

Northwood Technical College District

Financial Statements
With Supplementary Information

Years Ended June 30, 2023 and 2022



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Northwood Technical College District

Financial Statements and Supplementary Financial Information

Years Ended June 30, 2023 and 2022

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Northwood Technical College District

Financial Statements and Supplementary Financial Information

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Independent Auditor's Report

Board of Directors
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, 2023 and 2022, 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, 2023 and 2022, 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. 96, *Subscription Based Information Technology Arrangements*. 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 13, 2023 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

Wipfli LLP

December 13, 2023

Eau Claire, Wisconsin

Management Discussion and Analysis

Northwood Technical College District

Management's Discussion and Analysis

Years Ended June 30, 2023 and 2022

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 Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023, 2022 and 2021.

	2023	2022	Net Position Increase (Decrease) 2023-2022		2021	Net Position Increase (Decrease) 2022-2021	
Operating revenues:							
Tuition and fees	\$ 4,199,268	\$ 5,266,601	\$ (1,067,333)	(20.3)%	\$ 3,824,393	\$ 1,442,208	37.7 %
State and federal grants	13,121,050	9,538,090	3,582,960	37.6 %	10,143,215	(605,125)	(6.0)%
Contract revenue	2,531,736	2,337,494	194,242	8.3 %	1,719,741	617,753	35.9 %
Miscellaneous	819,365	828,278	(8,913)	(1.1)%	520,130	308,148	59.2 %
Total operating	20,671,419	17,970,463	2,700,956	15.0 %	16,207,479	1,762,984	10.9 %
Operating expenses:							
Instruction	32,728,441	29,093,785	3,634,656	12.5 %	28,472,622	621,163	2.2 %
Instructional resources	1,708,611	1,427,661	280,950	19.7 %	1,326,030	101,631	7.7 %
Student services	7,209,462	9,123,381	(1,913,919)	(21.0)%	6,371,979	2,751,402	43.2 %
General institutional	10,698,657	9,743,649	955,008	9.8 %	8,599,795	1,143,854	13.3 %
Physical plant	1,880,690	6,304,608	(4,423,918)	(70.2)%	3,705,164	2,599,444	70.2 %
Auxiliary enterprise services	873,558	1,585,832	(712,274)	(44.9)%	1,444,406	141,426	9.8 %
Depreciation	5,812,685	6,073,944	(261,259)	(4.3)%	5,981,717	92,227	1.5 %
Student aid	2,799,481	3,812,865	(1,013,384)	(26.6)%	2,588,540	1,224,325	47.3 %
Total operating expenses	63,711,585	67,165,725	(3,454,140)	(125.0)%	58,490,253	8,675,472	14.8 %
Nonoperating revenues (expenses):							
Property taxes	13,168,841	13,310,919	(142,078)	(1.1)%	14,444,895	(1,133,976)	(7.9)%
State nonoperating appropriations	32,997,230	32,146,688	850,542	2.6 %	30,182,536	1,964,152	6.5 %
CARES Act funding	23,954	6,457,087	(6,433,133)	(99.6)%	4,422,749	2,034,338	100.0 %
Investment income earned	951,534	55,783	895,751	,605.8 %	17,764	38,019	214.0 %
Interest expense	(753,893)	(760,846)	6,953	(0.9)%	(807,622)	46,776	(5.8)%
Gain (loss) on disposal of capital assets	77,573	23,574	53,999	229.1 %	88,102	(64,528)	(73.2)%
Total nonoperating revenues (expenses)	46,465,239	51,233,205	(4,767,966)	(9.3)%	48,348,424	2,884,781	6.0 %

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

	2023	2022	Net Position Increase (Decrease) 2023-2022		2021	Net Position Increase (Decrease) 2022-2021	
Change in net position	\$ 3,425,073	\$ 2,037,943	\$ 1,387,130	68.07 %	\$ 6,065,650	\$ (4,027,707)	(66.4)%
Net position - Beginning of year	49,454,054	47,416,111	2,037,943	4.30 %	41,350,461	6,065,650	14.7 %
Net position - End of year	\$ 52,879,127	\$ 49,454,054	\$ 3,425,073	6.93 %	\$ 47,416,111	\$ 2,037,943	4.3 %

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.

The 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 programs.

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.

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 of 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 18.0% 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 services is a result of lower enrollment.

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

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 the decrease in net nonoperating revenues was the CARES Act funding reduction of \$6.4 million over 2022.

Net position for 2023 increased \$3,425,073 as a result of the above activity.

Fiscal Year 2022 Compared to 2021

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 2022, the District generated approximately \$17.9 million of operating revenue. Significant items and revenue sources are as follows:

In total, tuition and fee income show an increase of 37.7% in 2022, which is a direct reflection of the increase in overall student enrollment full time equivalent (FTE).

Contract revenues were approximately \$2.30 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 \$1,540,789 for 2022. This represents an increase of 5.6% from the previous year.

State and federal grant revenue decreased 6.0% or \$605,125 in 2022, which reflects a reduction in funding from the Wisconsin Technical College System for the grants to districts program.

Operating expenses are costs related to offering the programs of the District. For 2022, operating expenses totaled approximately \$67.0 million. Approximately 57.9% of this figure represents personnel-related costs. Another major expense was depreciation 8.9%. Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 33.2% of total operating expenses.

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% increase in physical plant expenditures relates to the percentage completion of district renovation projects as of June 30, 2022 as compared to 2021. The 0.4% increase in depreciation is directly related to the increase in total net assets being depreciated. The 7.7% increase in instructional resources was the result of capital expenditures for technology related to the COVID-19 pandemic to expand virtual instruction. The 14.1% increase in general institutional expenditures is attributed to the reduction in spending on personal protective equipment (PPE) and sanitation supplies required as a result of the COVID-19 pandemic. The 9.8% increase in auxiliary enterprise service is also a direct result of the increased student enrollment.

Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenues and expenses for the year ended June 30, 2022, increased 6.0%. The most significant component of net nonoperating revenues was the CARES Act funding of \$6.5 million. The other significant component of the increase in net nonoperating revenues was state nonoperating appropriations for 2022 which increased by \$1.96 million over 2021.

Net position for 2022 increased \$2,037,943 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:

	2023	2022	Cash Increase (Decrease) 2023-2022		Restated 2021	Cash Increase (Decrease) 2022-2021	
Net cash from operating activities	\$(35,960,160)	\$ (43,432,552)	\$ 7,472,392	(17.2)%	\$ (37,980,873)	\$ (5,451,679)	14.4 %
Net cash from non capital financing activities	45,270,819	52,455,392	(7,184,573)	(13.7)%	49,038,764	3,416,628	7.0 %
Net cash from capital and related financing activities	(14,042,314)	(5,641,374)	(8,400,940)	148.9 %	(6,394,714)	753,340	(11.8)%
Net cash from investing activities	951,534	55,783	895,751	1,605.8 %	\$ 17,764	38,019	214.0 %
Net increase/ (decrease) in cash and investments	<u>\$(3,780,121)</u>	<u>\$ 3,437,249</u>	<u>\$ (7,217,370)</u>	<u>209.98)%</u>	<u>4,680,941</u>	<u>\$ (1,243,692)</u>	<u>(26.6)%</u>

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 \$43.5 million was paid in 2023.

Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$12.2 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)

Fiscal Year 2023 Compared to 2022 (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 used 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.

Fiscal Year 2022 Compared to 2021

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 \$41.1 million was paid in 2022.

Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$20.3 million represents the costs of goods and services purchased from outside vendors.

The largest cash inflows from operating activities included approximately \$5.5 million in tuition and fees and approximately \$9.5 million in state and federal grants.

Property tax receipts of approximately \$13.8 million and \$28.9 million of Property Tax Relief Aid, received in February 2022, are categorized as cash flows from non-capital financing activities.

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 \$1.5 million in 2022 as compared to net cash provided of approximately \$493,000 in 2021. Net cash used for capital purchases (purchases less sales proceeds) was approximately \$4.2 million in 2022 and \$5.9 million in 2021.

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

Overall, the District's cash and investments increased by \$3,437,249 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.

The following is a condensed version of the statements of net position as of June 30, 2023, 2022 and 2021:

	2023	Restated 2022	Increase (Decrease) 2023-2022		2021	Increase (Decrease) 2022-2021	
Assets:							
Cash and investments	\$31,002,920	\$ 34,783,041	\$ (3,780,121)	(10.9)%	\$ 31,345,792	\$ 3,437,249	11.0 %
Net capital assets	62,231,951	55,220,790	7,011,161	12.7 %	57,010,939	(1,790,149)	(3.1)%
Other assets	8,130,889	18,505,713	(10,374,824)	(56.1)%	16,623,064	1,882,649	11.3 %
Total assets	101,365,760	108,509,544	(7,143,784)	(6.6)%	104,979,795	3,529,749	3.4 %
Deferred outflows of resources:							
Related to pensions (WRS)	28,322,562	22,795,881	5,526,681	24.2 %	15,274,067	7,521,814	49.2 %
Related to OPEB (District plan)	1,961,443	3,805,367	(1,843,924)	(48.5)%	4,760,895	(955,528)	(20.1)%
Total deferred outflows of resources	30,284,005	26,601,248	3,682,757	13.8 %	20,034,962	6,566,286	32.8 %
Liabilities:							
Other liabilities	3,786,174	5,027,349	(1,241,175)	(24.7)%	3,885,676	1,141,673	29.4 %
Noncurrent liabilities	58,095,630	51,271,242	6,824,388	13.3 %	52,385,612	(1,114,370)	(2.1)%
Total liabilities	61,881,804	56,298,591	5,583,213	9.9 %	56,271,288	27,303	- %
Deferred inflows of resources:							
Related to pensions (WRS)	16,386,791	28,675,213	(12,288,422)	(42.9)%	21,591,437	7,083,776	32.8 %
Related to OPEB (District plan)	542,645	737,591	(194,946)	(26.4)%	324,959	412,632	127.0 %
Total deferred inflows of resources	16,929,436	29,412,804	(12,483,368)	(42.4)%	21,916,396	7,496,408	34.2 %
Net Position:							
Net investment in capital assets	24,951,349	19,246,797	5,704,552	29.6 %	17,871,188	1,375,609	7.7 %
Restricted net pension asset	-	12,147,023	(12,147,023)	(100.0)%	9,805,094	2,341,929	100.0 %
Restricted for students and other organizations	525,470	524,835	635	0.1 %	503,241	21,594	4.3 %
Restricted for debt service	8,037,369	7,730,764	306,605	4.0 %	7,664,364	66,400	0.9 %
Unrestricted	19,364,939	9,804,635	9,560,304	97.5 %	11,572,224	(1,767,589)	(15.3)%
Total net position	\$52,879,127	\$ 49,454,054	\$ 3,425,073	6.9 %	\$ 47,416,111	\$ 2,037,943	4.3 %

Statement of Net Position (Continued)

Fiscal Year 2023 Compared to 2022

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

Cash and investments decreased 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. 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 \$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 a \$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.

Fiscal Year 2022 Compared to 2021

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

Cash and investments increased by \$3,437,249 in 2022. This is primarily the result of the decrease of CARES Act funding that was drawn for 2021 and 2022 lost revenues.

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 decreased by 3.1%.

The other assets category is made up of various receivable balances, including tuition and contracted services accounts receivable [\$1.6 million], property taxes receivable [\$4.3 million], bookstore inventories [\$390,000], and prepaid expenses[\$74,000].

Total liabilities and deferred inflows increased by \$8.1 million in 2022, compared to an increase of \$4.4 million in 2021. The increase is mainly a result of the increase 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 \$51.2 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 \$22.8 million deferred outflow of resources and a \$28.7 million deferred inflow of resources for its proportionate share of the WRS deferred outflows and inflows related to pensions. In 2022, the District is reporting a deferred outflow of \$738,000 as well as a deferred inflow of \$3.8 million related to the District's OPEB plan.

Capital Assets and Debt Administration

The District's net capital assets as of June 30, 2023, amounts to approximately \$61.4 million. This includes land and land improvements, buildings and improvements, movable equipment, and construction in progress. The most significant building project in fiscal year 2023 was the site improvement initiative for the Ashland Campus.

At the end of the 2023 fiscal year, the District had total general obligation debt outstanding of approximately \$41.7 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, 2022 and 2021.

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, 2023, 2022 and 2021

	2023	2022	2021
Net Pension Asset (WRS)	\$ -	\$ 12,147,023	\$ 9,805,094
Deferred Outflows Related to Pensions (WRS)	28,322,562	22,795,881	15,274,067
Asset and Deferred Outflows	28,322,562	34,942,904	25,079,161
Net Pension Liability (WRS)	7,808,790	-	-
Deferred Inflows Related to Pensions (WRS)	16,386,791	28,675,213	21,591,437
Liabilities and Deferred Inflows	24,195,581	28,675,213	21,591,437
Impact on Total Net Position	4,126,981	6,267,691	3,487,724
Impact on Pension Expense	2,140,711	(2,779,967)	(2,784,013)
Increase (decrease) in net position excluding GASB No.68 pension expense	4,664,663	(742,024)	3,281,637
Increase (decrease) in net position including GASB No. 68 pension expense	2,523,952	2,037,943	6,065,650
District proportion of the WRS pension liability (asset)	0.147 %	0.151 %	0.157 %
Plan fiduciary net position as a percentage of the total WRS pension liability (asset)	95.72 %	(106.02)%	(105.26)%

Economic Factors

The United States and Wisconsin economies seem to have put the COVID-19 pandemic in the rearview mirror, although the economy has a long way to go before fully recovering. The pandemic had caused disruptions to the supply chain for many goods and services both locally, statewide and nationally. It has affected not only the availability of the goods and services but also how it is delivered including delivery of instruction in the K-12 and post-secondary educational environments. While conditions are better than they were a year or two ago, Northwood continues to have impacts regarding supply chain issues and rising inflationary costs. Wisconsin and the Northwood Tech district have seen a continued decline in unemployment rates which reached a point during COVID-19 pandemic not seen since the US Great Depression.

Economic Factors (Continued)

The Federal Reserve has continued to hike federal fund rates in an effort to combat inflation. The rate hikes have pushed up borrowing costs on all kinds of loans, including mortgages, credit cards, car loans, and business loans. While uncertainty exists in what the future has to hold for the economy, Northwood Tech remains on solid financial footing. Current statutory limits on Northwood Tech's tax levy are well above the District's actual tax levy. However, these limits are ultimately under the control of the legislature. Wisconsin's Biennium Budget Bill for 2013-2014 provided for a tax levy freeze for Northwood Technical Colleges that will affect operations in future years for Northwood Tech. Unless approved by referendum, the District's tax levy excluding taxes levied for the purpose of paying principal and interest on valid bonds and notes, cannot increase by more than net new construction for the year calculated by the Wisconsin Department of Revenue. The budget did include provisions that allowed a college to carryover and use in the next budget year up to 50% of unused tax levy authorization from the prior year.

It is important to note that one of the District's other major sources of revenue – tuition and fees, has historically been positively affected by economic downturns. As markets adjust and workers need to develop new skills, enrollments at technical colleges typically rise. Likewise, when the economy rebounds or is expanding the enrollment typically declines. The economic downturn due to the pandemic is an anomaly to this expectation. Uncertainty in all lines of employment as well as personal home circumstances such as daycare and education has affected individual's decision to return to education. With the economy continuing an effort to recover from the COVID-19 pandemic, Northwood Tech believes enrollments will continue to stay flat in the coming fiscal year. In addition, like most organizations, Northwood Tech has identified several areas of concern that could impact future decisions as follows:

- Equalized values of property within the District are showing increases above the state average. The current tax levy with modest increases in valuations will result in a slight decrease in the mill rate.
- Increasing financial pressure will require the District to evaluate its allocation of existing resources. The ability to meet new program needs will be constrained by resource availability.
- Personnel and health insurance cost will continue to rise at a faster rate than new revenues.
- The impact of technology and resulting productivity of employers in the market require continuous improvement of Northwood Tech's existing programs, as well as the development of new programs in response to evolving occupations and advancing technology.
- The need to remain current with expanding technology is great. Technology-related expenses are a key requirement in providing a high-quality education.
- The District has benefit plans in place with its various employee groups that provide for benefits after retirement. The other postemployment employee benefits (OPEB) under these agreements will reduce amounts available for current expenditures.

With these challenges in mind, the long-term financial plan established by the District in conjunction with the District board will allow Northwood Tech to effectively meet the financial needs of operations in the future. The low mill rate currently in place allows flexibility to address the needs of stakeholders of the college. The District has established and partially funded a post-employment benefit trust, which will help minimize the effects to its operations for benefits provided to future retirees. The overall current financial position is strong, and the District is committed to remaining financially stable in the future.

Financial Position

Northwood Tech's overall financial position increased by \$3,425,073. 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

Northwood Technical College District

Statement of Net Position

June 30, 2023 and 2022

<i>Assets and Deferred Outflows of Resources</i>	2023		2022	
	Primary Government	Component Unit	Primary Government	Component Unit
Current assets:				
Cash and investments	\$ 16,390,493	\$ 505,096	\$ 17,763,510	\$ 360,538
Receivables:				
Local Taxes	4,282,480	-	4,335,502	-
Accounts receivable	2,412,855	3,601	1,559,595	4,099
Due from fiduciary fund	972,228	-	-	-
Inventories	409,866	-	390,207	-
Prepaid expenses	53,460	-	73,386	-
Total current assets	24,521,382	508,697	24,122,200	364,637
Noncurrent assets:				
Restricted:				
Cash and investments	14,612,427	-	17,019,531	-
Net pension asset (WRS)	-	-	12,147,023	-
Investments	-	5,334,958	-	5,068,755
Capital assets:				
Capital assets, not being depreciated	627,114	-	2,103,205	-
Capital assets, being depreciated - Net	59,048,423	-	53,059,368	-
Lease assets, net of amortization	40,602	-	54,657	-
Subscription assets, not being amortized	1,866,336	-	-	-
Subscription assets, being depreciated - Net	690,078	-	58,217	-
Total noncurrent assets	76,884,980	5,334,958	84,442,001	5,068,755
Total assets	101,406,362	5,843,655	108,564,201	5,433,392
Deferred outflows of resources:				
Related to pensions (WRS)	28,322,562	-	22,795,881	-
Related to OPEB (District Plan)	1,961,443	-	3,805,367	-
Total deferred outflows of resources	30,284,005	-	26,601,248	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 131,690,367	\$ 5,843,655	\$135,165,449	\$ 5,433,392

Northwood Technical College District

Statement of Net Position (Continued)

June 30, 2023 and 2022

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	2023		2022	
	Primary Government	Component Unit	Primary Government	Component Unit
Liabilities:				
Current liabilities:				
Accounts payable	\$ 997,297	\$ 56,251	\$ 1,842,285	\$ 45,941
Accrued liabilities:				
Payroll, payroll taxes, and insurance	1,649,057	-	2,078,861	-
Accrued interest	241,619	-	208,297	-
Compensated absences	487,646	-	426,287	-
Unearned revenue	410,555	-	471,619	-
Current portion of long-term obligations	7,841,072	-	7,271,696	-
Total current liabilities	11,627,246	56,251	12,299,045	45,941
Noncurrent liabilities:				
Lease obligations	26,972	-	41,024	-
Obligations under Subscriptions	404,033	-	16,470	-
General obligation debt	35,007,081	-	37,409,171	-
Net Pension Obligation (WRS)	7,808,790	-	-	-
Net OPEB liability (District plan)	3,190,984	-	3,497,302	-
Sick leave	3,816,698	-	3,035,579	-
Total noncurrent liabilities	50,254,558	-	43,999,546	-
Total liabilities	61,881,804	56,251	56,298,591	45,941
Deferred inflows of resources:				
Related to OPEB (WRS)	16,386,791	-	28,675,213	-
Related to OPEB (District Plan)	542,645	-	737,591	-
Total deferred inflows of resources	16,929,436	-	29,412,804	-
Total liabilities and deferred inflows of resources	78,811,240	56,251	85,711,395	45,941
Net position:				
Net investment in capital assets	24,951,349	-	19,246,797	-
Restricted - nonexpendable	-	4,771,294	-	4,599,786
Restricted for:				
Net pension asset (WRS)	-	-	12,147,023	-
Debt service	8,037,369	-	7,730,764	-
Scholarships and other activities	-	809,645	-	599,704
Student and other organizations	525,470	-	524,835	-
Unrestricted	19,364,939	206,465	9,804,635	187,961
Total net position	52,879,127	5,787,404	49,454,054	5,387,451
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 131,690,367	\$ 5,843,655	\$ 135,165,449	\$ 5,433,392

See accompanying notes to the basic financial statements.

Northwood Technical College District

Statement of Revenues, Expenditures, and Changes in Net Position

Years Ended June 30, 2023 and 2022

	2023		2022	
	Primary Government	Component Unit	Primary Government	Component Unit
Operating Revenues:				
Student program fees (tuition) - Net of scholarship allowance of \$4,145,969 and \$3,629,495, respectively	\$ 2,223,842	\$ -	\$ 2,972,680	\$ -
Student material fees - Net of scholarship allowance of \$249,129 and \$223,702, respectively	255,469	-	307,559	-
Other student fees - Net of scholarship allowance of \$308,720 and \$251,729, respectively	439,507	-	481,573	-
Federal grants	11,933,530	-	8,847,172	-
State grants	1,187,520	-	690,918	-
Business and industry contract revenue	2,531,736	-	2,337,494	-
Auxiliary enterprise revenue	1,280,450	-	1,504,789	-
Miscellaneous	819,365	486,710	828,278	625,030
Total operating revenues	20,671,419	486,710	17,970,463	625,030
Operating Expenses:				
Instruction	32,728,441	-	29,093,785	-
Instructional resources	1,708,611	-	1,427,661	-
Student services	7,209,462	-	9,123,381	-
General institutional	10,698,657	503,338	9,743,649	649,479
Physical plant	1,880,690	-	6,304,608	-
Auxiliary services	873,558	-	1,585,832	-
Depreciation and amortization	5,812,685	-	6,073,944	-
Student aid	2,799,481	-	3,812,865	-
Total operating expenses	63,711,585	503,338	67,165,725	649,479
Operating income (loss)	(43,040,166)	(16,628)	(49,195,262)	(24,449)
Nonoperating revenues (expenses):				
Property taxes	13,168,841	-	13,310,919	-
State nonoperating appropriations	32,997,230	-	32,146,688	-
CARES Act funding	23,954	-	6,457,087	-
Investment income earned	951,534	416,581	55,783	(758,160)
Interest expense	(753,893)	-	(760,846)	-
Gain on disposal of capital assets	77,573	-	23,574	-
Total nonoperating revenues (expenses)	46,465,239	416,581	51,233,205	(758,160)
Change in net position	3,425,073	399,953	2,037,943	(782,609)
Net position- Beginning of year	49,454,054	5,387,451	47,416,111	6,170,060
Net position - End of year	\$ 52,879,127	\$ 5,787,404	\$ 49,454,054	\$ 5,387,451

See accompanying notes to financial statements.

Northwood Technical College District

Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Tuition and fees received	\$ 4,131,104	\$ 5,466,530
Federal and state grants received	12,601,461	9,486,341
Business, industry, and school district contract revenues	2,034,670	2,227,639
Payments to employees	(43,516,304)	(41,115,264)
Payments for materials and services	(12,200,951)	(20,282,076)
Other receipts	989,860	784,278
Net cash from operating activities	(35,960,160)	(43,432,552)
Cash flows from noncapital financing activities:		
Local property taxes	13,221,863	13,851,617
CARES Act funding	23,954	6,457,087
Increase in due from other funds	(972,228)	-
State appropriations	32,997,230	32,146,688
Net cash from noncapital financing activities	45,270,819	52,455,392
Cash flows from capital and related financing activities:		
Purchases of capital assets	(11,067,277)	(4,225,101)
Proceeds from sale of capital assets	77,573	63,389
Proceeds from issuance of capital debt	5,100,000	6,390,696
Principal paid on capital debt	(7,190,000)	(6,940,000)
Principal paid on leases	(13,894)	(13,150)
Interest paid on leases	(562)	(635)
Premium received on debt issuance	233,424	-
Principal paid on subscription liability	(281,053)	-
Interest paid on subscription liability	(4,364)	-
Interest and fiscal charges paid on capital debt	(896,161)	(916,573)
Net cash from capital and related financing activities	(14,042,314)	(5,641,374)
Cash flows from investing activities:		
Investment income received	951,534	55,783
Net increase (decrease) in cash and investments	(3,780,121)	3,437,249
Cash and cash equivalents - Beginning of year	34,783,041	31,345,792
Cash and cash equivalents - End of year	\$ 31,002,920	\$ 34,783,041

Northwood Technical College District

Statement of Cash Flows (Continued)

Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$(43,040,166)	\$ (49,195,262)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	5,812,685	6,073,944
Change in assets, liabilities, deferred outflows and inflows of resources:		
(Increase) decrease in assets/deferred outflows of resources:		
Accounts receivable	(853,260)	(62,485)
Inventories	(19,659)	54,453
Prepaid expenses	19,926	(73,386)
Net pension asset (WRS)	12,147,023	(2,341,929)
Deferred outflows of resources related to OPEB (District plan)	1,843,924	955,528
Deferred outflows of resources related to pensions (WRS)	(5,526,681)	(7,521,814)
Increase (decrease) in liabilities/deferred inflows of resources:		
Accounts payable	(844,988)	1,377,745
Accrued payroll, payroll taxes, and insurance	(429,804)	(328,474)
Accrued vacation	61,359	(33,765)
Unearned revenue	(61,064)	56,810
Net OPEB liability (District Plan)	(306,318)	(438,226)
Net pension liability (WRS)	7,808,790	-
Sick leave	790,840	547,901
Deferred inflows of resources related to OPEB (District plan)	(194,946)	412,632
Deferred inflows of resources related to pensions (WRS)	(12,288,422)	7,083,776
Net cash from operating activities	\$(35,080,761)	\$ (43,432,552)

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, 2023 and 2022

	2023	2022
Assets:		
Cash and investments	\$ 5,268,895	\$ 5,065,675
Liabilities		
Due to other funds	\$ 972,228	\$ -
Total liabilities	972,228	-
Net Position:		
Net position available for benefits	\$ 4,296,667	\$ 5,065,675

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, 2023 and 2022

	2023	2022
Additions		
Employer contributions	\$ 365,000	\$ 575,000
Interest	186,114	(765,656)
Total additions	551,114	(190,656)
Deductions		
Administrative expense	14,965	8,585
Benefit paid	1,305,157	1,433,239
Total deductions	1,320,122	1,441,824
Change in net position	(769,008)	(1,632,480)
Net position - Beginning of year	5,065,675	6,698,155
Net position - End of year	\$ 4,296,667	\$ 5,065,675

See accompanying notes to the basic financial statements.

Northwood Technical College District

Notes to the Basic Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

Management adopted new accounting guidance GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, which requires the recognition of certain subscription assets and liabilities. The District implemented this guidance as of July 1, 2022. The implementation of this guidance did not affect beginning net position for the year ended June 30, 2023.

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

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

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, 2023 and 2022.

GASB 87 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

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 earned in excess of one week is forfeited if not taken by December 31 of the next fiscal year. 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. 16, 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

Note 1: Summary of Significant Accounting Policies (Continued)

District Pension Plan

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

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.

	2023	2022
Operating purposes	\$ 0.10671	\$ 0.13324
Debt service requirements	0.16643	0.18772
Total	\$ 0.27314	\$ 0.32096

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

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

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, 2023, \$635,401 of the District's bank balance of \$5,253,478 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:

Investment Type	Credit Rating	Fair Value
Equity mutual funds	N/A	\$ 1,530,596
Bond mutual funds	N/A	3,350,529
Money market mutual funds	Not Rated	387,770
WISC Investment Series Cooperative - Investment Series	N/A	1,434,266
Wisconsin Local Government Investment Pool	N/A	<u>24,688,344</u>
		<u>\$ 31,391,505</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	2023	2022
Wisconsin Investment Series Cooperative Investment Series	<1 year	\$ 1,434,266	\$ 1,501,065
Wisconsin Local Government Investment Pool	<1 year	24,688,344	25,592,429
Mutual funds:			
Equity		1,530,596	1,167,728
Bond		3,350,529	2,736,147
Money Market		387,770	463,943
Other		-	342,656
Exchange traded funds:			
Equity		-	171,073
Bond		-	184,128
Total investments (considered cash equivalents)		31,391,505	32,159,169
Cash deposits with financial institutions carrying amount		4,874,275	7,683,413
Petty cash		6,035	6,134
Less: Cash and investments held by fiduciary funds		(5,268,895)	(5,065,675)
Cash and investments reported on statements of net position		\$ 31,002,920	\$ 34,783,041

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 cost or net asset value (NAV), at June 30:

	2023		
	Level 1	Level 2	Total
Equity mutual funds	\$ -	\$ 1,530,596	\$ 1,530,596
Bond mutual funds	-	3,350,529	3,350,529
Total cash and investments	\$ -	\$ 4,881,125	\$ 4,881,125

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

Cash and investments are classified as follows on June 30:

	2023	2022
Restricted for:		
Debt service	\$ 8,263,541	\$ 7,942,961
Capital projects	6,348,886	9,076,570
Total restricted	14,612,427	17,019,531
Unrestricted	16,390,493	17,763,510
Total cash and investments	\$ 31,002,920	\$ 34,783,041

Note 3: Accounts Receivable

Accounts receivable consisted of the following on June 30:

	2023	2022
Student tuition and fees	\$ 494,335	\$ 487,235
Intergovernmental	658,478	138,889
Contracted services	1,143,075	646,010
Other	116,967	287,461
Totals	\$ 2,412,855	\$ 1,559,595

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, 2023:

	2023			
	Restated Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 211,276	\$ 415,838	\$ -	\$ 627,114
Construction in progress	1,891,929	-	1,891,929	-
Total capital assets not being depreciated	2,103,205	415,838	1,891,929	627,114
Capital assets being depreciated:				
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
Total capital assets being depreciated	123,103,170	11,508,039	1,522,419	133,088,790
Less accumulated depreciation for:				
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
Total accumulated depreciation	70,043,802	5,518,984	1,522,419	74,040,367
Total capital assets, being depreciated - Net of accumulated depreciation	53,059,368	5,989,055	-	59,048,423
Subscription assets, not being amortized:				
ROU asset development	-	1,866,336	-	1,866,336
Subscription assets, being amortized:				
Subscription ROU asset	127,170	911,506	-	1,038,676
Accumulated amortization:				
Subscription ROU asset	68,953	279,645	-	348,598
Total subscription assets, being amortized - Net of amortization	58,217	631,861	-	690,078
Capital assets - Net	\$ 55,220,790	\$ 8,903,090	\$ 1,891,929	\$ 62,231,951

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, 2022:

	2022			
	Restated Beginning Balance	Increases	Decreases	Restated Ending Balance
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	919,772	1,891,929	919,772	1,891,929
Total capital assets not being depreciated	1,131,048	1,891,929	919,772	2,103,205
Capital assets being depreciated:				
Site Improvements	3,847,121	1,303,060	-	5,150,181
Buildings and Improvements	86,225,438	-	-	86,225,438
Equipment	30,846,015	1,949,887	1,068,351	31,727,551
Total capital assets being depreciated	120,918,574	3,252,947	1,068,351	123,103,170
Less accumulated depreciation for:				
Site Improvements	2,083,468	217,164	-	2,300,632
Buildings and improvements	40,416,304	2,550,768	-	42,967,072
Equipment	22,580,981	3,223,653	1,028,536	24,776,098
Total accumulated depreciation	65,080,753	5,991,585	1,028,536	70,043,802
Total capital assets, being depreciated - Net of accumulated depreciation	55,837,821	(2,738,638)	39,815	53,059,368
Subscription assets, being amortized:				
Subscription ROU asset	79,688	47,482	-	127,170
Accumulated Amortization:				
Subscription ROU asset	-	68,953	-	68,953
Total subscription assets, being amortized - Net of amortization	79,688	(21,471)	-	58,217
Capital assets - Net	\$ 57,048,557	\$ (868,180)	\$ 959,587	\$ 55,220,790

Northwood Technical College District

Notes to the Basic Financial Statements

Note 5: Leases

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.

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

	Balance 07/01/22	Increases	Decreases	Balance 06/30/23
Right of use assets:				
New Richmond	\$ 22,142	\$ -	\$ -	\$ 22,142
Rice Lake	22,142	-	-	22,142
Ashland	12,993	-	-	12,993
Superior	13,000	-	-	13,000
Total right of use assets, being amortized	70,277	-	-	70,277
Accumulated amortization:				
New Richmond	(5,535)	(4,428)	-	(9,963)
Rice Lake	(5,535)	(4,428)	-	(9,963)
Ashland	(1,950)	(2,599)	-	(4,549)
Superior	(2,600)	(2,600)	-	(5,200)
Total accumulated amortization	(15,620)	(14,055)	-	(29,675)
Total right of use assets, being amortized, net	\$ 54,657	\$ (14,055)	\$ -	\$ 40,602

Northwood Technical College District

Notes to the Basic Financial Statements

Note 5: Leases (Continued)

Right of use asset balances and activity were as follows for the year ended June 30, 2022:

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22
Right of use assets:				
New Richmond	\$ 22,142	\$ -	\$ -	\$ 22,142
Rice Lake	22,142	-	-	22,142
Ashland	-	12,993	-	12,993
Superior	-	13,000	-	13,000
Total right of use assets, being amortized	44,284	25,993	-	70,277
Accumulated amortization:				
New Richmond	(1,107)	(4,428)	-	(5,535)
Rice Lake	(1,107)	(4,428)	-	(5,535)
Ashland	-	(1,950)	-	(1,950)
Superior	-	(2,600)	-	(2,600)
Total accumulated amortization	(2,214)	(13,406)	-	(15,620)
Total right of use assets, being amortized, net	\$ 42,070	\$ 12,587	\$ -	\$ 54,657

Future minimum lease payments were as follows for the year ended June 30, 2023:

	Principal	Interest	Total
2024	\$ 14,052	\$ 405	\$ 14,457
2025	14,211	245	14,456
2026	12,095	84	12,179
2027	666	2	668
Totals	\$ 41,024	\$ 736	\$ 41,760

Northwood Technical College District

Notes to the Basic Financial Statements

Note 6: Long-Term Obligations

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

	Restated Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	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	3,061,634	790,841	-	3,852,475	35,777
Lease obligations	54,918	-	13,894	41,024	14,052
Subscription liabilities	58,217	862,680	280,621	640,276	236,243
Totals	\$ 47,773,940	\$ 6,986,946	\$ 7,665,030	\$ 47,095,856	\$ 7,841,072

	Restated Balance 7/1/2021	Additions	Reductions	Restated Balance 6/30/2022	Restated Amounts Due Within One Year
General obligation notes	\$ 44,465,000	\$ 6,250,000	\$ 6,940,000	\$ 43,775,000	\$ 7,190,000
Premium on general obligation notes	840,238	140,696	156,763	824,171	-
Sick leave	2,513,733	616,110	68,209	3,061,634	26,055
Lease obligations	42,074	25,994	13,150	54,918	13,894
Subscription liabilities	79,688	47,482	68,953	58,217	41,747
Totals	\$ 47,940,733	\$ 7,080,282	\$ 7,247,075	\$ 47,773,940	\$ 7,271,696

Northwood Technical College District

Notes to the Basic Financial Statements

Note 6: 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:

	2023	2022
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	\$ 1,380,000	\$ 1,825,000
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	1,340,000	1,770,000
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	945,000	1,250,000
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	765,000	1,015,000
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	770,000	1,015,000

Northwood Technical College District

Notes to the Basic Financial Statements

Note 6: Long-Term Obligations (Continued)

	2023	2022
<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>	\$ 770,000	\$ 1,015,000
<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>	2,040,000	3,845,000
<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>	1,500,000	2,130,000
<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>	2,265,000	3,015,000
<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>	1,500,000	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>	1,680,000	2,100,000

Northwood Technical College District

Notes to the Basic Financial Statements

Note 6: Long-Term Obligations (Continued)

	2023	2022
<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>	\$ 1,500,000	\$ 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>	845,000	1,000,000
<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>	1,150,000	1,500,000
<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>	1,920,000	2,420,000
<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>	3,090,000	3,550,000
<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>	3,875,000	4,075,000

Northwood Technical College District

Notes to the Basic Financial Statements

Note 6: Long-Term Obligations (Continued)

	2023	2022
<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>	4,750,000	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>	1,500,000	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	-
<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	-
Total general obligation debt	\$ 41,685,000	\$ 43,775,000

Northwood Technical College District

Notes to the Basic Financial Statements

Note 6: Long-Term Obligations (Continued)

The District has the power to incur indebtedness for certain purposes specified by Section 67.03(1)(a) Wisconsin Statutes in an aggregate amount, not exceeding 5% of the equalized value of the taxable property within the District, as last determined by the Wisconsin Department of Revenue. The legal debt limit and the margin of indebtedness as of June 30, 2023, are calculated as follows:

Legal debt limit (5% of \$48,867,525,052)	\$ 2,443,375,253
Less: Long-term debt applicable to debt margin	(41,685,000)
Plus: Restricted net position available for debt service	8,037,369
<hr/>	
Margin of indebtedness	\$ 2,409,727,622
<hr/>	

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 \$977,350,501 at June 30, 2023. 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
<hr/>			
2024	\$ 7,555,000	\$ 818,555	\$ 8,373,555
2025	7,690,000	662,353	8,352,353
2026	8,005,000	495,089	8,500,089
2027	5,560,000	339,256	5,899,256
2028	5,425,000	222,275	5,647,275
2029-2032	7,450,000	218,200	7,668,200
<hr/>			
Totals	\$ 41,685,000	\$ 2,755,728	\$ 44,440,728
<hr/>			

Northwood Technical College District

Notes to the Basic Financial Statements

Note 6: Long-Term Obligations (Continued)

Subscription Liabilities

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

	2023	2022
Panopto Issuance: October 1, 2021 / End: September 30, 2024 Amount: \$47,482 discounted at 4%	\$ 16,806	\$ 31,654
RAVE Mobile Safety Issuance July 1, 2021 / End: April 14, 2024 Amount: \$10,135 discounted at 4%	-	5,170
Explorance Corp. Issuance: July 1, 2021 / End: June 4, 2024 Amount: \$41,942 discounted at 4%	-	21,393
Maxient LLC Issuance: November 1, 2022 / End: October 31, 2027 Amount: \$27,779 discounted at 4%	21,779	-
ESM Solutions Corporation Issuance: September 30, 2022 / End: September 29, 2025 Amount: \$45,583 discounted at 4%	29,789	-
VelocityEHS Issuance: December 18, 2022 / End: December 17, 2025 Amount: \$6,349 discounted at 4%	4,031	-
Blackboard Inc. Issuance: December 27, 2022 / End: December 27, 2025 Amount: \$136,628 discounted at 4%	89,288	-
iCIMS, Inc. Issuance September 30, 2022 / End: September 29, 2028 Amount: \$222,541 discounted at 4%	184,550	-
Oracle America Inc. Issuance: July 1, 2022 / End: June 30, 2025 Amount: \$56,270 discounted at 4%	37,876	-

Northwood Technical College District

Notes to the Basic Financial Statements

Note 6: Long-Term Obligations (Continued)

	2023	2022
Anthology Inc. Accreditation Module Issuance: July 1, 2022 / End: June 30, 2024 Amount: \$14,209 discounted at 4%	\$ 59,886	\$ -
Anthology Inc. Occupation Insight Module Issuance: July 1, 2022 / End: June 30, 2032 Amount: \$43,127 discounted at 4%	39,351	-
Total Subscription Liabilities	\$ 483,356	\$ 58,217

Future minimum subscription payments were as follows for the year ended June 30, 2023:

Year Ended June 30,	Principal	Interest	Totals
2024	\$ 218,072	\$ 25,294	\$ 243,366
2025	210,689	16,560	227,249
2026	51,957	8,420	60,377
2027	55,474	6,342	61,816
2028	53,171	4,123	57,294
2029-2032	50,916	5,127	56,043
Totals	\$ 640,279	\$ 65,866	\$ 706,145

Northwood Technical College District

Notes to the Basic Financial Statements

Note 7: 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

Note 7: 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
2013	(9.6)%	9.0 %
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %
2019	0.0 %	(10.0)%
2020	1.7 %	21.0 %
2021	5.1 %	13.0 %
2022	7.4 %	15.0 %

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 \$1,837,663 in contributions from the employer.

Northwood Technical College District

Notes to the Basic Financial Statements

Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Contribution rates as of June 30, 2023 and 2022, are as follows:

Employee Category	2023		2022	
	Employee	Employer	Employee	Employer
General (including teachers, executives, and elected officials)	6.80%	6.80%	6.50%	6.50%
Protective with Social Security	6.80%	13.20%	6.50%	12.00%
Protective without Social Security	6.80%	18.10%	6.50%	16.40%

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

At June 30, 2023 and 2022, the District reported a liability (asset) of \$7,808,790 and \$(12,147,023) 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, 2022 and 2021, the District's proportion was 0.14739953% and 0.15070405%, which was a decrease of 0.00330452% from the prior year.

For the year ended June 30, 2023 and 2022, the District recognized pension expense (income) of \$3,981,701 and \$(1,062,931).

Northwood Technical College District

Notes to the Basic Financial Statements

Note 7: 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, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,436,983	\$ 16,339,404	\$ 19,622,902	\$ 1,415,023
Change in assumptions	1,535,531	-	2,266,219	-
Net differences between projected and actual earnings on pension plan investments	13,265,331	-	-	27,173,902
Changes in proportion and differences between employer contributions and proportionate share of contributions	124,845	47,387	69,077	86,288
Employer contributions subsequent to the measurement date	959,872	-	837,683	-
Total	\$ 28,322,562	\$ 16,386,791	\$ 22,795,881	\$ 28,675,213

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
2024	\$ 457,691
2025	2,281,341
2026	2,347,970
2027	5,888,897

Northwood Technical College District

Notes to the Basic Financial Statements

Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the actuarial valuations used for the years ended June 30, 2023 and 2022, were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
Actuarial valuation date	December 31, 2021	December 31, 2020
Measurement date of net pension liability (asset)	December 31, 2022	December 31, 2021
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 Market 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 for the 2021 valuation are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Actuarial assumptions for the 2020 valuation are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 and 2021, is based upon a rollforward of the liability calculated from the December 31, 2021 and 2020, actuarial valuation.

Northwood Technical College District

Notes to the Basic Financial Statements

Note 7: 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, 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%
Total core fund	115.0%	7.4%	4.8%
Variable fund :			
U.S. equities	70.0%	7.2%	4.6%
International equities	30.0%	8.1%	5.5%
Total variable fund	100.0%	7.7%	5.1%

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 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

Asset Class	December 31, 2021		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Global equities	52.0%	6.8%	4.2%
Fixed income	25.0%	4.3%	1.8%
Inflation sensitive assets	19.0%	2.7%	0.2%
Real estate	7.0%	5.6%	3.0%
Private equity/debt	12.0%	9.7%	7.0%
Total core fund	115.0%	6.6%	4.0%
Variable fund:			
U.S. equities	70.0%	6.3%	3.7%
International equities	30.0%	7.2%	4.6%
Total variable fund	100.0%	6.8%	4.2%

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 7: 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% (2022) and 6.8% (2021) and a municipal bond rate of 4.05% (2022) and 1.84% (2021). (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, 2022 and 2021, 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, 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 or 1 percentage point higher than the current rate:

	2023		2022	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to discount rate	5.8%	\$ 25,917,120	5.8%	\$ 8,619,174
Current discount rate	6.8%	7,808,790	6.8%	(12,147,023)
1% increase to discount rate	7.8%	(4,648,187)	7.8%	(27,094,822)

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

Note 7: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Payables to the Pension Plan

At June 30, 2023 and 2022, the District reported a payable of \$296,812 and \$258,506 for the outstanding amount of contributions to the pension plan required for the year ended.

Note 8: 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, 2023 and 2022, were \$331,962 and \$310,333, respectively.

Northwood Technical College District

Notes to the Basic Financial Statements

Note 9: 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 304 active plan members at June 30, 2021, 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 2023, the District contributed \$365,000 to the plan, which was all for current benefits. For fiscal year 2022, the District contributed \$575,000 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 a various mutual funds. For June 30, 2023 and 2022 the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 3.87% and (12.82)%. 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, 2023 and 2022, are as follow:s

	<u>2023</u>	<u>2022</u>
Total OPEB liability	\$ 7,487,651	\$ 8,562,977
Plan fiduciary net position	4,296,667	5,065,675
Net OPEB liability	<u>\$ 3,190,984</u>	<u>\$ 3,497,302</u>
Plan fiduciary net position as a percentage of the total OPEB liability	57.38%	59.16%

Northwood Technical College District

Notes to the Basic Financial Statements

Note 9: Postemployment Benefits Other Than Pension Benefits (Continued)

Retiree Health Insurance (Continued)

The net OPEB liability was measured as of June 30, 2023 and 2022, the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30 2022 . 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, 2023 and 2.0% at June 30, 2022. The health care trend rate is 6.5% initially decreasing to 5.0%. Mortality assumptions are based on the Wisconsin 2018 Mortality table adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied 60%).

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>	2023 Long-Term Expected Rate of Return	2022 Long-Term Expected Rate of Return
Savings Account	3.50%	3.50%
Local government bond	3.50%	3.50%
External investment pool	3.50%	3.50%

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(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
Differences 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 9: Postemployment Benefits Other Than Pension Benefits (Continued)

Retiree Health Insurance (Continued)

Changes in the Net OPEB Liability (Liability) for the year ended June 30, 2022, are as follows:

	Increase (Decrease)		Net OPEB Liability (Asset) (a)-(b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balances at June 30, 2021	\$10,633,683	\$6,698,155	\$3,935,528
Changes for the year:			
Service cost	127,932	-	127,932
Interest	224,573	-	224,573
Changes of benefit terms	(271,082)	-	(271,082)
Difference between expected and actual experience	(618,193)	-	(618,193)
Changes of assumptions or other input	(100,697)	-	(100,697)
Contributions - Employer	-	575,000	(575,000)
Net investment income	-	(765,656)	765,656
Benefit payments	(1,433,239)	(1,433,239)	-
Administrative expense	-	(8,585)	8,585
Net changes	(2,070,706)	(1,632,480)	(438,226)
Balances at June 30, 2022	\$ 8,562,977	\$ 5,065,675	\$ 3,497,302

Northwood Technical College District

Notes to the Basic Financial Statements

Note 9: Postemployment Benefits Other Than Pension Benefits (Continued)

The following presents the net OPEB liability of the District, calculated using the discount rate of 3.50% (2023) and 3.50% (2022) percent, as of June 30, 2023 and 2022, 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:

Retiree Health Insurance (Continued)

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

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

The following presents the liability as of June 30, 2022:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 8,843,481	\$ 8,562,977	\$ 8,291,580
Fiduciary Net Position	5,065,675	5,065,675	5,065,675
Net OPEB Liability	\$ 3,777,806	\$ 3,497,302	\$ 3,225,905

The following presents the District's net OPEB liability calculated using the healthcare cost trend rate of 6.5% decreasing by 0.10% per year down to 5%, and level thereafter 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 9: Postemployment Benefits Other Than Pension Benefits (Continued)

Retiree Health Insurance (Continued)

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
Net OPEB liability	\$ 2,895,089	\$ 3,190,984	\$ 3,486,764

The following presents the liability as of June 30, 2022:

	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	\$ 8,280,239	\$ 8,562,977	\$ 8,845,904
Fiduciary Net Position	5,065,575	5,065,675	5,065,675
Net OPEB liability	\$ 3,214,664	\$ 3,497,302	\$ 3,780,229

For the year ended June 30, 2023 and 2022, the District recognized OPEB expense of \$1,707,660 and \$1,504,934 respectively.

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

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,289,833	\$ 482,226	\$ 2,715,482	\$ 494,554
Change in assumptions or other input	74,786	60,419	202,285	243,037
Net differences between projected and actual earnings on OPEB plan investments	596,824	-	887,600	-
Total	\$ 1,961,443	\$ 542,645	\$ 3,805,367	\$ 737,591

Northwood Technical College District

Notes to the Basic Financial Statements

Note 9: 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, 2023 will be recognized in OPEB expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2024	\$ 1,415,654
2025	31,468
2026	4,609
2027	(32,933)

At June 30, 2023 and 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023 and 2022.

Northwood Technical College District

Notes to the Basic Financial Statements

Note 10: 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.

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, 2023 and 2022, is \$3,852,474 and \$3,061,634 respectively.

Northwood Technical College District

Notes to the Basic Financial Statements

Note 11: 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, 2023 and 2022, the District paid premiums of \$338,886 and \$335,405, 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.

Northwood Technical College District

Notes to the Basic Financial Statements

Note 11: Risk Management (Continued)

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.

Note 12: Subsequent Events

Subsequent events have been evaluated through December 13, 2023, the date the statements were available to be issued.

Northwood Technical College District

Notes to the Basic Financial Statements

Note 13: Expense Classification

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

	2023	2022
Salaries and wages	\$ 30,692,705	\$ 28,741,755
Employee benefits	15,771,772	10,163,245
Travel and meetings	1,234,824	835,260
Instruction supplies	759,075	727,786
Contracted services	2,189,326	2,044,922
Rentals	55,385	93,598
Insurance	420,100	240,133
Utilities	951,037	967,021
Depreciation	5,812,685	6,004,991
Other	2,927,682	10,188,449
Student aid	2,896,994	7,158,565
Total operating expenses	\$ 63,711,585	\$ 67,165,725

The large decreases in other expenses and student aid expenses are a direct result of pandemic relief payments made and the spend down of CARES Act funding in the prior year.

Note 14: 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 \$78,488 and \$83,905 for the fiscal years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, there were accounts receivable from the Foundation of \$45,752 and \$44,396, 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 \$622,152 and \$515,711 to cover their expenses for the fiscal years ended June 30, 2023 and 2022, respectively.

Northwood Technical College District

Notes to the Basic Financial Statements

Note 15: Outstanding Contractual Commitments

The District entered into various contracts with construction contractors during the year. The following amounts remain unspent as of June 30, 2023:

Construction Contractors	Amount Remaining
Angelo Luppino, Inc.	\$ 19,920
Ceresco Consulting	168,000
Lab Midwest Corp.	83,785
Van Meter, Inc.	102,241
Learning Labs, Inc.	362,328
Insight Public Sector	124,648
HSR Associates	79,721
Independent Roofing & Siding, Inc.	1,351,800
Versacon, Inc.	292,000
Total	\$ 2,584,443

Northwood Technical College District

Notes to the Basic Financial Statements

Note 16: Self-Funded Insurance

Through December 31, 2021, the District had retained a portion of the risk of loss for its dental care coverage. As of January 1, 2022, 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 \$6,409,864 as of June 30, 2023.

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, 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
Year ended June 30, 2021	\$ 17,454	\$ 317,285	\$ (320,214)	\$ 14,525

The claims liabilities of \$305,143 and \$842,457 reported above at June 30, 2023 and 2022, 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

Note 17: 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 17: Component Unit (Continued)

Information regarding assets measured at fair value on a recurring basis as of June 30, 2023 and 2022, is as follows:

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	\$ 1,168,864	\$ -	\$ -	\$ 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
Total investments at fair value	\$ 5,334,958	\$ -	\$ -	\$ 5,334,958

Assets at Fair Value as of June 30, 2022

	Recurring Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Investments at fair value:				
Fixed income and debt securities	\$ 573,766	\$ -	\$ -	\$ 573,766
Mutual funds:				
Money market	135,824	-	-	135,824
Equity securities	2,519,183	-	-	2,519,183
Fixed income and debt securities	1,728,095	-	-	1,728,095
Alternative investments	111,887	-	-	111,887
Total investments at fair value	\$ 5,068,755	\$ -	\$ -	\$ 5,068,755

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 17: Component Unit (Continued)

B – Investments

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

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Investments at fair value:				
Fixed income and debt securities	\$ 1,175,426	\$ 1,168,864	\$ 577,190	\$ 573,766
Mutual funds:				
Money market	365,061	365,061	135,824	135,824
Equity securities	1,346,408	2,652,840	1,307,535	2,519,183
Fixed income and debt securities	1,162,228	1,072,825	1,838,630	1,728,095
Alternative investments	41,154	75,368	72,486	111,887
Totals	\$ 4,090,277	\$ 5,334,958	\$ 3,931,665	\$ 5,068,755

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:

	2023	2022
Unrealized gains (losses)	\$ 106,623	\$ (1,036,853)
Realized gains	212,369	203,998
Interest and dividend income	102,842	98,327
Investment fees	(5,253)	(23,632)
Totals	\$ 416,581	\$ (758,160)

Northwood Technical College District

Notes to the Basic Financial Statements

Note 17: Component Unit (Continued)

C- Net Assets With Donor Restrictions

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

	2023	2022
Subject to appropriation and expenditure when a specific event occurs:		
Professional development	\$ 5,629	\$ 5,619
Continuing education	55,499	54,878
Capital and equipment	55,075	50,433
Scholarships	144,746	146,897
Institutional support	1,643	3,625
Student assistance	104,118	104,783
	366,710	366,235
Endowments:		
Subject to appropriation and expenditure when a specific event occurs:		
Restricted by donors for:		
Professional development	11,496	26,030
Scholarships	286,118	100,977
Capital and equipment	968	580
Student Assistance	144,353	105,882
	442,935	233,469
Original donor-restricted gift amount and amounts to be maintained in perpetuity	4,771,294	4,599,786
Total net assets with donor restrictions	\$ 5,580,939	\$ 5,199,490

Northwood Technical College District

Notes to the Basic Financial Statements

Note 17: 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 17: Component Unit (Continued)

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

	With Donor Restrictions	
	2023	2022
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,771,294	\$ 4,599,786
Underwater endowments	(16,753)	(111,641)
Accumulated investment gains	459,688	345,110
	<u>\$ 5,214,229</u>	<u>\$ 4,833,255</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, 2023 and June 30, 2022 there were 30 and 104 underwater endowments in the amount of \$16,753 and \$111,641 respectively.

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

	With Donor Restrictions	
	2023	2022
Endowment net position at beginning of year	\$ 4,833,255	\$ 5,559,972
Investment return	287,853	(613,797)
Contributions	69,579	75,602
Transfers	143,883	7,790
Appropriations of endowment assets for expenditures	(120,341)	(196,312)
	<u>\$ 5,214,229</u>	<u>\$ 4,833,255</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 \$78,488 and \$83,905 for years ended June 30, 2023 and 2022, 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

Note 17: 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:

	2023	2022
Cash and equivalents	\$ 505,096	\$ 360,538
Accounts receivable	3,601	4,099
Investments	5,334,958	5,068,755
Total Financial Assets	5,843,655	5,433,392
Less those available for general expenditure within one year due to:		
Restricted by donor with time or purpose restrictions	(5,580,939)	(5,199,490)
Financial assets available to meet cash needs for general expenditure within one year	\$ 262,716	\$ 233,902

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.

Required Supplementary Information

Northwood Technical College District

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

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability:					
Service cost	\$ 90,522	\$ 127,932	\$ 125,117	\$ 208,623	\$ 579,638
Interest	278,448	224,573	250,584	194,787	516,691
Change in benefit terms	-	(271,082)	-	-	(8,014,489)
Differences between expected and actual experience	(139,139)	(618,193)	-	6,449,165	-
Changes of assumptions or other input	-	(100,697)	-	373,926	263,565
Benefit payments	(1,305,157)	(1,433,239)	(1,633,069)	(1,592,980)	(1,152,986)
Net change in total OPEB liability	(1,075,326)	(2,070,706)	(1,257,368)	5,633,521	(7,807,581)
Total OPEB liability - Beginning	8,562,977	10,633,683	11,891,050	6,257,529	14,065,110
Total OPEB liability - Ending (a)	\$ 7,487,651	\$ 8,562,977	\$ 10,633,682	\$ 11,891,050	\$ 6,257,529
Plan fiduciary net position:					
Contributions - Employer	\$ 365,000	\$ 575,000	\$ 1,625,000	\$ 1,557,684	\$ 1,293,575
Net investment income	186,114	(765,656)	16,159	132,291	30,434
Benefit payments	(1,305,157)	(1,433,239)	(1,633,069)	(1,592,980)	(1,152,986)
Administrative expense	(14,965)	(8,585)	-	-	-
Net change in fiduciary net position	(769,008)	(1,632,480)	8,090	96,995	171,023
Plan fiduciary net position - Beginning	5,065,675	6,698,155	6,690,064	6,593,069	6,422,046
Plan fiduciary net position - Ending (b)	\$ 4,296,667	\$ 5,065,675	\$ 6,698,154	\$ 6,690,064	\$ 6,593,069
District's net OPEB (asset) liability - Ending (a) - (b)	\$ 3,190,984	\$ 3,497,302	\$ 3,935,528	\$ 5,200,986	\$ (335,540)
Plan fiduciary net position as a percentage of the total OPEB liability	57.38%	59.16%	62.99%	56.26%	105.36%
Covered employee payroll	\$21,227,735	\$21,227,735	\$20,021,091	\$20,021,091	\$22,874,600
District's net OPEB liability as a percentage of covered-employee payroll	15.03%	16.48%	19.66%	25.98%	(1.47)%

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*

	2018	2017
Measurement Date	June 30, 2018	June 30, 2017
Total OPEB liability:		
Service cost	\$ 604,459	\$ 604,459
Interest	487,913	483,787
Differences between expected and actual experience	814,886	-
Changes of assumptions or other input	(974,879)	-
Benefit payments	(1,010,794)	(802,241)
Net change in total OPEB liability	(78,415)	286,005
Total OPEB liability - Beginning	14,143,525	13,857,520
Total OPEB liability - Ending (a)	\$ 14,065,110	\$ 14,143,525
Plan fiduciary net position:		
Contributions - Employer	\$ 668,575	\$ 650,000
Net investment income	21,030	35,172
Benefit payments	(1,010,794)	(802,201)
Net change in fiduciary net position	(321,189)	(117,029)
Plan fiduciary net position - Beginning	6,743,235	6,860,264
Plan fiduciary net position - Ending (b)	\$ 6,422,046	\$ 6,743,235
District's net OPEB (asset) liability - Ending (a) - (b)	\$ 7,643,064	\$ 7,400,290
Plan fiduciary net position as a percentage of the total OPEB liability	45.66%	47.68%
Covered employee payroll	\$22,874,600	\$21,099,584
District's net OPEB liability as a percentage of covered-employee payroll	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*

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense*	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

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 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	575,000	1,625,000	1,557,684	1,293,575	668,575	650,000
Contribution deficiency/(excess)	\$ 209,185	\$ 815	\$(755,125)	\$(687,809)	\$(276,088)	\$ 348,912	972,645
Covered employee payroll	\$ 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	1.72 %	2.71 %	8.12 %	7.78 %	5.66 %	2.92 %	3.08 %

Northwood Technical College District

Schedule of Employer Contributions - District OPEB Plan(Continued)

Notes to Schedule:

Valuation date	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 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:

Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	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	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
Inflation	2.0%	2.0%	2.25%	2.25%	2.50%	2.50%	2.50%
Health care trend rates	6.5% initial, decreasing 0.1% per year down to 5.0%, then level thereafter	6.5% initial, decreasing 0.1% per year down to 5.0%, then level thereafter	9.0% for the first 5 years, then 6% decreasing 0.10% per year down to 5.0%, then level thereafter	9.0% for the first 5 years, then 6% decreasing 0.10% per year down to 5.0%, then 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	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	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
Investment rate of return	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*

	2023	2022	2023	2022	2021	2020	2019	2016	2015
Measurement Date	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)	0.1474%	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)	\$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	\$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	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)	95.72%	106.02%	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS)

Last 10 Calendar Years*

	2023	2022	2023	2022	2021	2020	2019	2016	2015
Contractually required contribution for the fiscal period	\$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	(1,837,663)	(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	\$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	6.67%	6.63%	6.75%	6.65%	6.63%	6.75%	6.69%	7.08%	7.02%

* 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

Notes to Required Supplementary Information

Last 10 Fiscal Years*

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.

*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

Northwood Technical College District

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

<i>Year Ended June 30,</i>	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%

Northwood Technical College District

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

Years Ended June 30,	2022	2021	2020	2019	2018
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return 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>	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Level Percent of Payroll-Closed Amortization	Level Percent of Payroll-Closed Amortization	Level Percent of Payroll-Closed Amortization	Level Percent of Payroll-Closed Amortization	Level Percent of Payroll-Closed Amortization
Amortization Method:	Period	Period	Amortization Period	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
Amortization Period:	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)
Asset Valuation Method:					
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>	2017	2016	2015	2014	2013
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The 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	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

Other Reports

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

District Board
Northwood Technical College District
Rice Lake, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 year ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2023. 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 the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Wipfli LLP

December 13, 2023
Eau Claire, Wisconsin

Supplementary Financial Information

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, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local Government	\$ 3,674,554	\$ 4,061,885	\$ 4,395,163	-	\$ 4,395,163	\$ 333,278
Intergovernmental:						
State	33,131,091	33,131,091	32,997,230	-	32,997,230	(133,861)
Federal	20,000	20,000	22,143	-	22,143	2,143
Tuition and Fees						
Statutory program fees	6,555,459	6,555,459	6,380,676	-	6,380,676	(174,783)
Material fees	389,009	389,009	383,411	-	383,411	(5,598)
Other student fees	637,349	637,349	475,122	-	475,122	(162,227)
Institutional	200,000	731,750	731,750	-	731,750	-
Total revenues	44,607,462	45,526,543	45,385,495	-	45,385,495	(141,048)
Expenditures:						
Instruction	25,593,461	25,614,389	25,593,507	20,882	25,614,389	-
Instructional resources	1,522,675	1,617,167	1,627,405	(10,238)	1,617,167	-
Student services	5,230,226	5,099,666	5,099,666	-	5,099,666	-
General institutional	9,134,061	9,753,413	9,766,680	(13,267)	9,753,413	-
Physical plant	3,127,039	3,441,908	3,415,108	26,800	3,441,908	-
Total expenditures	44,607,462	45,526,543	45,502,366	24,177	45,526,543	-
Revenues over (under) expenditures	-	-	(116,871)	(24,177)	(141,048)	(141,048)
Other financing sources:						
Operating transfer in	-	606,000	606,176	-	606,176	176
Change in fund balance	-	606,000	489,305	(24,177)	465,128	(140,872)
Fund balance - Beginning of year	15,426,616	15,223,767	15,313,168	(89,401)	15,223,767	-
Fund balance - End of year	\$ 15,426,616	\$ 15,829,767	\$ 15,802,473	\$(113,578)	\$ 15,688,895	\$(140,872)

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, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 1,047,882	\$ 1,047,882	\$ 772,882	\$ -	\$ 772,882	\$ (275,000)
Intergovernmental:						
State	912,743	1,242,681	985,780	-	985,780	(256,901)
Federal	863,405	863,405	1,180,220	-	1,180,220	316,815
Statutory program fees	5,000	5,000	-	-	-	(5,000)
Material fees	5,000	5,000	121,187	-	121,187	116,187
Institutional	2,099,150	2,707,395	2,707,395	-	2,707,395	-
Total revenues	4,933,180	5,871,363	5,767,464	-	5,767,464	(103,899)
Expenditures:						
Instruction	4,150,458	5,114,766	5,114,766	-	5,114,766	-
Student services	971,714	1,008,091	1,008,091	-	1,008,091	-
General institutional	215,416	152,914	152,914	-	152,914	-
Total expenditures	5,337,588	6,275,771	6,275,771	-	6,275,771	-
Change in fund balance	(404,408)	(404,408)	(508,307)	-	(508,307)	(103,899)
Fund balance - Beginning of year	1,786,665	2,610,890	2,614,257	(3,367)	2,610,890	-
Fund balance - End of year	\$ 1,382,257	\$ 2,206,482	\$ 2,105,950	\$ (3,367)	\$ 2,102,583	\$ (103,899)

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, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 252,951	\$ 252,951	\$ -	\$ -	\$ -	(252,951)
Intergovernment						
State	1,158,054	3,300,683	201,740	-	201,740	(3,098,943)
Federal	-	-	3,098,943	-	3,098,943	3,098,943
Institutional	65,000	283,804	283,804	-	283,804	-
Total revenues	1,476,005	3,837,438	3,584,487	-	3,584,487	(252,951)
Expenditures:						
Instruction	3,172,248	4,816,348	3,872,562	943,786	4,816,348	-
Instructional resources	495,450	651,445	703,415	(51,970)	651,445	-
Student services	29,600	49,825	53,638	(3,813)	49,825	-
General institutional	916,050	3,218,171	3,183,372	34,800	3,218,172	(1)
Physical plant	3,680,600	3,618,370	2,861,769	756,601	3,618,370	-
Total expenditures	8,293,948	12,354,159	10,674,756	1,679,404	12,354,160	(1)
Revenue over (under) expenditures	(6,817,943)	(8,516,721)	(7,090,269)	(1,679,404)	(8,769,673)	(252,952)
Other financing sources:						
General obligation notes issued	6,600,000	5,100,000	5,100,000	-	5,100,000	-
Change in fund balance	(217,943)	(3,416,721)	(1,990,269)	(1,679,404)	(3,669,673)	(252,952)
Fund balance - Beginning of year	5,222,777	6,428,517	8,796,532	(2,368,015)	6,428,517	-
Fund balance - End of year	\$ 5,004,834	\$ 3,011,796	\$ 6,806,263	\$ (4,047,419)	\$ 2,758,844	(252,952)

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, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 8,000,408	\$ 8,000,408	\$ 8,000,796	\$ -	\$ 8,000,796	\$ 388
Institutional	145,000	200,000	172,920	-	172,920	(27,080)
Total revenues	8,145,408	8,200,408	8,173,716	-	8,173,716	(26,692)
Expenditures:						
Physical plant	8,055,653	8,110,653	8,086,161	-	8,086,161	24,492
Total expenditures	8,055,653	8,110,653	8,086,161	-	8,086,161	24,492
Revenues over (under) expenditures	89,755	89,755	87,555	-	87,555	(2,200)
Other financing sources:						
Premium on general obligation notes	-	-	233,424	-	233,424	233,424
Change in fund balance	89,755	89,755	320,979	-	320,979	231,224
Fund balance - Beginning of year	7,907,212	7,939,060	7,939,060	-	7,939,060	-
Fund balance - End of year	\$ 7,996,967	\$ 8,028,815	\$ 8,260,039	\$ -	\$ 8,260,039	\$ 231,224

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, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Institutional	\$ 1,592,150	\$ 1,592,150	\$ 1,334,383	\$ -	\$ 1,334,383	\$ (257,767)
Total operating revenues	1,592,150	1,592,150	1,334,383	-	1,334,383	(257,767)
Operating expenses:						
Auxiliary enterprise expense	1,592,150	1,592,150	1,451,125	-	1,451,125	141,025
Total operating expenses	1,592,150	1,592,150	1,451,125	-	1,451,125	141,025
Change in net position	-	-	(116,742)	-	(116,742)	(116,742)
Net position - Beginning of year	583,693	503,791	503,791	-	503,791	-
Net position - End of year	\$ 583,693	\$ 503,791	\$ 387,049	\$ -	\$ 387,049	\$ (116,742)

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, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Institutional	\$ 5,355,000	\$ 7,100,000	\$ 7,102,117	\$ -	\$ 7,102,117	\$ 2,117
Total operating revenues	5,355,000	7,100,000	7,102,117	-	7,102,117	2,117
Operating expenses:						
General institutional	-	90,000	90,000	-	90,000	-
Auxilliary enterprise expense	5,329,000	5,360,000	5,359,913	-	5,359,913	87
Total operating expenses	5,329,000	5,450,000	5,449,913	-	5,449,913	87
Income before transfers	26,000	1,650,000	1,652,204	-	1,652,204	2,204
Transfers out	-	606,000	606,176	-	606,176	(176)
Change in net position	26,000	1,044,000	1,046,028	-	1,046,028	2,028
Net position - Beginning of year	1,136,009	733,684	733,684	-	733,684	-
Net position - End of year	\$ 1,162,009	\$ 1,777,684	\$ 1,779,712	\$ -	\$ 1,779,712	\$ 2,028

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, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Intergovernmental:						
Federal	\$ 8,360,022	\$ 8,360,022	\$ 7,656,178	\$ -	\$ 7,656,178	\$(703,844)
Tuition and fees:						
Other student fees	237,100	237,100	273,105	-	273,105	36,005
Institutional	316,551	316,551	430,405	-	430,405	113,854
Total revenues	8,913,673	8,913,673	8,359,688	-	8,359,688	(553,985)
Expenditures:						
Instruction	110,000	150,000	121,491	-	121,491	28,509
Student services	8,597,122	8,537,122	8,029,031	-	8,029,031	508,091
General institutional	206,551	226,551	216,757	-	216,757	9,794
Total expenditures	8,913,673	8,913,673	8,367,279	-	8,367,279	546,394
Change in fund balance	-	-	(7,591)	-	(7,591)	(7,591)
Fund balance - Beginning of year	695,889	651,281	651,281	-	651,281	-
Fund balance - End of year	\$ 695,889	\$ 651,281	\$ 643,690	\$ -	\$ 643,690	\$ (7,591)

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, 2023

	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	\$ 4,395,163	\$ 772,882	\$ -	\$ 8,000,796	\$ -	\$ -	\$ -	\$ 13,168,841	\$ -	\$ 13,168,841
Intergovernmental:										
State	32,997,230	985,780	201,740	-	-	-	-	34,184,750	-	34,184,750
Federal	22,143	1,180,220	3,098,943	-	-	-	7,656,178	11,957,484	-	11,957,484
Tuition and Fees:										
Statutory program fees	6,380,676	-	-	-	-	-	-	6,380,676	(4,156,834)	2,223,842
Material fees	383,411	121,187	-	-	-	-	-	504,598	(249,129)	255,469
Other student fees	475,122	-	-	-	-	-	273,105	748,227	(308,720)	439,507
Institutional	731,750	2,707,395	283,804	172,920	1,334,383	7,102,117	430,405	12,762,774	(8,382,566)	4,380,208
Auxiliary services revenue	-	-	-	-	-	-	-	-	1,280,450	1,280,450
Total revenues	45,385,495	5,767,464	3,584,487	8,173,716	1,334,383	7,102,117	8,359,688	79,707,350	(11,816,799)	67,890,551
Expenditures/Expenses:										
Instruction	25,614,389	5,114,766	4,816,348	-	-	-	121,491	35,666,994	(2,938,553)	32,728,441
Instructional resources	1,617,167	-	651,445	-	-	-	-	2,268,612	(560,001)	1,708,611
Student services	5,099,666	1,008,091	49,825	-	-	-	8,029,031	14,186,613	(6,977,151)	7,209,462
General institutional	9,753,413	152,914	3,218,172	-	-	90,000	216,757	13,431,256	(2,732,599)	10,698,657
Physical plant	3,441,908	-	3,618,370	8,086,161	-	-	-	15,146,439	(13,265,749)	1,880,690
Auxiliary enterprise services	-	-	-	-	1,451,125	5,359,913	-	6,811,038	(5,937,480)	873,558
Depreciation and amortization	-	-	-	-	-	-	-	-	5,812,685	5,812,685
Student aid	-	-	-	-	-	-	-	-	2,799,481	2,799,481
Interest expense	-	-	-	-	-	-	-	-	753,893	753,893
Total expenditures/expenses	45,526,543	6,275,771	12,354,160	8,086,161	1,451,125	5,449,913	8,367,279	87,510,952	(23,045,474)	64,465,478

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

Year Ended June 30, 2023

	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	\$ (141,048)	\$ (508,307)	\$ (8,769,673)	\$ 87,555	\$ (116,742)	\$ 1,652,204	\$ (7,591)	\$ (7,803,602)	\$ 11,228,675	\$ 3,425,073
Other financing (uses) sources:										
Operating transfer in (out)	606,176	-	-	-	-	(606,176)	-	-	-	-
Premium on general obligation notes	-	-	-	233,424	-	-	-	233,424	(233,424)	-
General obligation notes issued	-	-	5,100,000	-	-	-	-	5,100,000	(5,100,000)	-
Total other financing (uses) sources	606,176	-	5,100,000	233,424	-	(606,176)	-	5,333,424	(5,333,424)	-
Net change in fund balance/net position	465,128	(508,307)	(3,669,673)	320,979	(116,742)	1,046,028	(7,591)	(2,470,178)	5,895,251	3,425,073
Fund balance/net position - Beginning of year	15,223,767	2,610,890	6,428,517	7,939,060	503,791	733,684	651,281	34,090,990	15,363,064	49,454,054
Fund balance/net position - End of year	\$15,688,895	\$ 2,102,583	\$ 2,758,844	\$ 8,260,039	\$ 387,049	\$ 1,779,712	\$ 643,690	\$31,620,812	\$ 21,258,315	\$ 52,879,127

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, 2023

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, 2023

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	\$ 45,385,495
Special Revenue Funds	5,767,464
Special Revenue Non-Aidable Funds	8,359,688
Capital Projects Fund	3,584,487
Debt Service Fund	8,173,716
Enterprise Funds	1,334,383
Internal Service Funds	7,102,117

Budgetary revenues 79,707,350

Adjustments:

Interfund charges from internal service are eliminated for GAAP reporting	(7,102,117)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting	(4,703,818)
Summer tuition is recognized on the cash basis rather than the accrual basis	(10,864)

Reconciled on a GAAP basis \$ 67,890,551

GAAP basis revenues per the Statements of Revenues and Expenses::

Operating revenues	\$ 20,671,419
Property taxes	13,168,841
State nonoperating appropriations	32,997,230
Federal grants	23,954
Investment income	951,534
Gain on disposal of capital assets	77,573

GAAP revenues \$ 67,890,551

Northwood Technical College District

Notes to Budgetary Comparison Schedules (Continued)

Year Ended June 30, 2023

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	\$ 45,526,543
Special Revenue Aidable Funds	6,275,771
Special Revenue Non-Aidable Funds	8,367,279
Capital Projects Fund	12,354,160
Debt Service Fund	8,086,161
Enterprise Funds	1,451,125
Internal Service Funds	5,449,913

Budgetary expenditures/expenses 87,510,952

Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting	(7,102,117)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting	(4,703,818)
Cash basis expenditures adjusted to GAAP accrual basis	
Interest expense, accrued interest, and premium amortization	(147,194)
Pension-related benefits, compensated absences OPEB benefits, and termination benefits	4,230,175
Capital asset acquisitions reported as expenditures for budgetary purposes	(10,031,948)
Subscription ROU asset acquisitions reported as expenditures for budgetary purposes	(1,915,161)
Budgetary expenditure for repayment of principal on long-term debt	(7,190,000)
Budgetary expenditure for repayment of principal on leases	(13,894)
Encumbrances as reported for budgetary purposes	(1,703,580)
Lease amortization recorded for GAAP purposes	14,055
Budgetary expenditure for repayment of principal on subscription liabilities	(280,621)
Amortization on subscription ROU assets for GAAP purposes	279,645
Depreciation recorded for GAAP purposes	5,518,984

Expenses on a GAAP basis \$ 64,465,478

GAAP basis expenses per the Statements of Revenues and Expenses:

Operating expenses	\$ 63,711,585
Interest expense	753,893

GAAP expenses \$ 64,465,478

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.