maintaining flexibility to respond to future needs. Overall, while the college has faced significant economic pressures, its strong financial position and strategic planning allow for continued offerings of essential services and preparation of future challenges.

## **Financial Position**

Northwood Tech's overall financial position increased by \$456,309. The reasons for this increase have already been discussed in the Statements of Revenues, Expenses and Change in Net Position section.

Northwood Tech continues to maintain a strong financial position with adequate operating reserves within board policy guidelines.

The District has a diverse source of revenue streams, which include state aid and grants, federal grants, business and industry contract revenue, tuition, and property taxes to meet the expenditures of the District. By far, property taxes and Property Tax Relief Aid remain the most significant and stable source of revenue for Northwood Tech. The District uses property tax levy to repay its debt and manage capital assets on replacement or refresh cycle when the assets useful lives have expired allowing the District the use of current technology and well-maintained facilities.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's financial picture for those interested parties. Questions concerning any information contained in this report or for any additional information should be addressed to the Vice President of Business Services, 1900 College Drive, Rice Lake, WI 54868.

# **Basic Financial Statements**

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# Northwood Technical College District

## Statements of Net Position

June 30, 2024 and 2023

<i>Assets and Deferred Outflows of Resources</i>	2024		2023	
	Primary Government	Component Unit	Restated Primary Government	Component Unit
Current assets:				
Cash and investments	\$ 16,738,220	\$ 55,094	\$ 16,390,493	\$ 505,096
Receivables:				
Local Taxes	4,737,320	-	4,282,480	-
Accounts receivable	3,215,579	1,752	2,412,855	3,601
Due from fiduciary fund	-	-	972,228	-
Inventories	215,309	-	409,866	-
Prepaid expenses	-	-	-	-
Other	336,855	-	53,460	-
Grants	6,000,000	-	-	-
Total current assets	31,243,283	56,846	24,521,382	508,697
Noncurrent assets:				
Restricted:				
Cash and investments	14,025,458	-	14,612,427	-
Investments	-	6,355,500	-	5,334,958
Capital assets:				
Capital assets, not being depreciated	2,408,206	-	627,114	-
Capital assets, being depreciated - Net	56,820,984	-	59,048,423	-
Lease assets, net of amortization	26,546	-	40,602	-
Subscription assets, not being amortized	2,404,420	-	1,866,336	-
Subscription assets, being depreciated - Net	1,136,594	-	690,078	-
Total noncurrent assets	76,822,208	6,355,500	76,884,980	5,334,958
Total assets	108,065,491	6,412,346	101,406,362	5,843,655
Deferred outflows of resources:				
Related to pensions (WRS)	18,374,211	-	28,322,562	-
Related to OPEB (District Plan)	245,537	-	1,961,443	-
Total deferred outflows of resources	18,619,748	-	30,284,005	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 126,685,239</b>	<b>\$ 6,412,346</b>	<b>\$ 131,690,367</b>	<b>\$ 5,843,655</b>

# Northwood Technical College District

## Statements of Net Position (Continued)

June 30, 2024 and 2023

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	2024		2023	
	Primary Government	Component Unit	Restated Primary Government	Component Unit
Liabilities:				
Current liabilities:				
Accounts payable	\$ 1,013,160	\$ 67,155	\$ 997,297	\$ 56,251
Accrued liabilities:				
Payroll, payroll taxes, and insurance	2,378,232	-	1,649,057	-
Accrued interest	256,752	-	241,619	-
Compensated absences	132	-	448,634	-
Accrued and other liabilities	6,474	-	-	-
Unearned revenue	6,632,692	-	410,555	-
Current portion of long-term obligations	8,182,529	-	7,841,072	-
Total current liabilities	18,469,971	67,155	11,588,234	56,251
Noncurrent liabilities:				
Lease obligations	12,762	-	26,972	-
Obligations under Subscriptions	667,737	-	404,033	-
General obligation debt	32,643,672	-	35,007,081	-
Net Pension Obligation (WRS)	2,172,926	-	7,808,790	-
Net OPEB liability (District plan)	1,738,139	-	3,190,984	-
Sick leave	3,864,908	-	3,019,419	-
Total noncurrent liabilities	41,100,144	-	49,457,279	-
Total liabilities	59,570,115	67,155	61,045,513	56,251
Deferred inflows of resources:				
Related to OPEB (WRS)	11,618,472	-	16,386,791	-
Related to OPEB (District Plan)	1,324,925	-	542,645	-
Total deferred inflows of resources	12,943,397	-	16,929,436	-
Total liabilities and deferred inflows of resources	72,513,512	67,155	77,974,949	56,251
Net position:				
Net investment in capital assets	26,960,113	-	24,951,349	-
Restricted - nonexpendable	-	4,863,425	-	4,771,294
Restricted for:				
Debt service	8,208,910	-	8,037,369	-
Scholarships and other activities	-	1,419,009	-	809,645
Student and other organizations	504,918	-	525,470	-
Unrestricted	18,497,786	62,757	20,201,230	206,465
Total net position	54,171,727	6,345,191	53,715,418	5,787,404
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 126,685,239</b>	<b>\$ 6,412,346</b>	<b>\$ 131,690,367</b>	<b>\$ 5,843,655</b>

See accompanying notes to the basic financial statements.

# Northwood Technical College District

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

Years Ended June 30, 2024 and 2023

	2024		2023	
	Primary Government	Component Unit	Restated Primary Government	Component Unit
<b>Operating Revenues:</b>				
Student program fees (tuition) - Net of scholarship allowance of \$3,699,410 and \$4,145,969, respectively	\$ 2,912,802	\$ -	\$ 2,223,842	\$ -
Student material fees - Net of scholarship allowance of \$231,619 and \$249,129, respectively	297,369	-	255,469	-
Other student fees - Net of scholarship allowance of \$253,861 and \$308,720, respectively	490,261	-	439,507	-
Federal grants	10,171,656	-	11,933,530	-
State grants	1,255,296	-	1,187,520	-
Business and industry contract revenue	3,168,552	-	2,531,736	-
Auxiliary enterprise revenue	1,305,185	-	1,280,450	-
Miscellaneous	2,954,667	1,192,106	819,365	486,710
<b>Total operating revenues</b>	<b>22,555,788</b>	<b>1,192,106</b>	<b>20,671,419</b>	<b>486,710</b>
<b>Operating Expenses:</b>				
Instruction	36,046,425	-	32,571,184	-
Instructional resources	1,700,002	-	1,708,611	-
Student services	6,392,873	-	7,209,460	-
General institutional	9,162,616	1,421,022	10,698,658	503,338
Physical plant	3,924,023	-	1,880,690	-
Auxiliary services	1,483,461	-	873,558	-
Depreciation and amortization	7,171,327	-	5,812,685	-
Student aid	3,211,203	-	2,799,481	-
<b>Total operating expenses</b>	<b>69,091,930</b>	<b>1,421,022</b>	<b>63,554,327</b>	<b>503,338</b>
<b>Operating loss</b>	<b>(46,536,142)</b>	<b>(228,916)</b>	<b>(42,882,908)</b>	<b>(16,628)</b>
<b>Nonoperating revenues (expenses):</b>				
Property taxes	13,917,800	-	13,168,841	-
State nonoperating appropriations	32,964,525	-	32,997,230	-
CARES Act funding	-	-	23,954	-
Investment income earned	1,206,301	786,703	951,534	416,581
Interest expense	(778,843)	-	(753,893)	-
Gain (loss) on disposal of capital assets	(317,332)	-	77,573	-
<b>Total nonoperating revenues (expenses)</b>	<b>46,992,451</b>	<b>786,703</b>	<b>46,465,239</b>	<b>416,581</b>
<b>Change in net position</b>	<b>456,309</b>	<b>557,787</b>	<b>3,582,331</b>	<b>399,953</b>
Net position- Beginning of year, as previously reported	53,715,418	5,787,404	49,454,054	5,387,451
Restatement for adoption of GASB 101	-	-	679,033	-
<b>Net position- Beginning of year, as restated</b>	<b>53,715,418</b>	<b>5,787,404</b>	<b>50,133,087</b>	<b>5,387,451</b>
<b>Net position - End of year</b>	<b>\$ 54,171,727</b>	<b>\$ 6,345,191</b>	<b>\$ 53,715,418</b>	<b>\$ 5,787,404</b>

See accompanying notes to financial statements.

# Northwood Technical College District

## Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	Restated 2023
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Tuition and fees received	\$ 5,806,710	\$ 4,131,104
Federal and state grants received	17,069,508	12,601,461
Business, industry, and school district contract revenues	2,951,329	2,034,670
Payments to employees	(42,650,430)	(38,328,534)
Payments for materials and services	(23,554,998)	(16,509,321)
Other receipts	2,147,653	989,860
Net cash from operating activities	(38,230,228)	(35,080,760)
Cash flows from noncapital financing activities:		
Local property taxes	13,462,960	13,221,863
CARES Act funding	-	23,954
Increase in due from other funds	972,228	(972,228)
State appropriations	32,964,525	32,997,230
Net cash from noncapital financing activities	47,399,713	45,270,819
Cash flows from capital and related financing activities:		
Purchases of capital assets	(7,246,470)	(11,947,109)
Proceeds from sale of capital assets	35,818	77,573
Proceeds from issuance of capital debt	5,325,000	5,100,000
Principal paid on capital debt	(7,555,000)	(7,190,000)
Principal paid on leases	(14,051)	(13,894)
Interest paid on leases	(405)	(562)
Premium received on debt issuance	203,223	233,424
Principal paid on subscription liability	(398,207)	(280,621)
Interest paid on subscription liability	(14,918)	(4,364)
Interest and fiscal charges paid on capital debt	(950,018)	(896,161)
Net cash from capital and related financing activities	(10,615,028)	(14,921,714)
Cash flows from investing activities:		
Investment income received	1,206,301	951,534
Net increase (decrease) in cash and investments	(239,242)	(3,780,121)
Cash and cash equivalents - Beginning of year	31,002,920	34,783,041
Cash and cash equivalents - End of year	\$ 30,763,678	\$ 31,002,920



# Northwood Technical College District

## Statements of Cash Flows (Continued)

Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$(46,536,142)	\$ (42,882,908)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	7,171,327	5,812,685
Change in assets, liabilities, deferred outflows and inflows of resources:		
(Increase) decrease in assets/deferred outflows of resources:		
Accounts receivable	(802,725)	(853,260)
Inventories	194,557	(19,659)
Prepaid expenses	(283,395)	19,926
Net pension asset (WRS)	-	12,147,023
Deferred outflows of resources related to OPEB (District plan)	1,715,906	1,843,924
Deferred outflows of resources related to pensions (WRS)	9,948,351	(5,526,681)
Increase (decrease) in liabilities/deferred inflows of resources:		
Accounts payable	15,863	(844,988)
Accrued payroll, payroll taxes, and insurance	735,649	(429,804)
Accrued vacation	(448,502)	56,450
Unearned revenue	222,137	(61,064)
Net OPEB liability (District Plan)	(1,452,845)	(306,318)
Net pension liability (WRS)	(5,635,864)	7,808,790
Sick leave	911,495	638,492
Deferred inflows of resources related to OPEB (District plan)	782,280	(194,946)
Deferred inflows of resources related to pensions (WRS)	(4,768,320)	(12,288,422)
<b>Net cash from operating activities</b>	<b>\$(38,230,228)</b>	<b>\$ (35,080,760)</b>

See accompanying notes to financial statements.

# Northwood Technical College District

## Fiduciary Funds – Northwood Tech Postemployment Benefits Trust

### Statements of Net Position

Years Ended June 30, 2024 and 2023

	2024	2023
Assets:		
Cash and investments	\$ 3,790,954	\$ 5,268,895
Liabilities		
Due to other funds	\$ -	\$ 972,228
Total liabilities	-	972,228
Net Position:		
Net position available for benefits	\$ 3,790,954	\$ 4,296,667

See accompanying notes to the basic financial statements.

# Northwood Technical College District

## Fiduciary Funds- Northwood Tech Postemployment Benefits Trust

### Statement of Changes in Net Position

Years Ended June 30, 2024 and 2023

	2024	2023
<b>Additions</b>		
Employer contributions	\$ 365,000	\$ 365,000
Interest	297,139	186,114
<b>Total additions</b>	<b>662,139</b>	<b>551,114</b>
<b>Deductions</b>		
Administrative expense	16,705	14,965
Benefit paid	1,151,147	1,305,157
<b>Total deductions</b>	<b>1,167,852</b>	<b>1,320,122</b>
<b>Change in net position</b>	<b>(505,713)</b>	<b>(769,008)</b>
<b>Net position - Beginning of year</b>	<b>4,296,667</b>	<b>5,065,675</b>
<b>Net position - End of year</b>	<b>\$ 3,790,954</b>	<b>\$ 4,296,667</b>

See accompanying notes to the basic financial statements.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Introduction

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

#### Reporting Entity

The Northwood Technical College District was organized in 1972 under state legislation enacted in 1911 establishing vocational, technical and adult education. The District is fully accredited by the Higher Learning Commission of the North Central Association Commission on Accreditation. The geographic area of the District is comprised of all or part of 11 counties.

The District, governed by a nine-member board appointed by board chairpersons of counties within the service area, operates a public community college offering one- and two-year degrees and a comprehensive adult education program.

As the District's governing authority, the Board's powers include:

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

The accompanying financial statements present the activities of the Northwood Technical College District. Accounting principles generally accepted in the United States require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements.

The Northwood Technical College District Foundation, Inc. (the "Foundation"), is a not-for-profit organization whose purpose is to solicit, hold, manage, invest, and expend endowment funds and other gifts, grants, and bequests exclusively for the benefit of the District and its students. The Foundation is managed by an independent board of directors and is not financially accountable to the District. Since the financial resources of the Foundation are significant to the District as a whole, the Foundation is presented as a discretely presented component unit of the District. Separately issued financial statements of the Foundation may be obtained from the Foundation Administrative Office.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### New Accounting Pronouncement

Management has adopted new accounting guidance, GASB Statement No. 100, Accounting Changes and Error Corrections, which enhances accounting and financial reporting requirements for accounting changes and error corrections, including changes to or within the financial reporting entity. The District implemented this guidance as of July 1, 2023. The implementation of this guidance did not affect beginning net position for the year ended June 30, 2024.

Management has also adopted new accounting guidance GASB Statement No. 101, *Compensated Absences*, which required updating the recognition and measurement of compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District implemented this guidance effective July 1, 2022. The implementation of this guidance resulted in a restatement of the beginning net position of the District. See note 18 for more information.

#### Measurement Focus and Basis of Accounting and Financial Statement Presentation

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

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

#### Use of Estimates

The preparation of accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that directly affect the results of reported assets deferred outflows of resources; liabilities; deferred inflows of resources; revenues, and expenses. Actual results may differ from these estimates.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Cash, Cash Equivalents, and Investments**

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

State Statutes permit the District to invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations of Wisconsin municipal entities, high-grade commercial paper which matures in less than seven years, and the local government pooled investment fund administered by the State of Wisconsin investment board.

All investments are stated at fair value, except for the Wisconsin Investment Series Cooperative and the Local Government Investment Pool, which are reported at amortized cost. Investment income includes changes in fair value of investments, interest, and realized gains and losses.

#### **Receivables**

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets that are either assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimized the use of unobservable inputs.

#### **Inventories and Prepaid Expense**

Inventories of books and supplies are valued at the lower of cost, using the first-in, first-out (FIFO) method or market. Instructional and administrative inventories are accounted for as expenses when the individual inventory items are consumed rather than when purchased. Prepaid expenses represent payments made by the District for which benefits extend beyond June 30.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Capital Assets

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

Capital assets are depreciated using the straight-line method mid-year convention over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 7 years for equipment, 15 years for site improvements, 20 years for remodeling and 40 years for buildings.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statements of revenues, expenses, and changes in net position. There were no impairment losses recorded in the year ended June 30, 2024 and 2023.

#### Lease Accounting

The District is a lessee in multiple noncancelable operating leases. If the contract provides the District the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. The ROU assets for the leases are amortized on a straight-line basis over the life of the related lease.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the District's incremental borrowing rate. The District's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the District has two items that qualify for reporting in this category. The deferred outflows of resources related to pensions represents the District's proportionate share of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset). The deferred outflows of resources related to OPEB represent the differences between expected and actual experience, changes in assumptions used, and the net difference between projected and actual earnings on OPEB plan investments used in the calculation of the total OPEB liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the District has two items that qualify for reporting in this category. The deferred inflows of resources related to pensions represents the District's proportionate share of the collective deferred inflows of resources related to pensions. The deferred inflows of resources related to OPEB represent changes in assumptions used in the calculation of the total OPEB liability.

#### **Accumulated Unpaid Sick Pay and Other Employee Benefit Amounts**

Vacation - District employees are granted vacation in varying amounts, based on length of service and staff classifications. Vacation not used by June 30 of the fiscal year will be moved into a reserve bank up to the designated limit. The Reserve bank may only be used for leave under FMLA and post-employment retirement medical benefit. Liabilities for vacation and salary-related payments, including social security taxes, are recorded when incurred.

Sick Leave - The District's policy allows employees to earn varying amounts of sick pay based on the length of service and staff classification. The accumulated sick leave does not vest unless criteria are met for payment upon retirement as described in Note 10. Amounts have been recorded consistent with the compensated absences reporting standards of GASB Statement No. 101, Accounting for Compensated Absences.

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



# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### 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/deduction 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.

#### Restricted Assets

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

#### Net Position

Net position is classified according to restrictions or availability of assets for District obligations. Net investment in capital assets, consists of capital assets, lease assets, and subscription based IT arrangement (SBITA) assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets, lease assets, or SBITA assets. Unspent portions of capital-related debt proceeds are not included in this category. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the remaining amounts that does not meet the definition of the two preceding categories.

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

#### Property Tax Levy

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

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Property Tax Levy (Continued)

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

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

	2024	2023
Operating purposes	\$ 0.10249	\$ 0.10671
Debt service requirements	0.14907	0.16643
<b>Totals</b>	<b>\$ 0.25156</b>	<b>\$ 0.27314</b>

#### State and Federal Revenues

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

#### Tuition and Fees

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

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Scholarship Allowances and Student Financial Aid**

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

#### **Subscription Based Information Technology Arrangements**

The District is a party to multiple noncancelable subscription based information technology arrangements (SBITAs). If the contract provides the District the right to use the present service capacity and the right to direct the use of the identified asset, it is considered to be or contain a SBITA. Subscription-based assets and liabilities are recognized at the agreement commencement date based on the present value of the future payments over the expected contract term. The SBITA asset is also adjusted for any prepayments made and capitalizable initial implementation costs as incurred.

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

The discount rate used is the implicit rate in the SBITA contract, if it is readily determinable, or the District's incremental borrowing rate.

For all underlying classes of assets, the District does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in expense.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 2: Cash and Investments

#### Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, none of the District's bank balance of \$3,636,059 was exposed to custodial credit risk.

#### Investments

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk - State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Investment Series Cooperative and the Wisconsin Local Government Investment Pool. The District has no investment policy that would further limit its investment choices.

The chart below summarizes the credit quality of the District's holdings:

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Fair Value</b>
Equity mutual funds	N/A	\$ 1,042,114
Bond mutual funds	N/A	2,406,420
Money market mutual funds	Not rated	342,420
WISC Investment Series Cooperative - Investment Series	AAAm	4,575,439
Wisconsin Local Government Investment Pool	N/A	<u>23,463,169</u>
		<u>\$ 31,829,562</u>

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 2: Cash and Investments (Continued)

The Wisconsin Investment Series Cooperative (WISC) was created in 1988 and is a comprehensive cash management program exclusively for Wisconsin school districts, technical college districts, municipalities, and other public entities. An investment in the fund represents an undivided beneficial ownership interest in the assets of WISC and the securities and investments in which the assets of WISC are invested. WISC was established pursuant to an Intergovernmental Cooperation Agreement under the Wisconsin intergovernmental cooperation statute, Wisconsin Statutes, Section 66.0301. WISC is governed by a commission (the "Commission") in accordance with the terms of the Intergovernmental Cooperation Agreement. The Commission has full power, control and authority (including delegative authority) over the affairs, investments and assets of the fund. WISC currently consists of the Cash Management Series and the Investment Series. Each of these series is invested in a separate portfolio of permitted investments. The WISC is not registered with the Securities Exchange Commission (SEC) as an investment company. The WISC reports to participants on the amortized cost basis. The WISC shares are bought and redeemed at \$1 based on the amortized cost of the investments in the pool. Participants in WISC have the right to withdraw their funds in total on one day's notice. The investment in WISC is not subject to the fair value hierarchy disclosures. Annually audited financial statements of WISC are provided to all participants.

The District is a participant in the Wisconsin Local Government Investment Pool (LGIP) which is authorized in Wisconsin Statutes 25.14 and 25.17 under the oversight of the State of Wisconsin Investment Board. The LGIP is not registered with the SEC as an investment company. The LGIP operates and reports to participants on the amortized cost basis. The LGIP shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in the LGIP is not subject to the fair value hierarchy disclosures.

The District's cash and investment balances at June 30 were as follows:

	Maturity	2024	2023
Wisconsin Investment Series Cooperative Investment Series	<1 year	\$ 4,575,439	\$ 1,434,266
Wisconsin Local Government Investment Pool	<1 year	23,463,169	24,688,344
Mutual funds:			
Equity		1,042,114	1,530,596
Bond		2,406,420	3,350,529
Money Market		342,420	387,770
Total investments (considered cash equivalents)		31,829,562	31,391,505
Cash deposits with financial institutions carrying amount		2,719,116	4,874,275
Petty cash		5,954	6,035
Less: Cash and investments held by fiduciary funds		(3,790,954)	(5,268,895)
Cash and investments reported on statements of net position		\$ 30,763,678	\$ 31,002,920

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 2: Cash and Investments (Continued)

The following table presents the assets measured at fair value other than those measured at amortized cost or net asset value (NAV), at June 30:

	2024		
	Level 1	Level 2	Total
Equity mutual funds	\$ -	\$ 1,042,114	\$ 1,042,114
Bond mutual funds	-	2,406,420	2,406,420
Total cash and investments	\$ -	\$ 3,448,534	\$ 3,448,534

The District's investments in WISC and LGIP are measured at amortized cost, which approximates fair value. The District's investment in the money market mutual funds is measured at NAV.

Cash and investments are classified as follows on June 30:

	2024	2023
Restricted for:		
Debt service	\$ 8,457,178	\$ 8,263,541
Capital projects	5,568,280	6,348,886
Total restricted	14,025,458	14,612,427
Unrestricted	16,738,220	16,390,493
Total cash and investments	\$ 30,763,678	\$ 31,002,920

### Note 3: Accounts Receivable

Accounts receivable consisted of the following on June 30:

	2024	2023
Student tuition and fees	\$ 642,109	\$ 494,335
Intergovernmental	1,015,922	658,478
Contracted services	1,360,298	1,143,075
Other	197,250	116,967
Totals	\$ 3,215,579	\$ 2,412,855

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 4: Capital Assets

Capital asset balances and activity were as follows for the year ended June 30, 2024:

	<b>2024</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital assets not being depreciated/amortized:</b>				
Land	\$ 627,114	\$ -	\$ -	\$ 627,114
Construction in progress	-	1,781,092	-	1,781,092
Subscription asset development	1,866,336	538,084	-	2,404,420
<b>Total capital assets not being depreciated/amortized</b>	<b>2,493,450</b>	<b>2,319,176</b>	<b>-</b>	<b>4,812,626</b>
<b>Capital assets being depreciated/amortized:</b>				
Site Improvements	5,369,137	9,975	-	5,379,112
Buildings and Improvements	90,999,886	318,389	-	91,318,275
Equipment	36,719,767	4,517,431	661,713	40,575,485
Lease asset	70,277	-	-	70,277
Subscription asset	1,038,676	883,703	97,388	1,824,991
<b>Total capital assets being depreciated/amortized</b>	<b>134,197,743</b>	<b>5,729,498</b>	<b>759,101</b>	<b>139,168,140</b>
<b>Less accumulated depreciation/amortization for:</b>				
Site Improvements	2,594,781	304,370	-	2,899,151
Buildings and improvements	45,485,902	2,668,039	-	48,153,941
Equipment	25,959,684	3,747,675	308,563	29,398,796
Lease asset	29,675	14,056	-	43,731
Subscription asset	348,598	437,187	97,388	688,397
<b>Total accumulated depreciation/amortization</b>	<b>74,418,640</b>	<b>7,171,327</b>	<b>405,951</b>	<b>81,184,016</b>
<b>Total capital assets, being depreciated/amortized - Net of accumulated depreciation/amortization</b>	<b>59,779,103</b>	<b>(1,441,829)</b>	<b>353,150</b>	<b>57,984,124</b>
<b>Capital assets - Net</b>	<b>\$ 62,272,553</b>	<b>\$ 877,347</b>	<b>\$ 353,150</b>	<b>\$ 62,796,750</b>

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 4: Capital Assets (Continued)

Capital asset balances and activity were as follows for the year ended June 30, 2023:

	<b>2023</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated/amortized:				
Land	\$ 211,276	\$ 415,838	\$ -	\$ 627,114
Construction in progress	1,891,929	-	1,891,929	-
Subscription asset development	-	1,866,336	-	1,866,336
<b>Total capital assets not being depreciated/amortized</b>	<b>2,103,205</b>	<b>2,282,174</b>	<b>1,891,929</b>	<b>2,493,450</b>
Capital assets being depreciated/amortized:				
Site Improvements	5,150,181	218,956	-	5,369,137
Buildings and Improvements	86,225,438	4,774,448	-	90,999,886
Equipment	31,727,551	6,514,635	1,522,419	36,719,767
Lease asset	70,277	-	-	70,277
Subscription asset	127,170	911,506	-	1,038,676
<b>Total capital assets being depreciated</b>	<b>123,300,617</b>	<b>12,419,545</b>	<b>1,522,419</b>	<b>134,197,743</b>
Less accumulated depreciation/amortization:				
Site Improvements	2,300,632	294,149	-	2,594,781
Buildings and improvements	42,967,072	2,518,830	-	45,485,902
Equipment	24,776,098	2,706,005	1,522,419	25,959,684
Lease asset	15,620	14,055	-	29,675
Subscription asset	68,953	279,645	-	348,598
<b>Total accumulated depreciation/amortization</b>	<b>70,128,375</b>	<b>5,812,684</b>	<b>1,522,419</b>	<b>74,418,640</b>
<b>Total capital assets, being depreciated/amortized - Net of accumulated depreciation/amortization</b>	<b>53,172,242</b>	<b>6,606,861</b>	<b>-</b>	<b>59,779,103</b>
<b>Capital assets - Net</b>	<b>\$ 55,275,447</b>	<b>\$ 8,889,035</b>	<b>\$ 1,891,929</b>	<b>\$ 62,272,553</b>



# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 5: Long-Term Obligations

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

	Restated Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Amounts Due Within One Year
General obligation notes	\$ 41,685,000	\$ 5,325,000	\$ 7,555,000	\$ 39,455,000	\$ 7,690,000
Premium on general obligation notes	877,081	203,223	201,632	878,672	-
Sick leave	3,055,195	1,247,632	336,136	3,966,691	101,783
Lease obligations	41,024	-	14,051	26,973	14,211
Subscription liabilities	640,276	815,287	411,291	1,044,272	376,535
<b>Totals</b>	<b>\$ 46,298,576</b>	<b>\$ 7,591,142</b>	<b>\$ 8,518,110</b>	<b>\$ 45,371,608</b>	<b>\$ 8,182,529</b>

	Restated Balance 7/1/2022	Additions	Reductions	Restated Balance 6/30/2023	Restated Amounts Due Within One Year
General obligation notes	\$ 43,775,000	\$ 5,100,000	\$ 7,190,000	\$ 41,685,000	\$ 7,555,000
Premium on general obligation notes	824,171	233,425	180,515	877,081	-
Sick leave	2,416,703	638,492	-	3,055,195	35,777
Lease obligations	54,918	-	13,894	41,024	14,052
Subscription liabilities	58,217	862,680	280,621	640,276	236,243
<b>Totals</b>	<b>\$ 47,129,009</b>	<b>\$ 6,834,597</b>	<b>\$ 7,665,030</b>	<b>\$ 46,298,576</b>	<b>\$ 7,841,072</b>

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### General Obligation Debt

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

	2024	2023
General Obligation Series 2015D, US Bank Corporate Trust Services Issued: December 7, 2015 / Maturity: October 1, 2025 Amount: \$5,160,000 Interest: 1.6405482% paid semiannually on April 1 and October 1 Annual principal payments: \$435,000 to \$635,000 Purpose: Construction, remodeling, and equipment	\$ 930,000	\$ 1,380,000
General Obligation Series 2016A, US Bank Corporate Trust Services Issued: March 14, 2016 / Maturity: October 1, 2025 Amount: \$3,400,000 Interest: 1.395551% paid semiannually on April 1 and October 1 Annual principal payments: \$395,000 to \$455,000 Purpose: Construction, remodeling, and equipment	900,000	1,340,000
General Obligation Series 2016B, US Bank Corporate Trust Services Issued: April 14, 2016 / Maturity: October 1, 2025 Amount: \$2,035,000 Interest: 1.444455% paid semiannually on April 1 and October 1 Annual principal payments: \$40,000 to \$320,000 Purpose: Construction, remodeling, and equipment	635,000	945,000
General Obligation Series 2016C, US Bank Corporate Trust Services Issued: May 12, 2016 / Maturity: October 1, 2025 Amount: \$1,500,000 Interest: 1.470865% paid semiannually on April 1 and October 1 Annual principal payments: \$240,000 to \$260,000 Purpose: Construction remodeling	515,000	765,000
Obligation Series 2016D, US Bank Corporate Trust Services Issued: June 6, 2016 / Maturity: October 1, 2025 Amount: \$1,500,000 Interest: 1.388482% paid semiannually on April 1 and October 1 Annual principal payments: \$240,000 to \$265,000 Purpose: Construction remodeling	520,000	770,000

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

	2024	2023
<p>General Obligation Series 2016E, US Bank Corporate Trust Services            Issued: June 30, 2016 / Maturity: October 1, 2025            Amount: \$1,500,000            Interest: 1.421840% paid semiannually on April 1 and October 1            Annual principal payments: \$240,000 to \$265,000            Purpose: Construction remodeling</p>	\$ 520,000	\$ 770,000
<p>General Obligation Series 2017A, US Bank Corporate Trust Services            Issued: March 21, 2017 / Maturity: October 1, 2026            Amount: \$6,545,000            Interest: 1.8264558% paid semiannually on April 1 and October 1            Annual principal payments: \$100,000 to \$1,805,000            Purpose: Construction, remodeling, and equipment</p>	1,545,000	2,040,000
<p>General Obligation Series 2017B, US Bank Corporate Trust Services            Issued: December 29, 2017 / Maturity: October 1, 2027            Amount: \$2,750,000            Interest: 2.035455% paid semiannually on April 1 and October 1            Annual principal payments: \$285,000 to \$630,000            Purpose: Construction, remodeling, and equipment</p>	1,215,000	1,500,000
<p>General Obligation Series 2018A, US Bank Corporate Trust Services            Issued: May 7, 2018 / Maturity: October 1, 2026            Amount: \$3,750,000            Interest: 2.3089620% paid semiannually on April 1 and October 1            Annual principal payments: \$485,000 to \$765,000            Purpose: Construction, remodeling, and equipment</p>	1,500,000	2,265,000
<p>General Obligation Series 2018B, US Bank Corporate Trust Services            Issued: June 11, 2018 / Maturity: October 1, 2024            Amount: \$1,500,000            Interest: 2.520777% paid semiannually on April 1 and October 1            Annual principal payments: \$740,000 to \$760,000            Purpose: Construction, remodeling, and equipment</p>	760,000	1,500,000
<p>General Obligation Series 2018C, US Bank Corporate Trust Services            Issued: December 28, 2018 / Maturity: October 1, 2027            Amount: \$3,000,000            Interest: 2.4873101% paid semiannually on April 1 and October 1            Annual principal payments: \$100,000 to \$430,000            Purpose: Construction, remodeling, and equipment</p>	1,250,000	1,680,000

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

	2024	2023
<p>General Obligation Series 2019A, US Bank Corporate Trust Services            Issued: May 6, 2019 / Maturity: October 1, 2027            Amount: \$1,500,000            Interest: 2.032409% paid semiannually on April 1 and October 1            Annual principal payments: \$280,000 to \$320,000            Purpose: Construction remodeling</p>	\$ 1,220,000	\$ 1,500,000
<p>General Obligation Series 2019B, US Bank Corporate Trust Services            Issued: June 10, 2019 / Maturity: October 1, 2027            Amount: \$1,000,000            Interest: 1.863863% paid semiannually on April 1 and October 1            Annual principal payments: \$155,000 to \$180,000            Purpose: Construction remodeling</p>	685,000	845,000
<p>General Obligation Series 2019C, US Bank Corporate Trust Services            Issued: July 29, 2019 / Maturity: October 1, 2025            Amount: \$1,500,000            Interest: 1.650249% paid semiannually on April 1 and October 1            Annual principal payments: \$350,000 to \$415,000            Purpose: Construction remodeling</p>	790,000	1,150,000
<p>General Obligation Series 2019D, US Bank Corporate Trust Services            Issued: December 30, 2019 / Maturity: October 1, 2027            Amount: \$2,910,000            Interest: 1.356674% paid semiannually on April 1 and October 1            Annual principal payments: \$180,000 to \$530,000            Purpose: Construction, remodeling and equipment</p>	1,410,000	1,920,000
<p>General Obligation Series 2020A, US Bank Corporate Trust Services            Issued: June 30, 2020 / Maturity: October 1, 2028            Amount: \$4,000,000            Interest: 0.9222098% paid semiannually on April 1 and October 1            Annual principal payments: \$450,000 to \$550,000            Purpose: Construction, remodeling, site improvements and equipment</p>	2,610,000	3,090,000
<p>General Obligation Series 2020B, US Bank Corporate Trust Services            Issued: December 7, 2020 / Maturity: October 1, 2028            Amount: \$4,075,000            Interest: 0.6409340% paid semiannually on April 1 and October 1            Annual principal payments: \$200,000 to \$890,000            Purpose: Construction, remodeling, site improvements and equipment</p>	3,045,000	3,875,000

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

	2024	2023
<p>General Obligation Series 2021A, US Bank Corporate Trust Services            Issued: June 30, 2021 / Maturity: October 1, 2028            Amount: \$3,000,000            Interest: 1.0684636% paid semiannually on April 1 and October 1            Annual principal payments: \$200,000 to \$890,000            Purpose: Construction, remodeling, site improvements and equipment</p>	\$ 3,000,000	\$ 3,000,000
<p>General Obligation Series 2021B, US Bank Corporate Trust Services            Issued: December 7, 2021 / Maturity: October 1, 2029            Amount: \$4,750,000            Interest: 1.1311331% paid semiannually on April 1 and October 1            Annual principal payments: \$100,000 to \$900,000            Purpose: Construction, remodeling, site improvements and equipment</p>	4,650,000	4,750,000
<p>General Obligation Series 2022A, US Bank Corporate Trust Services            Issued: June 7, 2022 / Maturity: October 1, 2030            Amount: \$1,500,000            Interest: 2.9144450% paid semiannually on April 1 and October 1            Annual principal payments: \$170,000 to \$205,000            Purpose: Construction, remodeling, site improvements and equipment</p>	1,330,000	1,500,000
<p>General Obligation Series 2022B, US Bank Corporate Trust Services            Issued December 13, 2022 / Maturity: October 1, 2030            Amount: \$3,600,000            Interest: 3.0326750% paid semiannually on April 1 and October 1            Annual principal payments: \$275,000 to \$630,000            Purpose: Construction, remodeling, site improvements and equipment</p>	3,600,000	3,600,000
<p>General Obligation Series 2023A, US Bank Corporate Trust Services            Issued: May 5, 2023 / Maturity: October 1, 2031            Amount: \$1,500,000            Interest: 3.5004612% paid semiannually on April 1 and October 1            Annual principal payments: \$100,000 to \$235,000            Purpose: Construction, remodeling, site improvements and equipment</p>	1,500,000	1,500,000
<p>General Obligation Series 2023B, US Bank Corporate Trust Services            Issued: December 19, 2023 / Maturity: October 1, 2029            Amount: \$2,690,000            Interest: 3.1206059% paid semiannually on April 1 and October 1            Annual principal payments: \$625,000 to \$720,000            Purpose: Construction, remodeling, site improvements and equipment</p>	2,690,000	-

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

	2024	2023
General Obligation Series 2024A, US Bank Corporate Trust Services Issued: March 26, 2024/ Maturity: October 1, 2030 Amount: \$2,635,000 Interest: 2.8188241% paid semiannually on April 1 and October 1 Annual principal payments: \$490,000 to \$565,000 Purpose: Construction, remodeling, site improvements and equipment	\$ 2,635,000	\$ -
<b>Total general obligation debt</b>	<b>\$ 39,455,000</b>	<b>\$ 41,685,000</b>

The District has the power to incur indebtedness for certain purposes specified by Section 67.03(1)(a) Wisconsin Statutes in an aggregate amount, not exceeding 5% of the equalized value of the taxable property within the District, as last determined by the Wisconsin Department of Revenue. The legal debt limit and the margin of indebtedness as of June 30, 2024, are calculated as follows:

Legal debt limit (5% of \$56,148,120,853)	\$ 2,807,406,043
Less: Long-term debt applicable to debt margin	(39,455,000)
Plus: Restricted net position available for debt service	8,208,910
<b>Margin of indebtedness</b>	<b>\$ 2,776,159,953</b>

Wisconsin Statutes 67.03(9) provides that the amount of bonded indebtedness for the purpose of purchasing school sites and the construction and equipping of school buildings may not exceed 2% of the equalized valuation of the taxable property in the District. This limit was \$1,122,962,417 at June 30, 2024. The District had no outstanding bonded indebtedness.

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

Year Ended June 30,	Principal	Interest	Totals
2025	\$ 7,690,000	\$ 662,353	\$ 8,352,353
2026	8,005,000	495,089	8,500,089
2027	6,675,000	339,256	7,014,256
2028	6,590,000	222,275	6,812,275
2029	5,415,000	124,213	5,539,213
2030-2032	5,080,000	93,988	5,173,988
<b>Totals</b>	<b>\$ 39,455,000</b>	<b>\$ 1,937,174</b>	<b>\$ 41,392,174</b>

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### Lease Liabilities

The District, as a lessee, has entered into lease agreements with Quident Leasing USA involving postage machines at four locations, New Richmond, Rice Lake, Ashland, and Superior. The lease term is for 5 years. The lease liabilities were measured at a discount rate of 1.13%. The lease will expire on March 23, 2026 for New Richmond and Rice Lake, June 17, 2026 for Superior, and July 7, 2026 for Ashland.

Future minimum lease payments were as follows for the year ended June 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 14,211	\$ 245	\$ 14,456
2026	12,095	84	12,179
2027	666	2	668
<b>Totals</b>	<b>\$ 26,972</b>	<b>\$ 331</b>	<b>\$ 27,303</b>

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### Subscription Liabilities

The District has entered into the following noncancelable SBITA agreements with third parties.

	2024	2023
Panopto Issuance: October 1, 2021 / End: September 30, 2024 Amount: \$47,482 discounted at 4.00%	\$ -	\$ 16,806
Maxient LLC Issuance: November 1, 2022 / End: October 31, 2027 Amount: \$27,779 discounted at 4.00%	16,651	21,779
ESM Solutions Corporation Issuance: September 30, 2022 / End: September 29, 2025 Amount: \$45,583 discounted at 4.00%	15,187	29,789
VelocityEHS Issuance: December 18, 2022 / End: December 17, 2025 Amount: \$6,168 discounted at 4.00%	2,055	4,031
Blackboard Inc. Issuance: December 27, 2022 / End: December 27, 2025 Amount: \$136,628 discounted at 4.00%	45,519	89,288
iCIMS, Inc. Issuance September 30, 2022 / End: September 29, 2028 Amount: \$222,541 discounted at 4.00%	152,800	184,550
Oracle America Inc. Issuance: July 1, 2022 / End: June 30, 2025 Amount: \$56,270 discounted at 4.00%	19,315	37,876



# Northwood Technical College District

## Notes to the Basic Financial Statements

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

	2024	2023
Augusoft, Inc. Issuance: September 1, 2022 / End: August 31, 2025 Amount: \$240,123 discounted at 4.00%	\$ 80,000	\$ 156,923
Anthology Inc. Accreditation Module Issuance: July 1, 2022 / End: June 30, 2024 Amount: \$66,761 discounted at 4.00%	54,669	59,886
Anthology Inc. Occupation Insight Module Issuance: July 1, 2022 / End: June 30, 2032 Amount: \$43,127 discounted at 4.00%	34,988	38,327
TCP TimeClock Plus Issuance: July 1, 2023 / End: June 30, 2028 Amount: \$115,230 discounted at 4.13%	90,282	-
AkitaBox Facilities Management Software Issuance: February 1, 2024 / End: January 30, 2029 Amount: \$169,262 discounted at 3.83%	134,195	-
Microsoft Azure SaaS Virtual Machines Issuance: June 25, 2024/ End: June 25, 2027 Amount: \$52,134 discounted at 4.35%	37,893	-
Talent Development SAAS Cornerstone Issuance: June 30, 2024/ End: June 29, 2027 Amount: \$57,137 discounted at 4.52%	37,719	-
Content Anytime Public Sector Cornerstone Issuance: June 30, 2024/ End: June 29, 2027 Amount: \$48,539 discounted at 4.52%	31,639	-

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

	2024	2023
Rave		
Rave Mobile Safety		
Issuance: April 15, 2024/ End: April 15, 2029		
Amount: \$24,584 discounted at 4.65%	\$ 19,210	\$ -
Touchnet		
Touchnet Information Systems		
Issuance: October 1, 2023 / End: October 30, 2027		
Amount: \$348,401 discounted at 4.72%	272,150	-
<b>Totals</b>	<b>\$ 1,044,272</b>	<b>\$ 639,255</b>

Future minimum subscription payments were as follows for the year ended June 30, 2024:

Year Ended June 30,	Principal	Interest	Totals
2025	\$ 376,535	\$ 43,737	\$ 420,272
2026	226,353	28,259	254,612
2027	199,855	18,467	218,322
2028	191,636	10,188	201,824
2029	11,454	1,996	13,450
2030-2033	38,439	3,131	41,570
<b>Totals</b>	<b>\$ 1,044,272</b>	<b>\$ 105,778</b>	<b>\$ 1,150,050</b>

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 6: Employee Retirement Plans - Wisconsin Retirement System

#### Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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 online at <https://etf.wi.gov/about-eft/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF 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.

#### 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 occupation employees) 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.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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	- %	(10.0)%
2020	1.7 %	21.0 %
2021	5.1 %	13.0 %
2022	7.4 %	15.0 %
2023	1.6 %	(21.0)%

#### 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, and executives and elected officials. Starting on January 1, 2016, the executive and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,961,532 in contributions from the employer.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

Contribution rates as of June 30, 2024 and 2023, are as follows:

Employee Category	2024		2023	
	Employee	Employer	Employee	Employer
General (including teachers, executives, and elected officials)	6.90%	6.90%	6.80%	6.80%
Protective with Social Security	6.90%	14.30%	6.80%	13.20%
Protective without Social Security	6.90%	19.10%	6.80%	18.10%

### Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024 and 2023, the District reported a liability (asset) of \$2,172,926 and \$7,808,790 for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, within the District's fiscal year, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation one year prior to and rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportionate share of the Net Pension Liability (Asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023 and 2022, the District's proportion was 0.14614729% and 0.14739953%, which was a decrease of 0.00125224% from its proportion measured as of the prior year.

For the year ended June 30, 2024 and 2023, the District recognized pension expense of \$543,831 and \$3,981,701.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,761,218	\$ 11,604,288	\$ 12,436,983	\$ 16,339,404
Change in assumptions	947,116	-	1,535,531	-
Net differences between projected and actual earnings on pension plan investments	7,572,297	-	13,265,331	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	93,917	14,184	124,845	47,387
Employer contributions subsequent to the measurement date	999,663	-	959,872	-
<b>Totals</b>	<b>\$ 18,374,211</b>	<b>\$ 11,618,472</b>	<b>\$ 28,322,562</b>	<b>\$ 16,386,791</b>

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

Year Ended June 30	Net Deferred Outflows (Inflows) of Resources
2025	\$ 1,190,112
2026	1,256,247
2027	4,766,911
2028	(1,457,194)

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### Actuarial Assumptions

The total pension liability in the actuarial valuations used for the years ended June 30, 2024 and 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>2024</b>	<b>2023</b>
Actuarial valuation date	December 31, 2022	December 31, 2021
Measurement date of net pension liability (asset)	December 31, 2023	December 31, 2022
Experience study	January 1, 2018- December 31, 2020 Published November 19, 2021	January 1, 2018- December 31, 2020 Published November 19, 2021
Actuarial cost method	Entry Age Normal	Entry Age normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	6.8%	6.8%
Discount rate	6.8%	6.8%
Salary Increases:		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Postretirement adjustments*	1.7%	1.7%

*\*No postretirement 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 postretirement 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, 2023 and 2022, are based upon a rollforward of the liability calculated from the December 31, 2022 and 2021, actuarial valuation.

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 6: Employee Retirement Plans - Wisconsin Retirement System (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 Class	December 31, 2023		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Public Equity	40.0%	7.3%	4.5%
Public Fixed Income	27.0%	5.8%	3.0%
Inflation Sensitive	19.0%	4.4%	1.7%
Real Estate	8.0%	5.8%	3.0%
Private Equity/Debt	18.0%	9.6%	6.7%
Leverage	(12.0)%	3.7%	1.0%
<b>Total core fund</b>	<b>100.0%</b>	<b>7.4%</b>	<b>4.6%</b>
Variable fund :			
U.S. equities	70.0%	6.8%	4.0%
International equities	30.0%	7.6%	4.8%
<b>Total variable fund</b>	<b>100.0%</b>	<b>7.3%</b>	<b>4.5%</b>

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

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.70%

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range up to 20%



# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### Actuarial Assumptions (Continued)

Asset Class	December 31, 2022		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Public equities	48.0%	7.6%	5.0%
Public fixed income	25.0%	5.3%	2.7%
Inflation sensitive assets	19.0%	3.6%	1.1%
Real estate	8.0%	5.2%	2.6%
Private equity/debt	15.0%	9.6%	6.9%
<b>Total core fund</b>	<b>115.0%</b>	<b>7.4%</b>	<b>4.8%</b>
Variable fund:			
U.S. equities	70.0%	7.2%	4.6%
International equities	30.0%	8.1%	5.5%
<b>Total variable fund</b>	<b>100.0%</b>	<b>7.7%</b>	<b>5.1%</b>

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

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

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 up to 20%

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### Actuarial Assumptions (Continued)

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% (2023) and 6.8% (2022) and a municipal bond rate of 3.77% (2023) and 4.05% (2022). (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 G0 AA Index: as of December 31, 2023 and 2022, respectively." In describing this index, Fidelity notes that the Municipality Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of the 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 the 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.

Sensitivity of Northwood Tech's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents Northwood Tech's proportionate share of the net pension liability (asset) calculated using the current discount rate of 6.8%, as well as what Northwood Tech'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 (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	2024		2023	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to discount rate	5.8%	\$ 21,002,385	5.8%	\$ 25,917,120
Current discount rate	6.8%	2,172,926	6.8%	7,808,790
1% increase to discount rate	7.8%	(11,002,842)	7.8%	(4,648,187)

#### 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>.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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

#### **Payables to the Pension Plan**

At June 30, 2024 and 2023, the District reported a payable of \$308,773 and \$296,812 for the outstanding amount of contributions to the pension plan required for the year ended.

### **Note 7: Pension Benefits**

Faculty, management, office and technical support employees may be eligible to participate in the District's 403(b) match program. Faculty hired prior to January 1, 2008, have the choice to participate in the match by electing a match amount varying from \$0 to \$1,400 per year based upon years of service with a \$9,500 lifetime maximum or 2.0% of base salary without a lifetime maximum. Faculty had until July 1, 2011, to make their choice. Faculty hired on January 1, 2008, or after are eligible for a contribution match up to 2.0% of their base salary with no lifetime maximum, beginning in the third year of employment.

Management employees can elect to participate in the 403(b) match program beginning with the third full year of employment. The match is a dollar-for-dollar match up to 2.0% of their annual base salary. Management employees hired prior to July 1, 1993, may elect to participate in the match program, but will forfeit their eligibility for the Special Early Retirement Program. Management employees hired after July 1, 1993, are not eligible for the Special Early Retirement Program.

Office and technical support employees hired after January 1, 2009, who are eligible for benefits, can elect to participate in the 403(b) match program beginning with the third full year of employment. The match will be a dollar-for-dollar match up to 2.0% of their annualized salary. Eligible employees will elect participation each year.

The District's contributions for this program for the years ending June 30, 2024 and 2023, were \$405,505 and \$331,962, respectively.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 8: Postemployment Benefits Other Than Pension Benefits

In addition to the pension benefits described in Notes 7 and 8, the District provides postemployment health insurance benefits to all eligible staff members based upon the years of service with the District and accumulated sick leave at retirement.

#### Retiree Health Insurance

The District administers a single-employer defined benefit health care plan. The plan provides funds for medical benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. Benefit provisions are established through district policy administered through an employee handbook. The plan does not issue a standalone report. The eligibility requirements are based on the retiree's position, years of service, date of hire, and age at retirement. The benefit to be received by the employee is based on the retiree's position and years of service (if applicable) at retirement.

The Membership of the plan consisted of 96 retirees receiving benefits and 307 active plan members at June 30, 2023, the date of the latest actuarial valuation.

The contribution requirements of plan members are based on district policy as administered through the employee handbook in effect on the date of retirement. The District's contribution is established annually based on an amount to pay current premiums and an additional amount to pre-fund benefits. For fiscal year 2024, the District contributed \$365,000 to the plan, which was all for current benefits. For fiscal year 2023, the District contributed \$365,000 to the plan, which was all for current benefits.

The OPEB plan investment policies and investment disclosures are discussed in Note 1 and Note 2. Currently the plan is invested in various mutual funds. For June 30, 2024 and 2023 the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 6.31% and 3.87%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability (asset) for the District at June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Total OPEB liability	\$ 5,529,093	\$ 7,487,651
Plan fiduciary net position	3,790,954	4,296,667
Net OPEB liability	<u>\$ 1,738,139</u>	<u>\$ 3,190,984</u>
Plan fiduciary net position as a percentage of the total OPEB liability	68.56%	57.38%

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 8: Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

The net OPEB liability was measured as of June 30, 2024 and 2023, the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. Since the District's assets are held mainly as fixed income, the discount rate is reflective of a 20-year AA municipal bond rate as of the measurement date. The actuarial assumptions included an inflation rate of 2.5% at June 30, 2024. The health care trend rate is 7.0% initially decreasing to 6.5%. Mortality assumptions are based on 2020 WRS Experience tables for Active employees and healthy retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010 for June 30, 2024 and the Wisconsin 2018 Mortality table adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied 60%) for June 30, 2023.

The long term expected rate of return on OPEB plan investments was determined using the 20-year AA municipal bond rate as of the measurement date.

<u>Asset Class</u>	<b>2024 Long-Term Expected Rate of Return</b>	<b>2023 Long-Term Expected Rate of Return</b>
Savings Account	6.00%	3.50%
Local government bond	6.00%	3.50%
External investment pool	6.00%	3.50%

Changes in the Net OPEB Liability for the year ended June 30, 2024, are as follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a)-(b)</b>
Balances at June 30, 2023	\$7,487,651	\$4,296,667	\$3,190,984
Changes for the year:			
Service cost	93,690	-	93,690
Interest	243,562	-	243,562
Differences between expected and actual experience	(727,326)	-	(727,326)
Changes of assumptions or other input	(417,337)	-	(417,337)
Contributions - Employer	-	365,000	(365,000)
Net investment income	-	297,139	(297,139)
Benefit payments	(1,151,147)	(1,151,147)	-
Administrative Expense	-	(16,705)	16,705
Net changes	(1,958,558)	(505,713)	(1,452,845)
Balances at June 30, 2024	\$ 5,529,093	\$ 3,790,954	\$ 1,738,139

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 8: Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

Changes in the Net OPEB Liability for the year ended June 30, 2023, are as follows:

	Increase (Decrease)		Net OPEB Liability (Asset) (a)-(b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balances at June 30, 2022	\$8,562,977	\$5,065,675	\$3,497,302
Changes for the year:			
Service cost	90,522	-	90,522
Interest	278,448	-	278,448
Difference between expected and actual experience	(139,139)	-	(139,139)
Contributions - Employer	-	365,000	(365,000)
Net investment income	-	186,114	(186,114)
Benefit payments	(1,305,157)	(1,305,157)	-
Administrative expense	-	(14,965)	14,965
Net changes	(1,075,326)	(769,008)	(306,318)
Balances at June 30, 2023	\$ 7,487,651	\$ 4,296,667	\$ 3,190,984

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 8: Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

The following presents the net OPEB liability of the District, calculated using the discount rate of 6.00% (2024) and 3.50% (2023) percent, as of June 30, 2024 and 2023, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

The following presents the liability as of June 30, 2024:

	<b>1% Decrease 5.00%</b>	<b>Current Discount Rate 6.00%</b>	<b>1% Increase 7.00%</b>
Total OPEB liability	\$ 5,685,156	\$ 5,529,093	\$ 5,377,951
Fiduciary Net Position	3,790,954	3,790,954	3,790,954
<b>Net OPEB Liability</b>	<b>\$ 1,894,202</b>	<b>\$ 1,738,139</b>	<b>\$ 1,586,997</b>

The following presents the liability as of June 30, 2023:

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Total OPEB liability	\$ 7,709,787	\$ 7,487,651	\$ 7,270,773
Fiduciary Net Position	4,296,667	4,296,667	4,296,667
<b>Net OPEB Liability</b>	<b>\$ 3,413,120</b>	<b>\$ 3,190,984</b>	<b>\$ 2,974,106</b>

The following presents the District's net OPEB liability calculated using the healthcare cost trend rate of 7.0% decreasing to 6.5%, then decreasing by 0.10% per year down to 4.5%, and level thereafter for June 30, 2024, and 6.5% decreasing by 0.10% per year down to 5%, and level thereafter for June 30, 2023 as well as what the District's net OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 8: Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

The following presents the liability as of June 30, 2024:

	1% Decrease (6.0% decreasing to 3.5%)	Health Care Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB liability	\$ 5,363,738	\$ 5,529,093	\$ 5,693,275
Fiduciary Net Position	3,790,954	3,790,954	3,790,954
<b>Net OPEB liability</b>	<b>\$ 1,572,784</b>	<b>\$ 1,738,139</b>	<b>\$ 1,902,321</b>

The following presents the liability as of June 30, 2023:

	1% Decrease (5.5% decreasing to 4.0%)	Health Care Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB liability	\$ 7,191,756	\$ 7,487,651	\$ 7,783,431
Fiduciary Net Position	4,296,667	4,296,667	4,296,667
<b>Net OPEB liability</b>	<b>\$ 2,895,089</b>	<b>\$ 3,190,984</b>	<b>\$ 3,486,764</b>

For the year ended June 30, 2024 and 2023, the District recognized OPEB expense of \$1,410,340 and \$1,707,660 respectively.

The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 936,864	\$ 1,289,833	\$ 482,226
Change in assumptions or other input	-	388,061	74,786	60,419
Net differences between projected and actual earnings on OPEB plan investments	245,537	-	596,824	-
<b>Total</b>	<b>\$ 245,537</b>	<b>\$ 1,324,925</b>	<b>\$ 1,961,443</b>	<b>\$ 542,645</b>



# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 8: Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2024 will be recognized in OPEB expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2025	\$ (191,470)
2026	(218,329)
2027	(255,871)
2028	(222,939)
2029	(190,777)

At June 30, 2024 and 2023, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024 and 2023.

### Note 9: Sick Leave

In addition to the other benefits described in Notes 7, 8, and 9, the District makes termination payments to eligible staff members when they retire.

Following are the eligible employee groups and the respective requirements:

Custodians hired on or after 1/1/2008: The employee's hourly rate at time of retirement multiplied by 1.5 times available sick leave hours, which accrue to a maximum of 960 hours, creates a cash pool of dollars to be utilized for medical insurance premiums until the pool exhausts, the employee has 120 months of coverage, or the employee reaches age 70, whichever occurs first. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. Employees must be age 57 1/2, give 6 months' notice, and have 15 continuous years of service.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 9: Sick Leave (Continued)

Faculty hired on or after 1/1/2008: Faculty with 10 or more years of continuous service receive a cash pool of dollars to pay for medical insurance. The pool amount is based on the hourly rate at time of retirement times sick leave hours available to a maximum of 840 hours. A proration factor based on years of service is also included as follows:

- 10 years – 50% of sick leave or maximum of 420 hours, maximum 60 months of coverage
- 11 years – 60% of sick leave or maximum of 504 hours, maximum 72 months of coverage
- 12 years – 70% of sick leave or maximum of 588 hours, maximum 84 months of coverage
- 13 years – 80% of sick leave or maximum of 672 hours, maximum 96 months of coverage
- 14 years – 90% of sick leave or maximum of 756 hours, maximum 108 months of coverage
- 15 years – 100% of sick leave or maximum of 840 hours, maximum 120 months of coverage

The employee must be age 55 and must give notice by January 15 of the calendar year retiring. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 70.

Managers hired between July 1, 1993, and June 30, 2003: The employee's hourly rate times available sick leave hours accumulated to maximum of 900 hours creates a cash pool to be utilized for medical insurance premiums until the pool exhausts or the employee reaches age 65. If the pool is exhausted prior to age 65, employees receive an additional 36 months if the accumulated sick leave balance was at least 36 days at the time of retirement. Employee must be at least 55 years of age, have 15 years of continuous full time service, and provide 6 months' notice. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool.

The liability for these benefits at June 30, 2024 and 2023, is \$3,966,691 and \$3,055,195 respectively.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 10: Risk Management

#### Districts Mutual Insurance Company (DMI)

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

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure in its layer of insurance is limited to \$5,000 to \$100,000 per occurrence depending on the type of coverage, and DMI purchases reinsurance for losses in excess of its retained layer of coverage above \$250,000 per occurrence.

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

For the years ended June 30, 2024 and 2023, the District paid premiums of \$350,088 and \$338,886, respectively. Future premiums will be based on relevant rating exposure bases as well as the historical loss experienced by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

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

#### Supplemental Insurance

Northwood Technical College is part of the WTCS Insurance Trust that jointly purchases commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. The trust is organized under Wisconsin Statutes 66.0301 and is governed by a board of trustees consisting of one trustee from each member college. Member entities include all sixteen Wisconsin Technical College System districts.

The WTCS Insurance Trust has purchased the following levels of coverage from commercial carriers for Northwood Technical College:

Crime - \$750,000 coverage for theft, employee dishonesty, forgery, computer fraud, and funds transfer fraud; \$25,000 coverage for investigation expense; \$2,500 deductible for investigation; and \$15,000 deductible for employee dishonesty, forgery and fraud.

Business Travel Accident - Coverage for local Board of Trustee members, \$100,000 for scheduled losses, assistance services, medical evacuation, and repatriation.

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

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 11: Subsequent Events

Subsequent events have been evaluated through December 11, 2024, the date the statements were available to be issued.

### Note 12: Expense Classification

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

	2024	2023
Salaries and wages	\$ 32,223,534	\$ 30,692,705
Employee benefits	12,292,321	15,614,515
Travel and meetings	1,189,352	1,234,824
Instruction supplies	632,062	759,075
Contracted services	2,450,237	2,189,326
Rentals	67,448	55,385
Insurance	372,206	420,100
Utilities	878,699	951,037
Depreciation	7,171,327	5,812,685
Other	8,472,984	2,896,994
Student aid	3,341,760	2,927,681
<b>Total operating expenses</b>	<b>\$ 69,091,930</b>	<b>\$ 63,554,327</b>

### Note 13: Related-Party Transactions

The District is a related party with Northwood Technical College Foundation, Inc. (the "Foundation"). The total expenses (including salaries, benefits, office space, and computer usage) paid by the District for the Foundation were \$66,615 and \$78,488 for the fiscal years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, there were accounts receivable from the Foundation of \$65,940 and \$45,752, respectively.

The District is a member of the Northwood Technical College, Lakeshore, and Mid-State consortium, a nonprofit organization formed under Section 66.0301 and Chapter 38 of the Wisconsin Statutes. The WILM consortium's purpose is to develop, procure, enhance, and manage a customer-focused, state-of-the-art environment for performing administrative business services for consortium members. It will provide the information service needs of each college for the purpose of improving cost, quality, service, and institutional effectiveness for customers, while meeting federal- and state-mandated requirements. The District's share paid to the consortium was \$589,319 and \$622,152 to cover their expenses for the fiscal years ended June 30, 2024 and 2023, respectively.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 14: Outstanding Contractual Commitments

The District entered into various contracts with construction contractors during the year. The following amounts remain unspent as of June 30, 2024:

<b>Construction Contractors</b>	<b>Amount Remaining</b>
Benson Electric	\$ 15,000
HSR Associates, Inc.	42,705
Wild Blue Technologies	13,400
Tractor Central	29,000
Johnson Controls	13,885
Styker	15,395
Wynn O Jones & Associates, Inc.	40,879
Jefferson Fire & Safety, Inc	18,725
Ewald Automotive Group, LLC	61,316
Rhom Construction, LLC	1,229,669
Trane US	87,990
Bluum of Minnesota	301,377
Anatomy Warehouse	25,389
Industrial Safety, Inc	115,454
Lab Midwest Corp	197,360
River States Truck and Trailer	15,423
Ceresco Consulting	58,800
Insight Public Sector	91,648
Independent Roofing	545,874
Duet Resource Group/DJMI	193,781
Pladson, Inc	60,410
<b>Total</b>	<b>\$ 3,173,480</b>

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 15: Self-Funded Insurance

Through December 31, 2022, the District had retained a portion of the risk of loss for its dental care coverage. As of January 1, 2023, the District has retained a portion of the risk of loss only for its health care coverage. A third-party administrator is responsible for the approval, processing, and payment of claims, after which the District is billed for reimbursement. The District has stop-loss coverage for health care coverage, which pays claims in excess of \$100,000 per individual. The aggregate claims limit was \$6,569,261 as of June 30, 2024.

Changes in the claims liability amount for the years ended June 30, were as follows:

	Claims Payable July 1	Claims and Changes in Estimates	Claim Payments	Claims Payable June 30
Year ended June 30, 2024	\$ 305,143	\$ 6,491,645	\$ (6,368,811)	\$ 427,977
Year ended June 30, 2023	\$ 842,457	\$ 5,355,256	\$ (5,892,570)	\$ 305,143
Year ended June 30, 2022	\$ 14,525	\$ 2,896,666	\$ (2,068,734)	\$ 842,457

The claims liabilities of \$427,977 and \$305,143 reported above at June 30, 2024 and 2023, respectively, are based upon the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicated that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. In addition, claims, expenses, and liabilities are reduced by amounts expected to be recovered through excess insurance.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 16: Component Unit

This report contains the Northwood Technical College Foundation, Inc. (the "Foundation"), which is included as a discretely presented component unit. In addition to the basic financial statements, the following disclosures are considered necessary for a fair presentation.

#### A – Fair Value Measurements

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active market.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the used of unobservable inputs.

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 16: Component Unit (Continued)

Information regarding assets measured at fair value on a recurring basis as of June 30, 2024 and 2023, is as follows:

#### Assets at Fair Value as of June 30, 2024

	Recurring Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Investments at fair value:				
Fixed income and debt securities	\$ 640,678	\$ 1,717,075	\$ -	\$ 2,357,753
Equity Securities	1,935,979	-	-	1,935,979
Mutual funds				
Money market	318,810	-	-	318,810
Equity securities	1,742,958	-	-	1,742,958
<b>Total investments at fair value</b>	<b>\$ 4,638,425</b>	<b>\$ 1,717,075</b>	<b>\$ -</b>	<b>\$ 6,355,500</b>

#### Assets at Fair Value as of June 30, 2023

	Recurring Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Investments at fair value:				
Fixed income and debt securities	\$ 931,338	\$ 237,526	\$ -	\$ 1,168,864
Mutual funds:				
Money market	365,061	-	-	365,061
Equity securities	2,652,840	-	-	2,652,840
Fixed income and debt securities	1,072,825	-	-	1,072,825
Alternative investments	75,368	-	-	75,368
<b>Total investments at fair value</b>	<b>\$ 5,097,432</b>	<b>\$ 237,526</b>	<b>\$ -</b>	<b>\$ 5,334,958</b>

The methods described above and shown above for fair value calculations may produce a fair value calculation that may be different from the net realizable value or not reflective of future values expected to be received. The Foundation believes that its valuation methods are appropriate and consistent with other market participants; however, the use of these various methodologies and assumptions may produce results that differ in the fair value at the financial reporting date.



# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 16: Component Unit (Continued)

#### B – Investments

Fair value of investments at June 30, are as follows:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Investments at fair value:				
Fixed income and debt securities	\$ 2,365,915	\$ 2,357,753	\$ 1,175,426	\$ 1,168,864
Equity securities	1,627,279	1,935,979	-	-
Mutual funds:				
Money market	318,810	318,810	365,061	365,061
Equity securities	1,645,618	1,742,958	1,346,408	2,652,840
Fixed income and debt securities	-	-	1,162,228	1,072,825
Alternative investments	-	-	41,154	75,368
<b>Totals</b>	<b>\$ 5,957,622</b>	<b>\$ 6,355,500</b>	<b>\$ 4,090,277</b>	<b>\$ 5,334,958</b>

Fair value for investments is determined by reference to quoted market prices and other relevant information generated by market transactions.

Return on investment consists of the following at June 30:

	2024	2023
Unrealized gains (losses)	\$ 617,549	\$ 106,623
Realized gains	7,228	212,369
Interest and dividend income	163,600	102,464
Other income	16,161	378
Investment fees	(17,835)	(5,253)
<b>Totals</b>	<b>\$ 786,703</b>	<b>\$ 416,581</b>

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 16: Component Unit (Continued)

#### C- Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2024	2023
Subject to appropriation and expenditure when a specific event occurs:		
Professional development	\$ 5,145	\$ 5,629
Continuing education	62,525	55,499
Capital and equipment	52,892	55,075
Scholarships	116,494	144,746
Institutional support	45,641	1,643
Student assistance	158,844	104,118
	441,541	366,710
Endowments:		
Subject to appropriation and expenditure when a specific event occurs:		
Restricted by donors for:		
Professional development	15,903	11,496
Scholarships	739,474	286,118
Capital and equipment	1,683	968
Student Assistance	220,408	144,353
	977,468	442,935
Original donor-restricted gift amount and amounts to be maintained in perpetuity	4,863,425	4,771,294
<b>Total net assets with donor restrictions</b>	<b>\$ 6,282,434</b>	<b>\$ 5,580,939</b>

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 16: Component Unit (Continued)

#### D – Endowment Funds

The Foundation's endowment consists of 206 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net position associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net position is classified as net position restricted for scholarships and other activities until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distribution, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average annual real rate of return of the Consumer Price Index (CPI) + 3-4% net of fees. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The spending policy for the Foundation is directed by the Board of Directors. The principal of an endowed fund will be invested for a period of 12 months before any disbursements will be made from interest income. No more than 5% of an endowment will be distributed annually. Administrative expenses, legal, tax and accounting, and investment advisory fees will be paid from unrestricted funds and are not included in the amount designated for disbursement.

# Northwood Technical College District

## Notes to the Basic Financial Statements

### Note 16: Component Unit (Continued)

Endowments that are donor restricted consisted of the following on June 30:

	With Donor Restrictions	
	2024	2023
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,863,425	\$ 4,771,294
Underwater endowments	(19,950)	(16,753)
Accumulated investment gains	997,418	459,688
	<u>\$ 5,840,893</u>	<u>\$ 5,214,229</u>

From time to time, certain donor-restricted endowments funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At June 30, 2024 and June 30, 2023 there were 11 and 30 underwater endowments in the amount of \$19,950 and \$16,753 respectively.

Changes in endowment net assets for the years ended June 30 consisted of the following:

	With Donor Restrictions	
	2024	2023
Endowment net position at beginning of year	\$ 5,214,229	\$ 4,833,255
Investment return	945,251	287,853
Contributions	67,498	69,579
Transfers	70,285	143,883
Appropriations of endowment assets for expenditures	(456,370)	(120,341)
	<u>\$ 5,840,893</u>	<u>\$ 5,214,229</u>

### E - Donated Services

The Foundation is furnished salaries, benefits, office space, and computer usage by Northwood Technical College, a related party. The value of these services was \$66,615 and \$78,488 for years ended June 30, 2024 and 2023, respectively. These amounts are recorded in the financial statements as in-kind expenses and in-kind contributions.

# Northwood Technical College District

## Notes to the Basic Financial Statements

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### Note 16: Component Unit (Continued)

#### F – Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<b>2024</b>	<b>2023</b>
Cash and equivalents	\$ 55,094	\$ 505,096
Accounts receivable	1,752	3,601
Investments	6,355,500	5,334,958
<b>Total Financial Assets</b>	<b>6,412,346</b>	<b>5,843,655</b>
Less those available for general expenditure within one year due to:		
Restricted by donor with time or purpose restrictions	(6,282,434)	(5,580,939)
	<b>\$ 129,912</b>	<b>\$ 262,716</b>

The Foundation does not have a formal liquidity policy but generally strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As part of the liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

### Note 17: Prior Year Restatement

As a result of the implementing GASB Statement No. 101, *Compensated Absences*, beginning net position at June 30, 2022 and 2023, were restated. The District has restated beginning net position as follows:

	<b>2023</b>
Net position as previously reported	\$ 49,454,054
Restatement due to the implementation of GASB No.101	679,033
<b>Net position at June 30, 2022, as restated</b>	<b>\$ 50,133,087</b>

The financial statement lines affected by the application of the new accounting principle are compensated absences, sick leave and instruction operational expense.

## **Required Supplementary Information**

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# Northwood Technical College District

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

Last 10 Fiscal Years\*

	2024	2023	2022	2021	2020
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
<b>Total OPEB liability:</b>					
Service cost	\$ 93,690	\$ 90,522	\$ 127,932	\$ 125,117	\$ 208,623
Interest	243,562	278,448	224,573	250,584	194,787
Change in benefit terms	-	-	(271,082)	-	-
Differences between expected and actual experience	(727,326)	(139,139)	(618,193)	-	6,449,165
Changes of assumptions or other input	(417,337)	-	(100,697)	-	373,926
Benefit payments	(1,151,147)	(1,305,157)	(1,433,239)	(1,633,069)	(1,592,980)
<b>Net change in total OPEB liability</b>	<b>(1,958,558)</b>	<b>(1,075,326)</b>	<b>(2,070,706)</b>	<b>(1,257,368)</b>	<b>5,633,521</b>
<b>Total OPEB liability - Beginning</b>	<b>7,487,651</b>	<b>8,562,977</b>	<b>10,633,683</b>	<b>11,891,050</b>	<b>6,257,529</b>
<b>Total OPEB liability - Ending (a)</b>	<b>\$ 5,529,093</b>	<b>\$ 7,487,651</b>	<b>\$ 8,562,977</b>	<b>\$ 10,633,682</b>	<b>\$ 11,891,050</b>
<b>Plan fiduciary net position:</b>					
Contributions - Employer	\$ 365,000	\$ 365,000	\$ 575,000	\$ 1,625,000	\$ 1,557,684
Net investment income	297,139	186,114	(765,656)	16,159	132,291
Benefit payments	(1,151,147)	(1,305,157)	(1,433,239)	(1,633,069)	(1,592,980)
Administrative expense	(16,705)	(14,965)	(8,585)	-	-
<b>Net change in fiduciary net position</b>	<b>(505,713)</b>	<b>(769,008)</b>	<b>(1,632,480)</b>	<b>8,090</b>	<b>96,995</b>
<b>Plan fiduciary net position - Beginning</b>	<b>4,296,667</b>	<b>5,065,675</b>	<b>6,698,154</b>	<b>6,690,064</b>	<b>6,593,069</b>
<b>Plan fiduciary net position - Ending (b)</b>	<b>\$ 3,790,954</b>	<b>\$ 4,296,667</b>	<b>\$ 5,065,674</b>	<b>\$ 6,698,154</b>	<b>\$ 6,690,064</b>
<b>District's net OPEB (asset) liability - Ending (a) - (b)</b>	<b>\$ 1,738,139</b>	<b>\$ 3,190,984</b>	<b>\$ 3,497,303</b>	<b>\$ 3,935,528</b>	<b>\$ 5,200,986</b>
Plan fiduciary net position as a percentage of the total OPEB liability	68.56%	57.38%	59.16%	62.99%	56.26%
Covered employee payroll	\$25,025,160	\$21,227,735	\$21,227,735	\$20,021,091	\$20,021,091
District's net OPEB liability as a percentage of covered-employee payroll	6.95%	15.03%	16.48%	19.66%	25.98%

# Northwood Technical College District

## Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios –District OPEB Plan(Continued)

Last 10 Fiscal Years\*

	2019	2018	2017
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB liability:</b>			
Service cost	\$ 579,638	\$ 604,459	\$ 604,459
Interest	516,691	487,913	483,787
Change in benefit terms	(8,014,489)	-	-
Differences between expected and actual experience	-	814,886	-
Changes of assumptions or other input	263,565	(974,879)	-
Benefit payments	(1,152,986)	(1,010,794)	(802,241)
Administrative expense	-	-	-
<b>Net change in total OPEB liability</b>	<b>(7,807,581)</b>	<b>(78,415)</b>	<b>286,005</b>
<b>Total OPEB liability - Beginning</b>	<b>14,065,110</b>	<b>14,143,525</b>	<b>13,857,520</b>
<b>Total OPEB liability - Ending (a)</b>	<b>\$ 6,257,529</b>	<b>\$ 14,065,110</b>	<b>\$ 14,143,525</b>
<b>Plan fiduciary net position:</b>			
Contributions - Employer	\$ 1,293,575	\$ 668,575	\$ 650,000
Net investment income	30,434	21,030	35,172
Benefit payments	(1,152,986)	(1,010,794)	(802,201)
<b>Net change in fiduciary net position</b>	<b>171,023</b>	<b>(321,189)</b>	<b>(117,029)</b>
<b>Plan fiduciary net position - Beginning</b>	<b>6,422,046</b>	<b>6,743,235</b>	<b>6,860,264</b>
<b>Plan fiduciary net position - Ending (b)</b>	<b>\$ 6,593,069</b>	<b>\$ 6,422,046</b>	<b>\$ 6,743,235</b>
<b>District's net OPEB (asset) liability - Ending (a) - (b)</b>	<b>\$ (335,540)</b>	<b>\$ 7,643,064</b>	<b>\$ 7,400,290</b>
Plan fiduciary net position as a percentage of the total OPEB liability	105.36%	45.66%	47.68%
Covered employee payroll	\$22,874,600	\$22,874,600	\$21,099,584
District's net OPEB liability as a percentage of covered-employee payroll	(1.47)%	33.41%	35.07%

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



# Northwood Technical College District

## Schedule of the Investment Returns – District OPEB Plan

Last 10 Fiscal Years\*

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	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense*	6.31%	3.87%	(12.82)%	0.27%	2.14%	0.49%	0.35%	6.39%

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

# Northwood Technical College District

## Schedule of Employer Contributions - District OPEB Plan

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 362,132	\$ 574,185	\$ 574,185	\$ 869,875	\$ 869,875	\$ 1,017,487	\$ 1,017,487	\$ 1,622,645
Contributions in relation to the actuarially determined contribution	365,000	365,000	575,000	1,625,000	1,557,684	1,293,575	668,575	650,000
<b>Contribution deficiency/(excess)</b>	<b>\$ (2,868)</b>	<b>\$ 209,185</b>	<b>\$ (815)</b>	<b>\$ (755,125)</b>	<b>\$ (687,809)</b>	<b>\$ (276,088)</b>	<b>\$ 348,912</b>	<b>\$ 972,645</b>
Covered employee payroll	\$ 25,025,160	\$ 21,227,735	\$ 21,227,735	\$ 20,021,091	\$ 20,021,091	\$ 22,874,600	\$ 22,874,600	\$ 21,099,584
Contributions as a percentage of covered-employee payroll	1.46 %	1.72 %	2.71 %	8.12 %	7.78 %	5.66 %	2.92 %	3.00 %

# Northwood Technical College District

## Schedule of Employer Contributions - District OPEB Plan(Continued)

### Notes to Schedule:

Valuation date	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017	July 1, 2015
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The actuarially determined contribution for fiscal year 2024 was calculated as of June 30, 2023.

The actuarially determined contribution for fiscal year 2023 and 2022 were calculated as of June 30, 2021.

The actuarially determined contribution for fiscal year 2021 and 2020 were calculated as of June 30, 2019.

The actuarially determined contribution for fiscal year 2019 and 2018 were calculated as of June 30, 2017

The actuarially determined contribution for fiscal year 2017 was calculated as of July 1, 2015.

Methods and assumptions used to determined contribution rates:

	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Actuarial cost method	normal	normal	normal	normal	normal	normal	normal	normal
Amortization method	Level percent of salary	Level percent of salary	Level percent of salary	Level percent of salary	Level percent of salary	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	9 years	7 years	7 years	10 years	10 years	30 years	30 years	10 years
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value
Inflation	2.5%	2.0%	2.0%	2.25%	2.25%	2.50%	2.50%	2.50%
Health care trend rates	7.0% decreasing to 6.5%, then decreasing by 0.1% per year down to 4.5%, and level thereafter	6.5% initial, decreasing 0.1% per year then level thereafter	6.5% initial, decreasing 0.1% per year then level thereafter	9.0% for the first 5 years, then 6% decreasing 0.10% per year then level thereafter	9.0% for the first 5 years, then 6% decreasing 0.10% per year then level thereafter	7.5% initial, decreasing 0.5% per year then by 0.10% per year down to 5.0%, and level thereafter	7.5% initial, decreasing 0.5% per year then by 0.10% per year down to 5.0%, and level thereafter	7.5% initial, decreasing 0.5% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter
Salary increases	3.0% average, including inflation	3.0%, average, including inflation	3.0%, average, including inflation	3.0%, average, including inflation	3.0%, average, including inflation	3.0%, average, including inflation	3.0%, average, including inflation	3.0%, average, including inflation
Investment rate of return	6.00%	3.50%	3.50%	2.25%	2.25%	3.50%	3.75%	3.50%

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

# Northwood Technical College District

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

Last 10 Calendar Years

	2024	2023	2022	2021	2020	2021	2020	2017	2016	2015
Measurement Date	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
District's proportion of the net pension liability (asset)	0.1461%	0.1474%	0.1507%	0.1571%	0.1651%	0.1721%	0.1792%	0.1828%	0.1862%	0.1865%
District's proportionate share of the net pension liability (asset)	\$2,172,926	\$7,808,790	\$(12,147,023)	\$(9,805,094)	\$(5,322,586)	\$6,123,955	\$(5,320,134)	\$1,506,773	\$3,025,563	\$(4,581,562)
District's covered payroll during the measurement period	\$28,196,092	\$26,415,401	\$25,431,710	\$24,903,371	\$24,933,691	\$25,646,897	\$25,635,739	\$25,621,658	\$26,672,574	\$25,616,447
District's proportionate share of the net pension liability (asset) as a percentage of it's covered payroll	7.71%	29.56%	(47.76)%	(39.37)%	(21.35)%	23.88%	(20.75)%	5.88%	11.34%	(17.89)%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.85%	95.72%	106.02%	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

# Northwood Technical College District

## SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS)

Last 10 Calendar Years

	2024	2023	2022	2021	2020	2021	2020	2017	2016	2015
Contractually required contribution for the fiscal period	\$1,961,532	\$1,837,663	\$1,714,334	\$1,696,427	\$1,643,331	\$1,674,506	\$1,744,139	\$1,803,738	\$1,813,738	\$1,795,765
Contributions in relation to the contractually required contribution	(1,961,532)	(1,837,663)	(1,714,334)	(1,696,427)	(1,643,331)	(1,674,506)	(1,744,139)	(1,803,738)	(1,813,738)	(1,795,765)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll for the fiscal period	\$28,633,172	\$27,552,805	\$25,874,848	\$25,132,237	\$24,700,009	\$25,271,288	\$25,837,654	\$26,946,826	\$25,608,632	\$25,588,710
Contributions as a percentage of covered-employee payroll	6.85%	6.67%	6.63%	6.75%	6.65%	6.63%	6.75%	6.69%	7.08%	7.02%

# Northwood Technical College District

## Notes to Required Supplementary Information

Last 10 Fiscal Years

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**Note 1** Data in the above schedules relating to the District's OPEB plan was taken from the report issued by the actuary for OPEB benefits

**Note 2** The July 30, 2017, valuation with an original measurement date of June 30, 2018, issued August 8, 2018 was updated as of July 31, 2019 for a measurement date of June 30, 2019, for a change in benefits. As of the June 30, 2020, measurement date, the District has now broken each classification into tiers and provides a new post-employment HRA to eligible employees that was not included in the original valuation.

**Note 3** **Changes in Benefit Terms and Assumptions related to Pension Liabilities (Assets):**

*Changes of benefit terms:* 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 ETF 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 Mortality Table to the Wisconsin 2018 Mortality Table.

# Northwood Technical College District

## Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

<i>Year Ended June 30,</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
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)
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	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*:	1.7%	1.9%	1.9%	1.9%	2.1%

# Northwood Technical College District

## Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Years Ended June 30,</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	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.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	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%).

\*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 assumption and the post-retirement discount rate.



# Northwood Technical College District

## Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Years Ended June 30,</i>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
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%

# Northwood Technical College District

## Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Years Ended June 30,</i>	2018	2017	2016	2015	2014
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 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.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.

\*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 assumption and the post-retirement discount rate.

## **Supplementary Financial Information**

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# Northwood Technical College District

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Local Government	\$ 4,901,896	\$ 4,872,112	\$ 4,872,113	-	\$ 4,872,113	1
<b>Intergovernmental:</b>						
State	33,377,603	32,964,525	32,964,525	-	32,964,525	-
Federal	20,000	17,818	17,817	-	17,817	(1)
<b>Tuition and Fees</b>						
Statutory program fees	6,529,070	6,716,470	6,716,470	-	6,716,470	-
Material fees	386,341	420,517	420,517	-	420,517	-
Other student fees	561,286	460,897	460,897	-	460,897	-
Institutional	324,527	846,169	846,169	-	846,169	-
<b>Total revenues</b>	<b>46,100,723</b>	<b>46,298,508</b>	<b>46,298,508</b>	<b>-</b>	<b>46,298,508</b>	<b>-</b>
<b>Expenditures:</b>						
Instruction	26,403,756	25,251,285	25,249,086	2,199	25,251,285	-
Instructional resources	1,548,636	1,677,691	1,677,691	-	1,677,691	-
Student services	5,621,724	5,221,737	5,221,737	-	5,221,737	-
General institutional	10,031,627	11,506,638	11,517,476	(10,838)	11,506,638	-
Physical plant	3,144,980	3,088,832	3,083,500	5,332	3,088,832	-
<b>Total expenditures</b>	<b>46,750,723</b>	<b>46,746,183</b>	<b>46,749,490</b>	<b>(3,307)</b>	<b>46,746,183</b>	<b>-</b>
Revenues over (under) expenditures	(650,000)	(447,675)	(450,982)	3,307	(447,675)	-
<b>Other financing sources:</b>						
Operating transfer in	650,000	447,675	447,675	-	447,675	-
Change in fund balance	-	-	(3,307)	3,307	-	-
Fund balance - Beginning of year	15,608,715	15,688,895	15,802,473	(113,578)	15,688,895	-
<b>Fund balance - End of year</b>	<b>\$ 15,608,715</b>	<b>\$ 15,688,895</b>	<b>\$ 15,799,166</b>	<b>\$(110,271)</b>	<b>\$ 15,688,895</b>	<b>-</b>

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

# Northwood Technical College District

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Local government	\$ 805,269	\$ 805,269	\$ 805,269	\$ -	\$ 805,269	\$ -
Intergovernmental:						
State	820,853	1,507,789	1,224,045	-	1,224,045	(283,744)
Federal	3,505,112	7,307,978	1,302,326	-	1,302,326	(6,005,652)
Material fees	-	-	108,471	-	108,471	108,471
Institutional	1,800,000	3,017,622	3,255,423	-	3,255,423	237,801
<b>Total revenues</b>	<b>6,931,234</b>	<b>12,638,658</b>	<b>6,695,534</b>	<b>-</b>	<b>6,695,534</b>	<b>(5,943,124)</b>
<b>Expenditures:</b>						
Instruction	6,144,019	11,975,710	5,975,710	-	5,975,710	6,000,000
Student services	747,026	844,940	844,940	-	844,940	-
General institutional	39,479	19,623	19,623	-	19,623	-
<b>Total expenditures</b>	<b>6,930,524</b>	<b>12,840,273</b>	<b>6,840,273</b>	<b>-</b>	<b>6,840,273</b>	<b>6,000,000</b>
Revenues over (under) expenditures	710	(201,615)	(144,739)		(144,739)	56,876
Other financing uses:						
Operating transfer out	(650,000)	(447,675)	(447,675)	-	(447,675)	-
Change in fund balance	(649,290)	(649,290)	(592,414)	-	(592,414)	56,876
Fund balance - Beginning of year	2,643,321	2,102,583	2,105,950	(3,367)	2,102,583	-
<b>Fund balance - End of year</b>	<b>\$ 1,994,031</b>	<b>\$ 1,453,293</b>	<b>\$ 1,513,536</b>	<b>\$ (3,367)</b>	<b>\$ 1,510,169</b>	<b>\$ 56,876</b>

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

# Northwood Technical College District

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Intergovernment						
State	\$ 542,699	\$ 31,251	\$ 31,251	\$ -	\$ 31,251	-
Federal	-	833,052	1,291,514	-	1,291,514	458,462
Institutional	65,000	2,628,236	2,711,526	-	2,711,526	83,290
<b>Total revenues</b>	<b>607,699</b>	<b>3,492,539</b>	<b>4,034,291</b>	<b>-</b>	<b>4,034,291</b>	<b>541,752</b>
<b>Expenditures:</b>						
Instruction	2,811,928	3,505,945	4,328,037	(822,092)	3,505,945	-
Instructional resources	768,360	24,338	141,477	(117,139)	24,338	-
Student services	-	17,703	17,703	-	17,703	-
General institutional	783,572	2,871,270	2,794,174	77,096	2,871,270	-
Physical plant	4,885,444	2,939,887	2,610,189	329,698	2,939,887	-
<b>Total expenditures</b>	<b>9,249,304</b>	<b>9,359,143</b>	<b>9,891,580</b>	<b>(532,437)</b>	<b>9,359,143</b>	<b>-</b>
Revenue over (under) expenditures	(8,641,605)	(5,866,604)	(5,857,289)	532,437	(5,324,852)	541,752
<b>Other financing sources:</b>						
General obligation notes issued	8,100,000	5,325,000	5,325,000	-	5,325,000	-
Change in fund balance	(541,605)	(541,604)	(532,289)	532,437	148	541,752
Fund balance - Beginning of year	5,628,467	2,758,844	6,806,263	(4,047,419)	2,758,844	-
<b>Fund balance - End of year</b>	<b>\$ 5,086,862</b>	<b>\$ 2,217,240</b>	<b>\$ 6,273,974</b>	<b>\$ (3,514,982)</b>	<b>\$ 2,758,992</b>	<b>\$ 541,752</b>

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedules.

**Northwood Technical College District**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – Debt Service Fund**

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
<b>Revenues:</b>						
Local government	\$ 8,240,419	\$ 8,240,419	\$ 8,240,419	\$ -	\$ 8,240,419	\$ -
Institutional	200,000	214,919	266,998	-	266,998	52,079
<b>Total revenues</b>	<b>8,440,419</b>	<b>8,455,338</b>	<b>8,507,417</b>	<b>-</b>	<b>8,507,417</b>	<b>52,079</b>
<b>Expenditures:</b>						
Physical plant	8,502,084	8,517,003	8,517,003	-	8,517,003	-
<b>Total expenditures</b>	<b>8,502,084</b>	<b>8,517,003</b>	<b>8,517,003</b>	<b>-</b>	<b>8,517,003</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>(61,665)</b>	<b>(61,665)</b>	<b>(9,586)</b>	<b>-</b>	<b>(9,586)</b>	<b>52,079</b>
<b>Other financing sources:</b>						
Premium on general obligation notes	-	-	203,223	-	203,223	203,223
Change in fund balance	(61,665)	(61,665)	193,637	-	193,637	255,302
<b>Fund balance - Beginning of year</b>	<b>8,146,138</b>	<b>8,260,039</b>	<b>8,260,039</b>	<b>-</b>	<b>8,260,039</b>	<b>-</b>
<b>Fund balance - End of year</b>	<b>\$ 8,084,473</b>	<b>\$ 8,198,374</b>	<b>\$ 8,453,676</b>	<b>\$ -</b>	<b>\$ 8,453,676</b>	<b>\$ 255,302</b>

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

# Northwood Technical College District

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Institutional	\$ 1,600,000	\$ 1,600,000	\$ 1,404,873	\$ -	\$ 1,404,873	\$ (195,127)
<b>Total operating revenues</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,404,873</b>	<b>-</b>	<b>1,404,873</b>	<b>(195,127)</b>
Operating expenses:						
Auxiliary enterprise expense	1,600,000	1,600,000	1,479,321	-	1,479,321	120,679
<b>Total operating expenses</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,479,321</b>	<b>-</b>	<b>1,479,321</b>	<b>120,679</b>
Change in net position	-	-	(74,448)	-	(74,448)	(74,448)
Net position - Beginning of year	583,693	387,049	387,049	-	387,049	-
<b>Net position - End of year</b>	<b>\$ 583,693</b>	<b>\$ 387,049</b>	<b>\$ 312,601</b>	<b>\$ -</b>	<b>\$ 312,601</b>	<b>\$ (74,448)</b>

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedules.



# Northwood Technical College District

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Institutional	\$ 5,533,000	\$ 7,113,684	\$ 7,113,684	\$ -	\$ 7,113,684	\$ -
<b>Total operating revenues</b>	<b>5,533,000</b>	<b>7,113,684</b>	<b>7,113,684</b>	<b>-</b>	<b>7,113,684</b>	<b>-</b>
Operating expenses:						
Instruction	-	333,056	333,056	-	333,056	-
Instructional resources	-	26,938	26,937	-	26,937	1
Student Services	-	78,558	78,558	-	78,558	-
General institutional	-	115,688	115,687	-	115,687	1
Physical plant	-	43,646	43,646	-	43,646	-
Auxiliary enterprise expense	5,533,000	6,580,637	6,580,637	-	6,580,637	-
<b>Total operating expenses</b>	<b>5,533,000</b>	<b>7,178,523</b>	<b>7,178,521</b>	<b>-</b>	<b>7,178,521</b>	<b>2</b>
Change in net position	-	(64,839)	(64,837)	-	(64,837)	2
Net position - Beginning of year	725,905	1,779,712	1,779,712	-	1,779,712	-
<b>Net position - End of year</b>	<b>\$ 725,905</b>	<b>\$ 1,714,873</b>	<b>\$ 1,714,875</b>	<b>\$ -</b>	<b>\$ 1,714,875</b>	<b>\$ 2</b>

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedules.

# Northwood Technical College District

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Intergovernmental:						
Federal	\$ 8,500,000	\$ 8,500,000	\$ 7,559,999	\$ -	\$ 7,559,999	\$(940,001)
Tuition and fees:						
Other student fees	240,000	240,000	281,709	-	281,709	41,709
Institutional	320,000	320,000	323,617	-	323,617	3,617
<b>Total revenues</b>	<b>9,060,000</b>	<b>9,060,000</b>	<b>8,165,325</b>	<b>-</b>	<b>8,165,325</b>	<b>(894,675)</b>
Expenditures:						
Instruction	115,000	150,782	150,782	-	150,782	-
Student services	8,740,000	8,687,454	7,941,506	-	7,941,506	745,948
General institutional	205,000	221,764	104,705	-	104,705	117,059
<b>Total expenditures</b>	<b>9,060,000</b>	<b>9,060,000</b>	<b>8,196,993</b>	<b>-</b>	<b>8,196,993</b>	<b>863,007</b>
Change in fund balance	-	-	(31,668)	-	(31,668)	(31,668)
Fund balance - Beginning of year	1,113,481	643,690	643,690	-	643,690	-
<b>Fund balance - End of year</b>	<b>\$ 1,113,481</b>	<b>\$ 643,690</b>	<b>\$ 612,022</b>	<b>\$ -</b>	<b>\$ 612,022</b>	<b>\$ (31,668)</b>

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

# Northwood Technical College District

## Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to Basic Financial Statements

Year Ended June 30, 2024

	General Fund	Special Revenue Aidable Fund	Capital Projects Fund	Debt Service Fund	Enterprise Fund	Internal Service Fund	Special Revenue Non-Aidable Fund	Totals	Reconciling Items	Statement of Revenues, Expenses, and Changes in Net Position
Revenues:										
Local Government	\$ 4,872,113	\$ 805,269	\$ -	\$ 8,240,419	\$ -	\$ -	\$ -	\$ 13,917,801	\$ -	\$ 13,917,800
Intergovernmental:										
State	32,964,525	1,224,045	31,251	-	-	-	-	34,219,821	-	34,219,821
Federal	17,817	1,302,326	1,291,514	-	-	-	7,559,999	10,171,656	-	10,171,656
Tuition and Fees:										
Statutory program fees	6,716,470	-	-	-	-	-	-	6,716,470	(3,803,668)	2,912,802
Material fees	420,517	108,471	-	-	-	-	-	528,988	(231,619)	297,369
Other student fees	460,897	-	-	-	-	-	281,709	742,606	(252,345)	490,261
Institutional	846,169	3,255,423	2,711,526	266,998	1,404,873	7,113,684	323,617	15,922,290	(8,910,102)	7,012,188
Auxiliary services revenue	-	-	-	-	-	-	-	-	1,305,185	1,305,185
<b>Total revenues</b>	<b>46,298,508</b>	<b>6,695,534</b>	<b>4,034,291</b>	<b>8,507,417</b>	<b>1,404,873</b>	<b>7,113,684</b>	<b>8,165,325</b>	<b>82,219,632</b>	<b>(11,892,549)</b>	<b>70,327,082</b>
Expenditures/Expenses:										
Instruction	25,251,285	5,975,710	3,505,945	-	-	333,056	150,782	35,216,778	829,647	36,046,425
Instructional resources	1,677,691	-	24,338	-	-	26,937	-	1,728,966	(28,964)	1,700,002
Student services	5,221,737	844,940	17,703	-	-	78,558	7,941,506	14,104,444	(7,711,571)	6,392,873
General institutional	11,506,638	19,623	2,871,270	-	-	115,687	104,705	14,617,923	(5,455,307)	9,162,616
Physical plant	3,088,832	-	2,939,887	8,517,003	-	43,646	-	14,589,368	(10,665,345)	3,924,023
Auxiliary enterprise services	-	-	-	-	1,479,321	6,580,637	-	8,059,958	(6,576,497)	1,483,461
Depreciation and amortization	-	-	-	-	-	-	-	-	7,171,327	7,171,327
Student aid	-	-	-	-	-	-	-	-	3,211,203	3,211,203
Interest expense	-	-	-	-	-	-	-	-	778,843	778,843
<b>Total expenditures/expenses</b>	<b>46,746,183</b>	<b>6,840,273</b>	<b>9,359,143</b>	<b>8,517,003</b>	<b>1,479,321</b>	<b>7,178,521</b>	<b>8,196,993</b>	<b>88,317,437</b>	<b>(18,446,664)</b>	<b>69,870,773</b>

**Northwood Technical College District**  
**Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements**  
**to Basic Financial Statement (Continued)**

Year Ended June 30, 2024

	General Fund	Special Revenue Aidable Fund	Capital Projects Fund	Debt Service Fund	Enterprise Fund	Internal Service Fund	Special Revenue Non-Aidable Fund	Totals	Reconciling Items	Statement of Revenues, Expenses, and Changes in Net Position
Revenues over (under) expenditures/expenses	\$ (447,675)	\$ (144,739)	\$ (5,324,852)	\$ (9,586)	\$ (74,448)	\$ (64,837)	\$ (31,668)	\$ (6,097,805)	\$ 6,554,115	\$ 456,309
Other financing (uses) sources:										
Operating transfer in (out)	447,675	(447,675)	-	-	-	-	-	-	-	-
Premium on general obligation notes	-	-	-	203,223	-	-	-	203,223	(203,223)	-
General obligation notes issued	-	-	5,325,000	-	-	-	-	5,325,000	(5,325,000)	-
Total other financing (uses) sources	447,675	(447,675)	5,325,000	203,223	-	-	-	5,528,223	(5,528,223)	-
Net change in fund balance/net position	-	(592,414)	148	193,637	(74,448)	(64,837)	(31,668)	(569,582)	1,025,892	456,309
Fund balance/net position - Beginning of year, as restated	15,688,895	2,102,583	2,758,844	8,260,039	387,049	1,779,712	643,690	31,620,812	22,094,606	53,715,418
Fund balance/net position - End of year	\$ 15,688,895	\$ 1,510,169	\$ 2,758,992	\$ 8,453,676	\$ 312,601	\$ 1,714,875	\$ 612,022	\$ 31,051,230	\$ 23,120,498	\$ 54,171,727

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedules.

# Northwood Technical College District

## Notes to Budgetary Comparison Schedules

Year Ended June 30, 2024

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### Note 1: Budgetary Accounting

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

Property taxes are levied by the various taxing municipalities located primarily in 11 northwestern Wisconsin counties. The District records as revenue its share of the local tax when levied, since the District's share becomes available during its fiscal year to finance its operations.

Public hearings are conducted on the proposed budget.

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

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

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

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

The District has also included the issuance of general obligation promissory notes where the bid was awarded prior to year-end but the actual sale wasn't completed until after year-end.

# Northwood Technical College District

## Notes to Budgetary Comparison Schedules (Continued)

Year Ended June 30, 2024

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

#### Revenues

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

General Fund	\$ 46,298,508
Special Revenue Funds	6,695,534
Special Revenue Non-Aidable Funds	8,165,325
Capital Projects Fund	4,034,291
Debt Service Fund	8,507,417
Enterprise Funds	1,404,873
Internal Service Funds	7,113,684

Budgetary revenues 82,219,632

Adjustments:

Interfund charges from internal service are eliminated for GAAP reporting	(7,113,684)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting	(4,184,890)
Summer tuition is recognized on the cash basis rather than the accrual basis	(104,258)
Eliminated USDA grant for GAAP reporting	(136,568)
Loss on disposal of capital assets	(353,150)

Reconciled on a GAAP basis \$ 70,327,082

GAAP basis revenues per the Statements of Revenues and Expenses:

Operating revenues	\$ 22,555,788
Property taxes	13,917,800
State nonoperating appropriations	32,964,525
Investment income	1,206,301
Loss on disposal of capital assets	(317,332)

GAAP revenues \$ 70,327,082

# Northwood Technical College District

## Notes to Budgetary Comparison Schedules (Continued)

Year Ended June 30, 2024

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

#### Expenditures

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

General Fund	\$ 46,746,183
Special Revenue Aidable Funds	6,840,273
Special Revenue Non-Aidable Funds	8,196,993
Capital Projects Fund	9,359,143
Debt Service Fund	8,517,003
Enterprise Funds	1,479,321
Internal Service Funds	7,178,521

Budgetary expenditures/expenses 88,317,437

Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting	(7,113,684)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting	(4,321,458)
Cash basis expenditures adjusted to GAAP accrual basis	
Interest expense, accrued interest, and premium amortization	(186,497)
Pension-related benefits, compensated absences OPEB benefits, and termination benefits	681,633
Capital asset acquisitions reported as expenditures for budgetary purposes	(7,246,470)
Budgetary expenditure for repayment of principal on long-term debt	(7,555,000)
Budgetary expenditure for repayment of principal on leases	-
Encumbrances as reported for budgetary purposes	535,744
Subscription ROU assets & Lease amortization recorded for GAAP purposes	38,984
Depreciation recorded for GAAP purposes	7,171,327

Expenses on a GAAP basis \$ 70,322,016

GAAP basis expenses per the Statements of Revenues and Expenses:

Operating expenses	\$ 69,091,930
Interest expense	778,843

GAAP expenses \$ 69,870,773

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

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

District Board  
Northwood Technical College District  
Rice Lake, 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 business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Northwood Technical College District (the "District"), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Northwood Technical College District's basic financial statements, and have issued our report thereon dated December 11, 2024. The financial statements of the Northwood Technical College Foundation, Inc. (the "Foundation"), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of Northwood Technical College District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.



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

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

### **Northwood Technical College District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Northwood Technical College District's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Northwood Technical College 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 Northwood Technical College District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wipfli LLP

Eau Claire, Wisconsin  
December 11, 2024

# Northwood Technical College District

## Schedule of Findings and Questioned Costs (Continued)

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### Section I - Audit Findings in Relation to Financial Statements

2024-001

**Material Adjustments**

**Criteria or Specific Requirement:** The identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate the misstatement would not have been detected by the entity's internal control is regarded as a material weakness in internal controls.

**Condition:** During the audit, Wipfli proposed a material adjusting journal entry related to grant revenues and expenses.

**Context:** The District didn't completely understand the revenue and expense recognition requirements for grants passed through to subrecipients when the funds were received using the advance payment method.

**Effect:** The financial records as originally presented for audit were materially misstated.

**Cause:** The District assumed that the grant revenue and corresponding expense should be recorded in the current fiscal year because they passed the funds along to the subrecipient in the same fiscal year and didn't take into account how much of the grant money had been spent by the subrecipient on allowable costs and activities.

**Repeat Finding:** No

**Auditor's Recommendation:** We suggest when the District has grants that include subrecipients and are funded using the advance payment method, they determine the amount that has actually been spent by the subrecipient in order to record the revenues and expenses correctly on the District's records.

**Management's Response:** The finding is acknowledged. The District will record the actual amount spent by subrecipients as recommended by the Auditors when the advance payment funding method is used with subrecipients.