

Comprehensive Annual **FINANCIAL REPORT**



Fiscal Years Ending
June 30, 2018 and 2019



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
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**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT
Pewaukee, WI**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019

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Report Prepared By

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**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

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Comprehensive Annual **FINANCIAL REPORT**



Introductory Section



WAUKESHA
COUNTY TECHNICAL
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December 3, 2019

Board of Trustees

Waukesha County Area Technical College District:

The Comprehensive Annual Financial Report (CAFR) of the Waukesha County Area Technical College District (also known as Waukesha County Technical College or WCTC) for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with WCTC. To the best of our knowledge and belief, the presented data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of WCTC. All disclosures necessary to enable the reader to gain an understanding of WCTC's financial activities have been included and additional explanation can be found in the Management Discussion and Analysis section of the document.

This report is consistent with legal reporting requirements of the State of Wisconsin and, in our opinion, was prepared in conformity with accounting principles generally accepted in the United States of America. In addition to meeting legal reporting requirements, this report is intended to present a comprehensive summary of the significant financial data of the college in a readable format to meet the varying needs of the district's citizens, taxpayers, students, employees, financial institutions, intergovernmental agencies, and the State of Wisconsin Technical College System Board.

WCTC is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and related single audit compliance supplements, *Government Auditing Standards* issued by the Comptroller General of the United States, the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, and the Wisconsin Technical College's (WTCS) *Financial Accounting and Administrative Manual (FAM)* referenced in Chapter 38 of the Wisconsin state statutes. Information related to the requirements and compliance with this single audit can be found in the single audit section of this report.

SERVICES AND ENVIRONMENT

For more than 95 years WCTC has been helping people acquire the knowledge and skills that will help prepare them for a rewarding future in business, industrial, health and service occupations. WCTC's campuses have well-equipped educational laboratories and highly experienced instructors concerned with student success and curricula kept continually up to date with assistance from volunteer advisors who are leaders in their fields to ensure that students learn the skills necessary to become knowledgeable and employable in today's competitive job market.

WCTC is one of 16 technical colleges in the Wisconsin Technical College System (WTCS). Vocational, technical, and adult education in Wisconsin began as the first comprehensive statewide continuation school system in the United States as the result of state legislation passed in 1911. The WTCS was developed and continues to be sustained by strong support from both labor and management in Wisconsin.

WCTC was organized as a city institution in 1923 and became a county area district in 1967. In July 1987, WCTC underwent a name change from Waukesha County Technical Institute to Waukesha County Technical College in recognition of the higher education nature of its educational offerings.

Located in Pewaukee, Wisconsin, WCTC's main campus is 20 miles west of the City of Milwaukee and approximately 60 miles east of the state capitol in Madison. WCTC's boundaries encompass approximately 600 square miles in the southeastern corner of the state, serving 99% of Waukesha County, 9% of Jefferson County, 2% of Dodge County, 2% of Racine County, and the local municipalities (7 cities, 19 towns, and 21 villages) located therein. Annually more than 20,000 citizens take advantage of educational opportunities offered by WCTC.

WCTC offers associate of applied science degree programs, one and two-year technical diploma programs, advanced technical certificates, apprenticeship programs and other adult education services. A listing of these programs and certificates can be found on page 137. WCTC receives its accreditation from the Higher Learning Commission of the North Central Association of Colleges and Schools. Selected WCTC programs may also be accredited by professional organizations such as the National League of Nursing. Programs and courses are approved by the WTCS Board and endorsed by the Veterans Administration, the American Association of Community Colleges, and the Wisconsin Board of Nursing and Division of Nurses.

VISION

Because of the nature of its educational service environment, WCTC has integrated a business approach into its organizational design and educational process. This business approach strives to maximize output consistent with its educational mission while minimizing taxpayer financial support.

The WCTC Board developed a vision statement in order to position WCTC for the 21st century. The vision statement is a verbal picture of the core principles and values of an organization, its purpose, its target, and its strategies, all painted in clear, compelling language.

The mission statement, on page 136 is contained in WCTC's Strategic Plan; it describes the scope of activities which the college is legally authorized to provide.

WCTC's strategic plan that covers the period 2018 and beyond and can be found on page 136.

ECONOMIC DEVELOPMENT AND COLLABORATION

WCTC's economic development role includes providing customized courses and programs tailored to the specific needs of individual firms and organizations, providing technical assistance to area firms, providing instruction to retrain workers and upgrade skills, providing outplacement services for displaced workers, and facilitating community action groups and organizational meetings to enhance local development efforts. Some of the key efforts in recent years have been:

- ◆ WCTC has entered into educational partnerships to assist with the training of the workforces of employers in our area who have publicly stated that a trained workforce and WCTC continue to be major factors in their decisions to move to or expand their operations in our community. Likewise, WCTC has entered into educational and operational partnerships for clinical sites and resources for mutual benefit with various schools, colleges, hospitals, churches, and agencies in the Waukesha County area. WCTC has been working extensively with area high schools and various colleges and universities to get articulation agreements in place whereby a high school student can earn up to two years of college credit while still in high school, attend WCTC for two years, and attend a four-year college for another two years and receive his/her bachelor's degree.

In addition to customized training with business and industry, an area of emphasis for the college has been dual enrollment programs with the high schools whereby high school students through the transcripted credit program receive high school and WCTC credits while still in high school. WCTC has been the leader within the technical college system in this area.

WCTC piloted the Dual Enrollment Academy with three cohorts in 2014 that offered seniors from select high schools within the district the opportunity to receive a one-year certificate in welding, CNC, or information technology from WCTC while still in high school in order to help the needs of manufacturers to find skilled workers for position openings. Because of the success of this program along with funding from the state, WCTC has been able to annually continue and expand the Academy to other program areas.

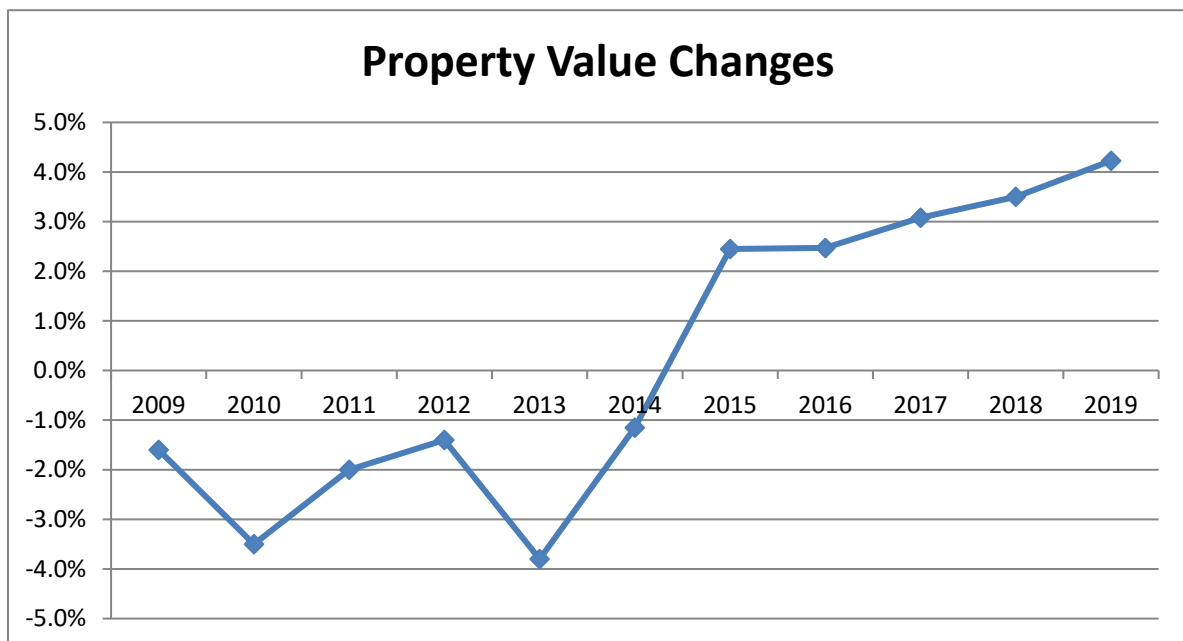
- ◆ In 1996, seven of the sixteen technical college districts formed an insurance trust for the purpose of reducing the cost of their risk insurance coverage while increasing their coverage. Effective July 1997, new insurance policies were entered into under this trust effort. This trust, which grew to fifteen technical college districts, became self-insured in order to reduce costs for its members. Effective July 1, 2004, all sixteen technical colleges jointly took the next step and created its own insurance company called Districts Mutual Insurance, which continues to provide the college with a way to save costs.
- ◆ In 1989 various technical colleges, including WCTC, formed a joint venture to implement a computerized library database that would serve all of its members. The WISPALS joint venture (Wisconsin Public Access Library System) currently has eleven member districts.
- ◆ In 2015 WCTC partnered with five other technical colleges to create the Wisconsin Technical Colleges Employee Benefits Consortium in order to initially reduce health insurance costs and to eventually expand to other employee benefit areas with implementation occurring July 1, 2015. Effective January 1, 2019, there are nine colleges in the Consortium.

ECONOMIC CONDITION

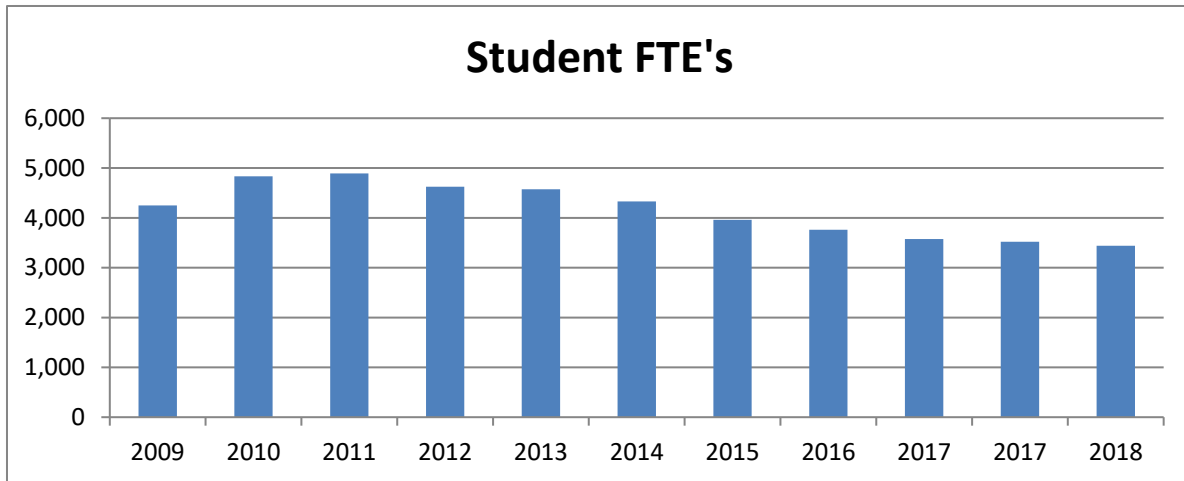
In order to assess WCTC’s economic condition, it is necessary to look at future planning as well as what occurred in the year just ended. This includes long-term goals and policies that drive future actions. Some of the key initiatives WCTC is focused on include:

- ◆ **Local economy** – Across the nation, the economy experienced a recession around 2007-2008. Wisconsin and Waukesha County were impacted by this economic downturn. Businesses closed and/or reduced their workforce. Home values decreased and the number of foreclosures increased. During the past few years, improvement has been seen as the County and nation have come out of the recession and Waukesha County values saw an increase in 2015 for the first time in a number of years and this increase still continues. Housing demand currently exceeds the housing supply. New development is occurring throughout the district.

Prior to the recession, WCTC had been experiencing 8 – 10% annual increases in property values within its district. For fiscal years 2010 through 2014, property values were negative. Property values in Wisconsin dropped 3.1% in 2011, the largest decline in more than 50 years and only the third time in the past 50 years that Wisconsin had experienced statewide declines. WCTC anticipated a 3.0% increase change to property values for 2019 when it created its budget. Actual was 4.2%.



- ◆ **Enrollment growth** – Enrollments in the Wisconsin Technical College System tend to be directly opposite to what the economy does. As a result of the significant economic downturn, WCTC’s enrollments saw significant increases during the recession. In 2010 WCTC experienced a 13.9% increase in student FTE’s, which was the highest increase in known history in one year. In 2011 WCTC had enrollment growth of 1.3%. As the economy improved, WCTC anticipated there would be a decline in enrollments to get back to the normal trend line, which did begin to occur in 2012. WCTC enrollments have continued to decline. WCTC has been actively working on improving its enrollments.



- ◆ **Employee benefits** – For years, WCTC has taken a position that it is responsible for funding its liabilities. In the mid-1990’s, it was the first technical college to fund its Wisconsin Retirement System unfunded prior service liability. Once that liability was fully funded, WCTC began setting aside funds for its unfunded post-employment benefits (i.e. health, dental, and life insurance benefits) liability. Once the Governmental Accounting Standards Board promulgated regulations that required governmental entities to recognize this liability, WCTC established an irrevocable OPEB Trust and began placing funds into the trust for this liability. Annually the college must fund the annual required contribution (ARC) amount or else establish a liability at the end of the year in its financial records for the balance. Annually WCTC has been funding the ARC in whole or with additional funds in order to reduce its ARC and to fund this liability sooner rather than later. As of June 30, 2017, WCTC had fully funded this liability so no additional payments were made in 2018 or 2019.

WCTC has been working hard at reducing its health care costs. In 2004 and 2006, depending on the employee group, WCTC reduced the retirement benefits for new hires from a lifetime benefit to a maximum of eight years. WCTC also required employee’s to pay a portion of the insurance premiums. WCTC was the first college in the system to add this contribution component. Through a request for proposal process, WCTC switched third-party administrators and changed to a new network effective July 2010, which saved the college over \$2 million annually. WCTC implemented a successful wellness initiative that is changing the culture at WCTC to a healthy lifestyle and reducing health care costs. With the switch in providers, WCTC went from one of the highest annual premium costs for insurance to one of the lowest amongst the technical colleges in Wisconsin.

In January 2012 WCTC required employees to pay 12% of their insurance premiums. This was up from 5%, 6%, or 8% depending on the employee group. Effective July 1, 2012, all new hires and those current employees promoted from a non-benefit-eligible position to a benefit-eligible position no longer receive post-employment benefits. Effective July 1, 2012, and depending on employee group, WCTC reduced its life insurance benefit from 1.25 or 1.50 times the employee’s salary to 1.0 times the employee’s salary for all benefit-eligible employees. Effective July 1, 2012, WCTC also reduced its long-term disability from 90% of salary to two-thirds of salary.

Effective January 1, 2013, retirees 65 and older were moved from the college's self-insurance plan to a Medicare Advantage plan, which significantly reduced these costs.

Effective April 30, 2013, WCTC changed its post-employment benefits for active employees. For those employees who were eligible to retire by June 30, 2015, they were given the opportunity to notify the college by April 30, 2013, of their retirement date equal to or before June 30, 2015, in order to retain their lifetime post-employment benefit. Those employees who were eligible for the lifetime post-employment benefit and either did not elect to retire within this retirement window or who did not have the necessary age or years of service to retire were changed to eight years of post-employment benefits and received a cash payment into a 403(b) plan for those years of service already worked that exceeded eight years. For those employees hired under the eight years of post-employment benefits, they had their post-employment benefits eliminated and received a cash payment into a 403(b) plan for those years of service already worked.

The changes made to post-employment benefits decreased WCTC's liability over \$54 million as a result of these recent changes.

In 2014 and 2015 WCTC, along with other technical colleges, began exploring joining with other colleges to further reduce its healthcare costs. Effective July 1, 2015, WCTC was one of six technical colleges that created the Wisconsin Technical College Employee Benefit Consortium. By joining this consortium, WCTC projected it would save an additional \$500,000 on health insurance costs in 2016. In 2016 WCTC had a higher than normal number of high claim costs that resulted in an overall loss for WCTC's portion of the Consortium in its first year. This trend continued into 2017. WCTC's loss would have been even greater if it would have remained self-insured. In 2018 the trend returned to normal and WCTC experienced a loss ratio less than 85%.

Beginning with 2018 WCTC increased the employee's share of premium costs from 12% to 15% for full-time staff and to 22% for part-time staff to further help reduce costs.

In December 2017, WCTC offered a one-time retirement window for those employees who were still eligible for post-employment benefits. Employees who were fully eligible to retire; who had met the age requirement and had at least 17 years of service; or who had the years of service and were at least 57 years of age by June 30, 2018, were able to retire by June 30, 2019. A small incentive payment is being provided to those who were fully eligible on their last paycheck as incentive to retire within the window. The other two groups were able to retire earlier than they could outside of the window.

- ◆ **Tax levy** –The WCTC Board conservatively sets the tax levy limits each year for the budget. As a result, WCTC's levy annual increases are one of the lowest, if not the lowest, amongst the 16 technical colleges. The WCTC Board controls the budget by controlling the increase to the tax levy. Waukesha County Technical College holds the second highest property value among the 16 technical colleges. This gives WCTC a good tax base to draw from.

As part of Wisconsin's 2012-2013 Biennium Budget, an operational levy freeze was placed on the technical colleges for fiscal years 2012 and 2013 that froze the operational levy amount at the 2011 levels. In the 2014 – 2015 Biennium Budget, a change was made to the levy limits and technical colleges may not increase their operational levy amount by more than the increase in net new construction and may use up to 0.5% of unused levy from the current year in the subsequent year.

In the Governor's State-of-the-State Address in January 2014, Governor Scott Walker proposed reducing the property tax portion of the technical college funding by \$406 million and replacing this funding with property tax relief aid. In essence, the operational mill rate for each technical college would decrease \$0.89 per \$1,000 of valuation for tax bills being mailed in December 2014. For WCTC, this resulted in its overall tax levy being reduced \$43.2 million and leaving \$19.2 million of levy remaining. WCTC receives state property tax relief funding for this \$43.2 million in February of each fiscal year.

For the 2019 budget, the state removed certain personal property from the property tax levy and replaced it with state aids in lieu of personal property taxes. This further reduced WCTC's levy amount.

- ◆ **Program growth and expansion** – WCTC constantly reviews the programs and services it offers in order to meet the needs of the community. It adds new programs when the demand and the jobs warrant and it reduces or eliminates programs that no longer have jobs or demand for them. A few years ago WCTC moved toward a counselor/advisor model to better serve the student vs. the traditional counselor-only model. WCTC has placed an emphasis on enrollment and retention of students and added resources to help achieve this initiative. This includes reaching out to and retaining diverse students. WCTC is adding more dual enrollment program options for high school students whereby they earn high school and technical college credits simultaneously while still in high school. WCTC is in the process of implementing Guided Pathways and an 8 week academic calendar, which will further help attract and guide students on the path to successful completion at WCTC.

STRATEGIC PLANNING

The 21st century is characterizing technical education by limited resources, constantly changing enrollments stemming from demand for occupational retraining, an expanding workforce in service-related industries, fluctuating unemployment rates, high school populations which are increasing at a slower rate and even decreasing, demand for occupational training in advanced technology, significant outlays for high technology equipment, staff retraining, and a changing population which requires different instructional delivery systems. WCTC has responded to these challenges by developing a strategic planning process that is predicated on informed decision making and that fosters educational and fiscal accountability while being flexible and nimble.

The strategic planning process includes the development of mission and vision statements, values, strategic directives, and end statements by the WCTC Board. These statements set the general framework within which the college operates. The end statements are the long-term outcomes to be achieved.

The second phase of the strategic planning process includes the development of action plans by staff. The action plans include long-range and short-range goals and objectives that are aligned with the college's strategic plan. These are also aligned with the WCTC vision statement.

Resource allocation, including economic, human, facilities, and equipment resources, is the third phase of the strategic planning process. The budget is one component of the resource allocation process. Budget development responds to the goals contained in WCTC's Vision Statement and Strategic Plan and includes the activities that meet WCTC's vision. Budget hearings at both the administrative and board levels provide the scrutiny necessary to achieve fiscal accountability. In addition, a public hearing allows reaction from citizens regarding the proposed budget.

WCTC's Strategic Plan covers the period 2018 and beyond.

Other planning/evaluation mechanisms that are aligned and integrated with the Strategic Plan include:

- ◆ A Three-Year Academic Master Plan that is reviewed and updated annually to determine labor market changes and impacts on programs that are offered.
- ◆ A Five-Year Program Development Plan that is reviewed and updated continuously to monitor changing business and industrial needs with extensive need surveys conducted to determine labor market changes.
- ◆ A Vocational Education Plan that is prepared yearly in conjunction with WCTC's application for vocational education funds. This plan allows WCTC to seek and receive grant funds to fund its various programs and activities. These anticipated revenues and related expenditures are then integrated into the budget process.
- ◆ Annual follow-up studies, including six-month graduates, withdrawals, and employers, which allow WCTC to monitor changes in the labor market. In addition, longitudinal follow-up studies,

conducted three and five years after students graduate, allow WCTC to determine the long-term benefit of occupational education.

- ◆ A Five-Year Program Evaluation Plan which assists WCTC in determining the relevance of program competencies and which identifies major evaluation efforts in educational offerings as well as in institutional services and activities.
- ◆ A Facility Master Plan that addresses programmatic and support service facility needs. Instructional program needs are a major driver of the facility master plan. These two plans are aligned at all times. The facility master plan needs to be aligned and integrated into the budget process to allow resources to be available when needed.
- ◆ A Technology Plan that addresses WCTC's technology needs in computers and distance education environments. WCTC relies more and more on technology in the classroom and from an administrative viewpoint. Technology does not come cheap. The need to have an up-to-date technology plan is critical. This plan is fully integrated into the budget, facility master plan, and resource allocation processes in order to have funds available when needed.
- ◆ A Multi-Year Capital Budget Plan that addresses WCTC's long-term capital equipment needs. WCTC's need for new and replacement equipment continues to grow. The fast pace of technology changes makes this need even greater. As the need for more equipment changes increases, the need to keep this plan fully integrated with the budget process becomes more critical.
- ◆ A Five-Year Adult Education and Family Literacy Plan that is prepared in conjunction with WCTC's application for adult education funds. This plan allows WCTC to seek and receive grant funds to fund its various programs and activities. The plan includes program levels of performance, intensity and duration of programs, information management, and support services in addition to other content. These anticipated revenues and related expenditures are then integrated into the budget process.

SERVICE EFFORTS AND ACCOMPLISHMENTS

WCTC is an organization where service efforts and accomplishments flow from its vision and outcome-driven planning processes. Some of WCTC's accomplishments that occurred this year include the following:

- ◆ As part of its accreditation process with the North Central Higher Learning Commission, WCTC had been involved in the Academic Quality Improvement Project (AQIP) for a number of years, which included preparation of a Systems Portfolio. All staff at WCTC were involved in helping to develop the Systems Portfolio document which was submitted in November 2016. Feedback was received from the document, analyzed, and a response prepared. WCTC staff participated in the on-site accreditation visit September 2017. WCTC received its re-accreditation.
- ◆ WCTC was the first technical college in Wisconsin to be ABET accredited for its Mechanical Engineering Technologies program.
- ◆ The WCTC Bookstore received approval from Apple in March 2017 to become an Apple certified store for computer equipment and accessories. In 2018 the WCTC Bookstore received approval to become an Apple service provider.
- ◆ A few years ago WCTC started a Dual Enrollment Academy whereby high school seniors can earn a certificate at WCTC while still in high school. Due to the success and demand for this program, WCTC has expanded the programs available in the Academy. The efforts WCTC is making to prepare future workers for the employment pipeline has allowed WCTC to receive local, state, and national recognition.
- ◆ The WCTC Foundation received a \$2 million donation for the college to build an addition on to its applied technologies buildings to further expand the new Integrated Manufacturing Center. WCTC will construct this addition in 2019. In addition, this donor provided another

\$1 million to expand and equip a fabrication lab and to fund additional equipment to be used in the Integrated Manufacturing Center.

CRITICAL CONCERNS

Although WCTC is in excellent financial condition, there are always critical concerns that need to be considered, monitored, and dealt with, including:

- ◆ Changing funding levels and unfunded initiatives of the state and federal government continue to place ever-increasing demands on WCTC. This may result in decreases in service levels for some of these activities and/or a reallocation of local funds to cover the activity in other areas if the service is deemed critical to maintain. In addition, due to budget constraints at both the state and federal levels, there remains uncertainty that some funding sources may not be available or may be reduced in future years. WCTC is closely monitoring these funding sources.
- ◆ Declining enrollments are a concern of the college. New initiatives to develop Guided Pathways for students and an 8 week academic calendar are two ways that WCTC is addressing declining enrollment trends. Although WCTC is not alone in declining enrollments, it still needs to make every effort to improve its enrollments and to do so without reducing the quality of education offered.
- ◆ WCTC is, and must remain, a vibrant and financially sound educational entity in order to accomplish its mission. This includes maintaining high quality standards in tough times. Programs and services need to grow and expand to meet the needs of students and the community. Programs and services offered are examined for viability to determine if those programs are at or near the end of their useful life. These things are critical when enrollments are declining. WCTC leadership is making the tough decisions necessary to keep moving the college forward and to transform the education process to meet student and stakeholder needs.

MANAGEMENT SYSTEMS AND CONTROLS

WCTC is committed to the development of good management systems and controls. Significant efforts are made to employ qualified personnel. Likewise, systems are conscientiously developed within which WCTC employees can function effectively and which provide appropriate levels of supervision and segregation of duties.

Accounting Systems

In developing and modifying WCTC's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe WCTC's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Systems

Budgetary responsibility is decentralized to managers of various cost centers. Review of budgets and budgeted activities are performed by the administration and the WCTC board. Starting in December and ending in May, WCTC managers prepare, present and modify budget plans for the coming year. Between March and May, the WCTC board reviews budget plans to ensure consistency with WCTC's visioning and strategic planning process and to provide further board direction for WCTC's annual budget. A public hearing on the proposed budget is held annually in May. The board adopts the budget in June. The actual property tax levy is set in October.

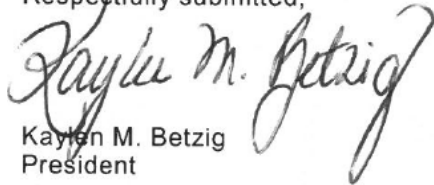
Independent Audit

An annual audit of the financial statements of WCTC by an independent certified public accountant is required by WCTC Board policy and state law. This requirement has been complied with and the auditor's opinion is included in this report. WCTC does not maintain an internal audit staff; however, it purchases internal audit and operation review services on an as-needed basis.

ACKNOWLEDGMENT

The preparation of this report on a timely basis was accomplished through the cooperative efforts of the Financial Accounting Services Office; Baker Tilly Virchow Krause, LLP, certified public accountants; the Office of Grants and Resource Development; Human Resource Services Department; Institutional Research and Effectiveness; College Marketing and Recruitment; the Registration Department; and other staff at the college. We express our appreciation to these dedicated staff and public accountants for their many long hours in the preparation of this report. In addition, we convey our appreciation to WCTC's Board of Trustees for their interest and support in planning and conducting the financial operations of WCTC in a responsible and progressive manner.

Respectfully submitted,



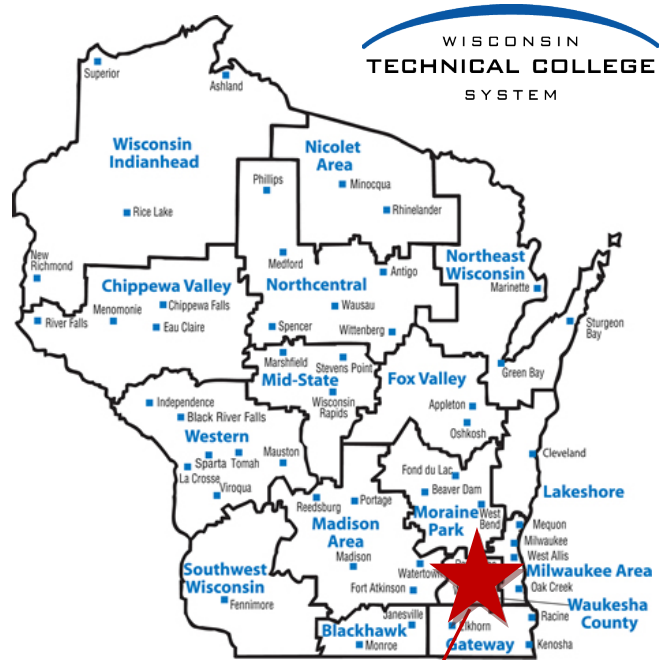
Kaylen M. Betzig
President



Dr. Jane L. Kittel, CPA
Vice President of Finance

WTCS Technical Colleges

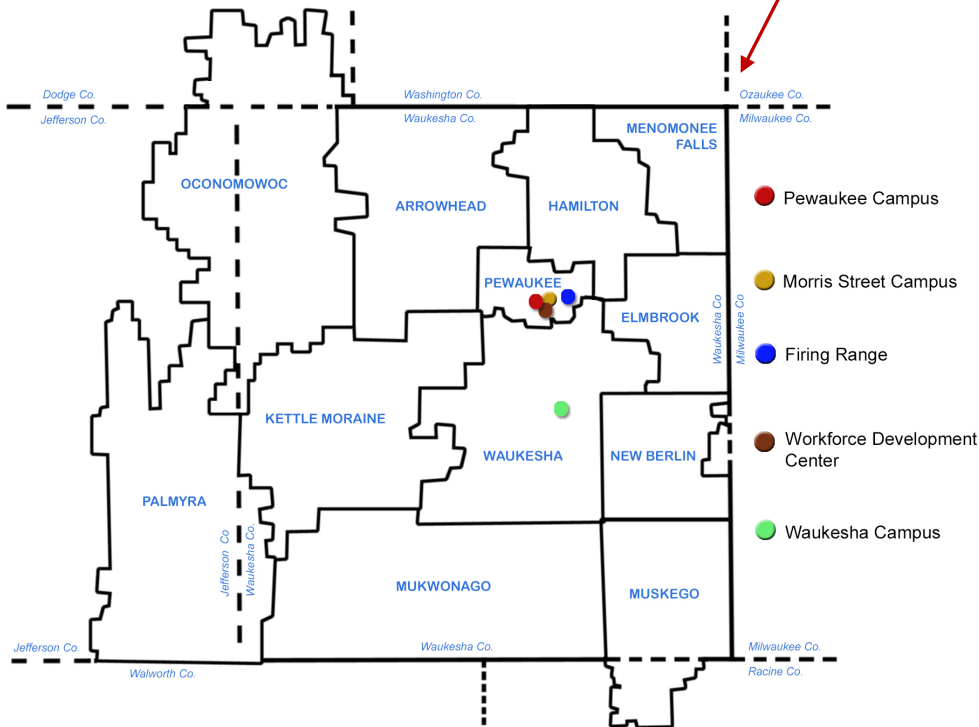
WCTC is one of sixteen technical colleges in Wisconsin. The technical college boundaries are determined by the K-12 school districts. WCTC's district is composed of twelve K-12 school districts.



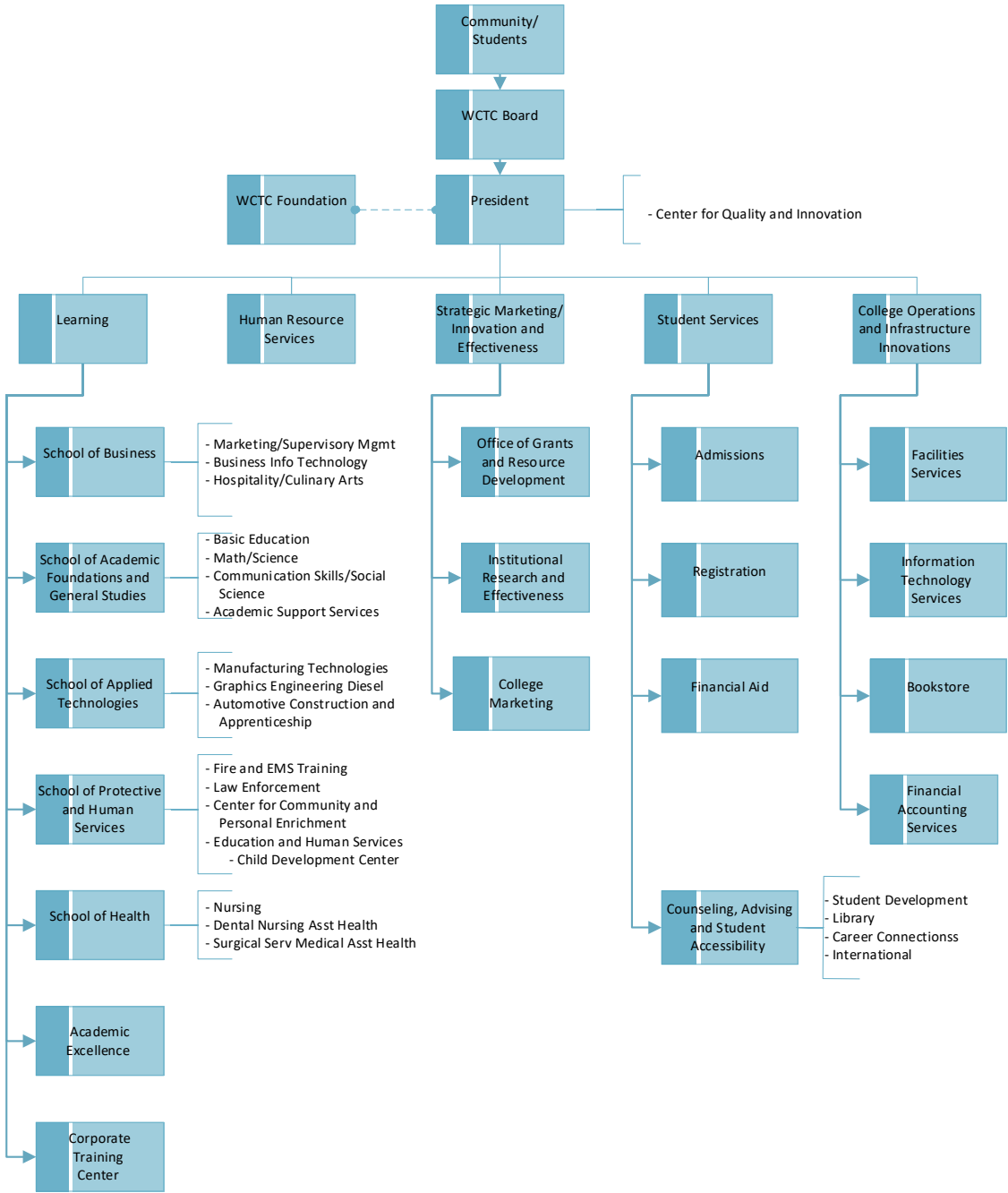
**WAUKESHA
COUNTY TECHNICAL
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WCTC District Map



WCTC Organizational Chart



BOARD MEMBERSHIP AND STRUCTURE (a)
For Year Ended June 30, 2019

Officers	Name (b)	Membership Type (a)	Municipality of Residence	Employer and Position
Member	Ronald L Bertieri	Elected Official	Village of Menomonee Falls	Friction Stir Link, Inc. Retired – President/CEO Vice President – Menomonee Falls School Board
Member	Joe Garza	School District Administrator	City of New Berlin	New Berlin School District Superintendent
Chairperson	Alan A. Karch	Employer	City of Delafield	Bruno Independent Living Aids Manufacturing Plant Manager
Vice Chairperson	David L. Lancaster	Employer	Town of Delafield	R & R Insurance Services Executive Vice President – Employee Benefits
Member	Robyn E. Ludtke	Employee	City of Delafield	Waukesha County Business Alliance Education and Talent Manager
Secretary/Treasurer	Courtney R. Bauer	Employee	Town of Lisbon	Wisconsin Department of Justice Special Agent/Deputy State Fire Marshall
Member	Brian K. Baumgartner	Employee	Town of Lisbon	Business Representative, Glaziers Local 1204/941 International Union of Painters and Allied Trades
Member	Mary S. Wehrheim	Additional Member	City of Pewaukee	Stanek Tool Corporation Retired – President
Member	Michael M. Wiebe	Employer	City of New Berlin	Krones, Inc. Chief Operating Officer & Head of International Operations and Services

Notes:

- (a) The current WCTC Board is composed of nine (9) members, all of whom are District residents. The membership consists of three (3) employers who have power to employ or discharge, three (3) employees who do not have power to employ or discharge, one (1) citizen member, one (1) public school administrator from a school system in the district and one (1) elected official. Board members are appointed by an Appointment Committee consisting of the chair of each of the four (4) counties in the District. Members of the Board serve three-year terms. Regular meetings of the Board are held on the second Tuesday of each month and, by State Statute, are open to the public. The fourth Tuesday of each month is reserved for special meetings as needed. Periodic meetings are scheduled at other times, if necessary, to conduct business on timely issues. Board members receive no compensation for their services, but are reimbursed for actual and necessary expenses in the performance of their duties.
- (b) All Board members are covered under a \$1,000,000 errors and omissions insurance policy and are covered under an excess fidelity (surety) blanket bond of \$250,000.

EXECUTIVE ADMINISTRATORS OF THE MANAGEMENT TEAM

Title	Name	Years at WCTC	Education/ Certifications	Previous Job Experience
President	Kaylen Betzig	11	B.S. M.S. Ph.D. candidate	Coordinator, Cooperative Educational Service Agencies; Policy Analyst, WI Department of Public Health and Human Services; Blackhawk Technical College—various positions, including Vice President Learning Services
Provost	Dr. Ann Krause-Hanson	4	B.S. MEPD Ph.D.	Vice President Academics, Mid-State Technical College; Dean Health, Human and Protective Services, Dean General Education, and Math Instructor, Blackhawk Technical College; Math Instructor, K-12 schools
Vice President of Learning	Dr. Bradley Piazza	13	B.S. M.S. Ph.D.	Dean School of Business, WCTC; Assistant Dean School of Business & Technology, Assistant to the Dean School of Business & Technology, UW – Parkside
Vice President of Student Services	Nicole Gahagan	4	B.A. M.Ed.	Dean for Student Affairs and Director of Promise Program, Mount Mary University; Director of Learning Resource Center, Concordia University; Program Director, R & K Support Services; McNair Scholars Program Assistant, Marquette University
Vice President of Human Resources	David Brown	10	B.S. SPHR candidate	Human Resources Manager – Labor Relations; Fire Chief; Personnel Director – Manufacturing; Manager Labor Relations
Vice President of Finance	Dr. Jane Kittel	<1*	M.B.A. Ed.D. C.P.A.	18 years at Northcentral Technical College District as Vice President of Finance and Chief Financial Officer

All employees are covered under a \$1,000,000 errors and omissions insurance policy and are covered under an excess fidelity (surety) blanket bond of \$250,000.

*Dr. Kittel was previously the Vice President of Finance, CFO at Northcentral Technical College District for 18 years.



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Waukesha County Technical College
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



MANAGEMENT'S RESPONSIBILITY

December 3, 2019

Board of Trustees
Waukesha County Area Technical College District:

The management of WCTC is responsible for the preparation and presentation of the financial statements in this report. This report has been prepared in accordance with generally accepted accounting principles based on our best judgments and giving due consideration to materiality.

WCTC has communicated the requirements for accurate records and accounting to appropriate employees and has developed a system of internal accounting controls designed to provide reasonable assurance for the safeguarding of assets and for the reliability of financial records. This system includes selection and training of qualified personnel, organizational arrangements to provide for an appropriate division of responsibility, communication of standard accounting and internal control policies, and regular meetings on accounting matters.

Annually an independent public accounting firm, which we retain to audit our financial statements, is responsible for expressing an opinion as to whether our financial statements present fairly the financial position, results of operations, and cash flows. The audit includes a review of our internal control structure and a testing of the accounting procedures and financial records.

The WCTC Board of Trustees is composed of concerned and qualified citizens who meet regularly with the independent auditors and management. This Board reviews the audit scope, discusses financial and reporting subjects, and considers management action on these matters. There is full and free access to the Board by the independent auditors.

We believe our policies, internal controls, and review processes provide reasonable assurance that our financial information contains the integrity and objectivity necessary for properly reporting WCTC's transactions.

Kaylen M. Betzig
President

Dr. Jane L. Kittel, CPA
Vice President of Finance

Alan A. Karch
WCTC Board Chairperson

Courtney R. Bauer
WCTC Board Secretary/Treasurer

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Comprehensive Annual **FINANCIAL REPORT**



Financial Section



WAUKESHA
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Waukesha County Area Technical College District
Pewaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate remaining fund information of the Waukesha County Area Technical College District, Wisconsin, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Waukesha County Area Technical College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Waukesha County Area Technical College District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Waukesha County Area Technical College District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Trustees
Waukesha County Area Technical College District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate remaining fund information of the Waukesha County Area Technical College District, Wisconsin, as of June 30, 2019 and 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

To the Board of Trustees
Waukesha County Area Technical College District

Other Matters (cont.)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waukesha County Area Technical College District's basic financial statements. The "Introductory Section" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019 on our consideration of the Waukesha County Area Technical College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waukesha County Area 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 Waukesha County Area Technical College District's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
December 3, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

WCTC's management's discussion and analysis of its financial condition provides an overview of its financial activity, identifies changes in its financial position, and assists the reader of these financial statements in focusing on noteworthy financial issues for the years ended June 30, 2019 and 2018.

WCTC is a public institution of higher education whose mission is to provide education and training to its community. In order to accomplish this mission, it is crucial for WCTC to maintain its financial health for the long term. In order to accomplish this financial stability, it is necessary for WCTC to accumulate net position to ensure sufficient reserves are available and to implement new programs and to expand existing programs as the need arises.

Management's discussion and analysis provides summary financial information to assist the reader in understanding and interpreting the 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 the expenses incurred during the year. Activities performed by the college are classified as either operating or non-operating activities. Because WCTC receives the majority of its revenues from taxpayers and other governmental entities, such as state government, WCTC will always report an operating deficit or loss. Revenues received from taxpayers in the form of tax levies and from the state for purposes of state aid appropriations are considered non-operating revenues and will reduce the operating deficit or loss.

The utilization of capital assets is reflected in the financial statements as depreciation, which expenses the cost of the asset over its expected useful life.

The following summary shows a condensed version of the Statement of Revenues, Expenses and Changes in Net Position.

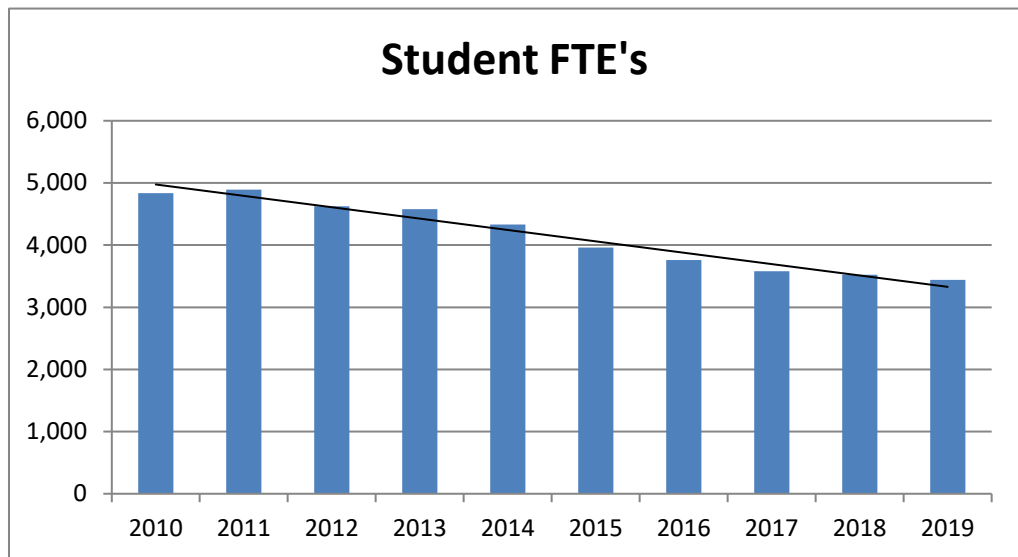
	2019	2018	Increase/(Decrease)		2017
			\$	%	
Operating Revenues					
Tuition & fees	\$ 11,089,732	\$ 10,684,144	\$ 405,588	3.8	\$ 10,930,680
State & federal grants	7,395,716	8,109,551	(713,835)	(8.8)	8,332,738
Non-gov't grants & contracts	3,450,243	3,330,256	119,987	3.6	3,739,542
Auxiliary enterprise services	4,262,279	3,790,750	471,529	12.4	4,348,493
Operating revenues	<u>26,197,970</u>	<u>25,914,701</u>	<u>283,269</u>	<u>1.1</u>	<u>27,351,453</u>
Nonoperating Revenues					
State appropriations	47,588,988	47,552,558	36,430	0.1	47,543,718
Local property taxes	20,568,275	19,986,148	582,127	2.9	19,216,669
Investment income, net	1,647,084	492,293	1,154,791	234.6	322,512
Nonoperating revenues	<u>69,804,347</u>	<u>68,030,999</u>	<u>1,773,348</u>	<u>2.6</u>	<u>67,082,899</u>
Total Revenues	<u>96,002,317</u>	<u>93,945,700</u>	<u>2,056,617</u>	<u>2.2</u>	<u>94,434,352</u>
Operating Expenses					
Salaries	43,983,262	44,204,744	(221,482)	(0.5)	44,043,070
Benefits	15,294,710	10,480,216	4,814,494	45.9	3,163,917
Current expenses	27,791,292	28,228,524	(437,232)	(1.5)	29,118,716
Operating expenses	<u>87,069,264</u>	<u>82,913,484</u>	<u>4,155,780</u>	<u>5.0</u>	<u>76,325,703</u>
Nonoperating Expenses					
Loss on sale of capital assets	806,651	720,936	85,715	11.9	134,038
Interest on debt	518,992	466,781	52,211	11.2	454,567
Nonoperating expenses	<u>1,325,643</u>	<u>1,187,717</u>	<u>137,926</u>	<u>11.6</u>	<u>588,605</u>
Total Expenses	<u>88,394,907</u>	<u>84,101,201</u>	<u>4,293,706</u>	<u>5.1</u>	<u>76,914,308</u>
Income before Capital Contributions	<u>7,607,410</u>	<u>9,844,499</u>	<u>(2,237,089)</u>	<u>(22.7)</u>	<u>17,520,044</u>
Contribution Revenues					
Federal/state grants for capital	78,171	76,447	1,724	2.3	78,190
Donations	2,828,462	710,294	2,118,168	298.2	338,649
Contribution revenues	<u>2,906,633</u>	<u>786,741</u>	<u>2,119,892</u>	<u>269.5</u>	<u>416,839</u>
Change in net position	10,514,043	10,631,240	(117,197)	(1.1)	17,936,883
Net Position					
Beginning of year	<u>121,140,309</u>	<u>110,509,069</u>			<u>92,572,186</u>
End of year	<u>\$ 131,654,352</u>	<u>\$ 121,140,309</u>			<u>\$ 110,509,069</u>

Operating revenues are the charges for services offered by the college. Total operating revenues increased \$283,269 or 1.1% for fiscal year 2019 compared to a decrease of \$1,436,752 or 5.3% in fiscal year 2018. These changes are primarily due to the following:

- ◆ During 2019, the college generated \$11,089,732 for tuition and fees charged to students attending classes at WCTC compared to \$10,684,144 in 2018. This was an increase of \$405,588 or 3.8% for fiscal year 2019 compared to a decrease of \$246,536 or 2.3% in fiscal year 2018.
 - ✓ Although enrollment declined, WCTC disbursement of financial aid to students in fiscal year 2019 decreased at a more significant rate than enrollment. Financial aid disbursed to offset tuition and fees was \$3,591,387 in 2019 compared to \$4,222,676 in fiscal year 2018, which was \$631,289 or 15.9% less.

- ✓ The state increased the tuition rates 1.5% in 2019 compared to 1.4% in 2018.
- ✓ WCTC experienced a 2.4% decrease in student FTE's (full-time equivalents) in 2019 compared to 1.6% in 2018.

In fiscal year 2010, WCTC experienced a 13.8% increase in student FTE's due to the recession. This was the first year in more than 20 years that WCTC had seen double-digit increases and enrollments were over 4,800. Due to the recession, enrollments continued to increase in fiscal year 2011. WCTC's enrollment trends are highly correlated with the unemployment rate, they go in the opposite direction of the economy. WCTC has seen enrollment declines as the economy has improved. A high priority for staff is to find ways to increase enrollments. Early indications for FY 2020 shows student FTEs are still down slightly.



- ◆ WCTC receives funding from the federal and state governments for specific purposes, including financial aid payments to students. WCTC received \$7,395,716 from the federal and state governments in 2018 compared to \$8,109,551 in 2018. This is a decrease of \$713,835 or 8.8% in 2019 compared to a decrease of \$223,187 or 2.7% in 2018.
 - ✓ State funding increased \$229,778 or 11.3% in 2019 compared to \$74,271 or 3.8% in 2017. State funding levels can fluctuate significantly between years based on the specific grants that may be available each year as well as the amount of funding the state provides for financial aid.
 - ✓ Federal funding decreased \$943,613 or 15.5% in 2019 compared to a decrease of \$297,458 or 4.7% in 2018. Federal funding levels can fluctuate significantly between years based on the specific grants that may be available each year. The enrollment level impacts the amount of federal financial aid that is awarded each year.
- ◆ WCTC provides customized training to business and industry, provides specific training to high school students, and receives payment for other services it provides. WCTC received \$3,450,243 in 2019 compared to \$3,330,256 in 2018. This is an increase of \$119,987 or 3.6% in 2019 compared to a decrease of \$409,286 or 10.9% in 2018.

- ✓ In 2019, WCTC served 3,598 high school students through the transcribed credit/dual enrollment programs compared to 3,207 in 2018. In 2019, the transcribed credit/dual enrollment programs generated \$2,183,423 in revenue compared to \$1,928,434 in 2017.
- ✓ Contract training with business and industry generated \$503,494 in revenues in fiscal year 2019 compared to \$648,397 in 2018 or a \$144,903 or 22.3% decrease. The decrease in contract training revenues in 2019 was impacted by staff vacancies and turnover.
- ✓ Other non-governmental grants and contact revenues result from facility rentals, vending, and other charges for services. Other revenues were \$763,326 in 2019 and \$753,425 in 2018, which was a decrease of \$9,901 or 1.3%.
- ◆ WCTC also operates a few small enterprise operations such as a bookstore, childcare facility, and the Classic Room, a restaurant-type activity. WCTC had sales of \$4,262,279 for 2019 compared to \$3,790,750 for 2018 for these activities, which is an increase of \$471,529 or 12.4% in 2019 compared to a decrease of \$557,743 or 12.8% in 2018.
 - ✓ Bookstore sales increased \$399,733 or 14.7% in 2019 compared to an increase of \$21,313 or 1% in 2018. The bookstore has been seeing increasing sales despite declining revenues mainly due to increased sales of electronic equipment.
 - ✓ The Firing Range increased sales \$19,570 or 12.8% in 2019 compared to an increase of \$29,128 or 16.0% in 2018. The Firing Range opened in late fiscal year 2014 and has increased memberships each year. The firing range was restructured at the end of fiscal year 2018 which has resulted in lower costs and increasing rental related revenues.
- ◆ WCTC is self-insured for dental insurance. Net premium revenues were \$569,196 in 2019 compared to \$502,665 in 2018, which was an increase of \$66,531 or 13.2% in 2019 compared to a decrease of \$294,589 or 36.9% in 2018. In 2017 and prior, WCTC's portion of retiree dental premiums were included in this fund. These costs now flow directly through the OPEB Trust account.

Operating expenses are costs for providing education, training, and services. Total expenses increased \$4,155,780 or 5.0% in 2019 compared to \$6,587,781 or 8.6% in 2018. These changes are primarily due to the following:

- ◆ Employees received a 2.13% cost of living increase in 2019 compared to 1.26% in 2018, however expenditures relating to salaries decreased \$221,482 or 0.5% in 2019 compared to an increase of \$161,674 or 0.4% in 2018. The reduction in these expenditures despite the cost of living increases in 2019 relates to a strategic review of the labor force and various actions taken to achieve cost savings while still meeting the educational objectives of the College.
- ◆ Employee benefits increased \$4,814,494 or 45.9% in 2019 compared to \$7,316,299 or 231.2% in 2018.
 - ✓ In 2007, WCTC established an OPEB Trust so it could begin funding its post-employment benefits. WCTC has placed an amount equal to or greater than the annual required contribution (ARC) into the trust each year.

As of June 30, 2017, WCTC had fully funded this liability. This resulted in no additional payments being made to the Trust in 2018 or 2019.

With the implementation of GASB 74/75 in 2017, a (\$16,095,486) adjustment was made to employee benefits. Prior to implementation of this new accounting regulation, WCTC had been amortizing and expensing a portion of the \$15,824,261 it had placed into the Trust that was over and above the Annual Required Contribution.

For 2017 and 2016, WCTC had higher than normal health high claims cost resulting in premiums not offsetting costs. This led to higher than normal premium increases around 15% in 2018. WCTC's loss ratio in 2018 was 83.8% compared to 111% in 2017. Due to the decrease in the loss ratio 2019 premium increases approximated 4.3%.

WCTC joined the Wisconsin Technical College Employee Benefits Consortium (WTCEBC) in July 2015. At the end of three years, each member was required to have a 12% reserve fully funded. WCTC made additional contributions in 2017 and 2018 to offset losses due to high costs claims as well as to fully fund its 12% reserve requirement. WCTC paid an additional \$1 million in 2018 and \$2 million in 2017. No additional contributions to reserves were required for 2019.

- ✓ In 2019, WCTC's portion of the WRS net pension liability was \$9,650,147 compared to an asset of \$8,259,595 in 2018.
- ◆ Current expenses decreased \$437,232 or 1.5% in 2019 compared to a decrease of \$890,192 or 3.1% in 2018. Note 8 to the financial statements provides a detailed breakdown of this category. Below are some of the major components of this category.
 - ✓ Depreciation expense increased \$304,196 or 7.1% in 2019 compared to a decreased \$305,556 or 6.7% in 2018.
 - ✓ Contracted services increased \$1,295,221 or 14.9% in 2019 compared to an increase of \$1,434,904 or 19.8% in 2018. Based on the college's needs, contracted services can fluctuate between years.
 - ✓ Resale costs decreased \$871,181 or 23.5% in 2019 compared to a decreased \$1,651,451 or 30.9% in 2018.
 - Enrollment declines continued to have an impact on the volume of sales at the Bookstore. In addition, the Bookstore had more sales of direct digital access textbooks, which saves the student significant costs and results in lower cost of goods sold.
 - As part of the Employee Benefits Consortium, WCTC is required to have a 12% reserve funded by the third year of membership. Due to the need to fund losses due to higher-than-normal high claims cost in 2016 and 2017 as well as funding its required reserve, WCTC paid an additional \$1 million into the Consortium in 2018 and \$2 million in 2017 from its retained earnings accumulated over the past few years while it was self-insured. No contribution was required for 2019.
 - ✓ Minor equipment increased \$1,080,804 or 51.3% in 2019 compared to an increase of \$45,563 or 2.2% in 2017. Minor equipment needs fluctuate from year to year based on construction and building improvement projects.

- ✓ Insurance costs increased \$132,561 or 26.1% in 2019 compared to a decrease of \$72,264 in 2018. The increase is mainly due to coverage changes and an increased focus on cyber related crime.

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues increased \$1,773,348 or 2.6% in 2019 compared to \$938,100 or 1.4% in 2018. The most important components of this change were:

- ◆ State operating appropriations increased \$36,430 or 0.1% in 2019 compared to 8,840 or 0.0% in 2018.
- ◆ Property tax revenue increased \$582,127 or 2.9% in 2019 compared to \$759,479 or 4.0% in 2018. WCTC had kept the total property tax levy the same since 2011, but did increase it slightly in 2018 and 2019. Included in this revenue category are some other miscellaneous local taxes such as tax incremental financing district close outs, personal property tax refunds, etc. These amounts are small and can cause some minor fluctuations between years in the amount of revenue recognized.
- ◆ Investment income increased \$1,154,791 or 234.6% in 2018 compared to 169,781 or 52.6% in 2018.

WCTC's average investment rate, excluding cash equivalents, was 5.0% in 2019 compared to (0.14%) in 2018. Based on limitations within Wisconsin statutes, WCTC is invested in fixed income. Uncertainty in equity markets led to an increase in unrealized gains within the entity's fixed income investments.

During 2019, WCTC had a weighted average days to maturity of 999 days for its core portfolio and 72 days for its short-term portfolio compared to 1,025 days and 92 days respectively in 2018.

Contribution revenues result from donations of cash or in-kind donations, usually capital equipment, and grant funds to be used exclusively for the purchase of capital assets. Contribution revenues increased \$2,119,892 or 269.5% in 2019 compared to \$369,902 or 1.4% in 2018. The most important components of this change were:

- ◆ Donated funds increased \$2,118,168 or 298.2% in 2019 compared to a \$371,645 or 109.7% in 2018.

In 2019, WCTC received a large donation to fund the construction of an addition to the Integrated Manufacturing Center.

In 2018, WCTC received higher than normal donations for some manufacturing equipment.

- ◆ Funds from state and federal grants increased \$1,724 or 2.3% in 2019 compared to a decreased \$1,743 or 2.2% in 2018. Generally, the grants WCTC receives do not contain a capital component; however, it does happen, which can cause fluctuations between years.

Non-operating expenses increased \$137,926 or 11.6% in 2019 compared to an increased \$599,112 or 101.8% in 2018. This was due to the following:

- ◆ The loss on disposal of capital assets increased \$85,711 or 11.9% in 2019 compared to an increased \$586,898 or 437.9% in 2018 based on the capital assets sold or disposed of. A big factor in determining the amount of fluctuation occurring between years is based on size of remodeling projects and what furniture and equipment might need to be sold as a result of the project. Multiple remodeling projects occurred in 2018 resulting in more sales and disposals of furniture and equipment.
- ◆ Interest paid on debt increased \$52,211 or 11.2% in 2019 compared to 12,214 or 2.7% in 2018. Due to lower interest rates and its Aaa bond rating, WCTC has been able to obtain very low cost of capital for the debt it issues; however, interest rates are rising and it is reflected in the amount of interest the college is required to pay on its debt.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital, financing, and investing activities. This statement is important in evaluating the college's ability to meet financial obligations as they mature.

The following schedule highlights the major components of the Statement of Cash Flows.

	2019	2018	Increase/(Decrease)		2017
			\$	%	
Cash used in operating activities	\$ (54,236,248)	\$ (55,370,390)	\$ 1,134,142	2.0	\$ (58,140,535)
Cash provided by non-capital financing activities	67,872,081	67,441,094	430,987	0.6	66,834,150
Cash used in capital and related financing activities	(10,182,445)	(8,096,177)	(2,086,268)	(25.8)	(9,905,979)
Cash provided by (used in) investing activities	<u>(3,862,097)</u>	<u>712,796</u>	<u>(4,574,893)</u>	<u>(641.8)</u>	<u>6,849,825</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (408,709)</u>	<u>\$ 4,687,323</u>	<u>\$ (5,096,032)</u>	<u>(108.7)</u>	<u>\$ 5,637,461</u>

The college used \$1,134,142 or 2.0% less cash for operating activities in 2019 compared to \$2,770,145 or 4.8% in 2018 due to the following:

- ◆ The college experienced an increase in cash received from students of \$164,019 in 2019 compared to \$34,930 in 2018. This was due to timing of when students enrolled in classes, paid for their classes, and a smaller decline in enrollment.
- ◆ The college experienced a decrease in cash received from state and federal funding agencies of \$441,643 in 2019 compared to \$914,533 in 2018 due to the fluctuation in the number and size of grants received each year as well as a change in financial aid disbursement.
- ◆ The college experienced an increase in payments to employees of \$2,785,190 in 2019 compared to a decrease of \$6,916,254 in 2018.
 - ✓ The college participates in the Wisconsin Retirement System. At the end of 2019, WCTC recorded liability compared to recording an asset at the end of 2018. This resulted in an adjustment to employee benefits expense of \$3,859,805 in 2019 compared to \$16,080,284 in 2018.

- ✓ The college's OPEB asset increased significantly from the prior year due to positive investment performance. The college recorded an adjustment to employee benefits expense of \$3,425,030 in 2019 compared to \$1,805,688 in 2018.
- ◆ The college experienced an increase in cash received from contracts with business and industry of \$482,547 in 2019 compared to a decrease of \$662,808 in 2018. 2018 experienced a significance decline due to turnover of staff.
- ◆ The college spent \$3,388,190 less in payments to vendors in 2019 compared to an increase in payments to vendors of \$1,599,945 in 2018. This decrease primarily relates to the timing of payments for services.
- ◆ Cash from enterprise activities increased \$326,219 in 2019 compared to a decrease of \$1,003,753 in 2018.

In 2019 the increase in cash from enterprise activities relates primarily to increased sales of electronics in the Bookstore outpacing the declines in volume and margins.

Cash from enterprise activities decreased significantly in 2018 primarily due to declines in enrollment and margins as well as the change in retiree coverage. Since WCTC is no longer self-insured for retiree healthcare, WCTC is no longer receiving premiums from retirees for their share of healthcare costs.

Cash provided by non-capital financing activities increased \$430,987 or 0.6% in 2019 compared to \$606,944 or 0.9% in 2018 due to the timing of when tax levy payments are received, and increases in the levy.

Cash used in capital and related financing activities increased \$2,086,268 or 25.8% in 2019 compared to a decrease of \$1,809,802 or 18.3% in 2018.

- ◆ WCTC has a master facilities plan in which it is systematically retrofitting and updating its older buildings to meet today's educational needs. These buildings were built in the early 1970's and are in need of updating. The cost and number of projects done in a fiscal year can vary and will affect cash flows as a result. The amount of principal and interest WCTC is repaying each year has been greater than the amount of new debt it has been borrowing, which has resulted in less cash flow needed for capital and related financing activities. Timing of when capital projects occurs also affects the cash flow for when payments are made to contractors.

Cash used in investing activities increased \$4,574,890 or 641.8% in 2019 compared to an decrease of \$6,137,029 or 89.6% in 2018. This increased usage is due to investing cash reserves and increasing investment balances.

Statement of Net Position

The Statement of Net Position includes all assets, which are items that the college owns and amounts that are owed to the college by others, and liabilities, which are amounts the college owes to others and which had been collected from others prior to providing the services. This statement is prepared under the accrual basis of accounting whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide service, regardless of when cash is exchanged. Below are highlights of the key components of the Statement of Net Position.

	2019	2018	Increase/(Decrease)		2017
			\$	%	
ASSETS					
Net capital assets	\$ 95,993,516	\$ 86,782,794	\$ 9,210,722	10.6	\$ 84,200,484
Other assets	83,686,497	77,335,836	6,350,661	8.2	62,867,536
Total Assets	<u>179,680,013</u>	<u>164,118,630</u>	<u>15,561,383</u>	<u>9.5</u>	<u>147,068,020</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	24,742,147	13,691,134	11,051,013	80.7	16,714,929
Deferred amounts related to post-employment benefits	60,803	922,674	(861,871)	(93)	482,540
Total Deferred Outflows of Resources	<u>24,802,950</u>	<u>14,613,808</u>	<u>10,189,142</u>	<u>69.7</u>	<u>17,197,469</u>
LIABILITIES					
Current liabilities	26,108,049	22,446,500	3,661,549	16.3	21,705,550
Long-term liabilities	22,877,924	13,158,735	9,719,189	73.9	16,360,171
Total Liabilities	<u>48,985,973</u>	<u>35,605,235</u>	<u>13,380,738</u>	<u>37.6</u>	<u>38,065,721</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to post-employment benefits	10,547,890	5,693,222	4,854,668	85.3	8,187,193
Deferred amounts related to pensions	13,294,748	16,293,672	(2,998,924)	(18.4)	7,503,506
Total Deferred Outflows of Resources	<u>23,842,638</u>	<u>21,986,894</u>	<u>1,855,744</u>	<u>8.4</u>	<u>15,690,699</u>
NET POSITION					
Net investment in capital assets	78,694,824	70,040,469	8,654,355	12.4	63,960,738
Restricted for					
Debt service	663,942	541,820	122,122	22.5	530,333
Student financial aid	125,255	130,879	(5,624)	(4.3)	110,255
Student organizations	446,837	415,917	30,920	7.4	358,452
Post-employment benefits	12,147,106	3,005,337	9,141,769	304.2	4,133,753
Pension	-	8,259,595	(8,259,595)	-	-
Unrestricted	39,576,388	38,746,292	830,096	2.1	41,415,538
Total Net Position	<u>\$ 131,654,352</u>	<u>\$ 121,140,309</u>	<u>\$ 10,514,043</u>	<u>8.7</u>	<u>\$ 110,509,069</u>

Total assets increased \$15,561,383 or 9.5% in 2019 compared to an increase of \$17,050,610 or 11.6% in 2018. Of these total assets, other assets increased \$6,350,661 or 8.2% in 2019 compared to an increase of \$14,468,300 or 23.0% in 2018. Net capital assets increased \$9,210,722 or 10.6% in 2019 compared to \$2,582,722 or 9.8% in 2018.

- ◆ Overall, WCTC's cash and investments increased \$5,409,077 or 10.1% in 2019 compared to an increase of 4,490,772 or 9.8% in 2018.

Due to timing of investing these funds and market conditions, WCTC had more of these available funds in cash and short-term investments in 2019 compared to 2018.

- ◆ Taxes receivable increased \$285,182 or 7.0% in 2019 compared to an increase of \$97,612 or 2.5% in 2018. This receivable was paid in full by the end of August 2019 and 2018 respectively. WCTC had increased its levy in 2019 and 2018, which resulted in a slight increases in outstanding receivable as of June 30.

- ◆ Accounts receivable decreased \$222,438 or 2.6% in 2019 compared to an increase of \$64,949 or 0.8% in 2018 as a result of the economy improving, enrollment declines slowing, and the positive affect the Wisconsin State Debt Collection (SDC) and Tax Refund Intercept Programs (TRIP) has had on collecting past-due balances.
- ◆ WCTC recorded an OPEB asset of \$12,147,106 in 2019 compared to \$3,005,337 in 2018.

Since WCTC was 121.1% and 104.7% funded as of June 30, 2019 and 2018 respectively, WCTC did not make any additional payments into the Trust in 2019 or 2018. WCTC's total OPEB liability as of June 30, 2019, was \$57,594,827 compared to \$65,794,021 June 30, 2018.

- ◆ WCTC recorded a pension liability of \$9,650,147 in 2019 compared to an asset of \$8,259,595 in 2018.

The college's deferred outflows of resources increased \$10,189,142 or 69.7% in 2019 compared to a decrease of \$2,583,661 or 15.0% in 2018.

- ◆ Due to implementing GASB 68 pension regulation, WCTC needed to record a deferred outflow of resources in the amount of \$24,742,147 in 2019 and \$13,691,134 in 2018.
- ◆ Due to implementing GASB 75 post-employment regulation, WCTC recorded a deferred outflow of resources in the amount of \$60,803 in 2019 compared to \$922,674 in 2018.

The college's current liabilities increased \$3,661,549 or 16.3% in 2019 compared to an increase of \$740,950 or 3.4% in 2018.

- ◆ Accounts payable increased \$3,367,118 or 122.6% in 2019 compared to an increase of \$69,409 or 2.4% in 2018. The majority of fluctuation between years was due to outstanding invoices resulting from construction projects that began in May with expected completion dates of August.
- ◆ Wages and benefits payable increased \$1,090,696 or 21.4% in 2019 compared to an increase of \$338,043 or 7.1% in 2018. Wages and benefits payable typically increase from year to year due to rising wages and benefits costs, however fluctiotions may occur depending on the timing of benefit related payments.

The college's long-term liabilities increased \$9,719,189 or 73.9% in 2019 compared to a decrease of \$3,201,436 or 19.6% in 2018.

- ◆ WCTC's general obligation debt liability increased \$107,939 or 0.9% in 2019 compared to \$823,160 or 6.5% in 2018. WCTC issued \$7,750,000 of general obligation promissory notes in both 2019 and 2018. WCTC has been repaying more debt per year than it has issued each year. WCTC structures its debt repayment schedule to keep a stable repayment structure. WCTC has been able to receive very low interest rates on its debt because of the economy and its Aaa bond rating.
- ◆ Due to implementing GASB Statement No. 68, WCTC needed to recognize a net pension liability of \$9,650,147 in 2019 compared to an asset of \$8,259,595 in 2018.

The college's deferred inflows of resources increased \$1,855,744 or 8.4% in 2019 compared to \$6,296,195 or 40.1% in 2018.

- ◆ Due to implementing GASB Statement No. 68, WCTC recognized a deferred inflow of resources of \$13,294,748 in 2019 compared to \$16,293,672 in 2018 for pensions.
- ◆ Due to implementing GASB 75, WCTC recognized a deferred inflow of resources of \$10,547,890 in 2019 compared to \$5,693,222 in 2018 for post-employment benefits.

Net position increased \$10,514,043 or 8.7% in 2019 compared to \$10,631,240 or 9.6% in 2018.

- ◆ Net investment in capital assets increased \$8,654,355 or 12.36% in 2019 compared to \$6,079,731 or 9.5% in 2018. This is a result of the change in capital assets, the impact of accumulated depreciation on those assets, and the debt still outstanding to pay for those assets as well as any proceeds remaining from debt that was previously borrowed. These assets include \$1,811,308 in 2019 and \$2,937,675 in 2018 of unexpended debt proceeds for capital assets. Purchase orders outstanding to be financed from unexpended debt proceeds amount to \$3,343,915 in 2019 compared to \$3,646,415 in 2018. WCTC also used some assets to fund some of its capital costs vs. issuing debt to fund all capital expenditures. This further increased net investment in capital assets.
- ◆ Net position restricted for debt service increased \$122,122 or 22.5% in 2019 compared to an increase of \$11,487 or 2.2% in 2018 as a result of favorable interest rates and higher premiums received on new debt issues. These assets can only be used to repay the general obligation promissory notes WCTC has issued to fund its capital expenditures.
- ◆ Net position restricted for student organizations and financial assistance increased \$25,296, or 4.6% in 2019 compared to an increase of \$78,089 or 16.7% in 2018. Spending for student organizations can vary from year to year depending on projects and activities approved by the student organizations.
- ◆ Due to implementing GASB Statement No. 75, WCTC's restricted for net post-employment benefits was \$12,147,106 in 2019 and \$3,005,337 in 2018.
- ◆ Due to GASB Statement No. 68 WCTC recognized a pension asset and net position restricted for pension of \$8,259,595 in 2018. In 2019 there was a net pension liability.
- ◆ Unrestricted net position increased \$830,096 or 2.14% in 2019 compared to a decrease of \$2,669,246 or 6.4% in 2018. Unrestricted net position is highly impacted with changes in the entity's OPEB asset and Pension liabilities.

On a budgetary basis WCTC has designated a use for these funds. These internal designations consist of the following:

- ✓ Outstanding purchase orders – \$1,411,097 in 2019 compared to \$1,359,026 in 2018 of assets were set aside for outstanding purchase orders. WCTC has made a commitment to purchase these goods and services when they are received and invoiced. These funds have been set aside to pay for these commitments. Due to a change in an increase in capitalization levels, WCTC had more purchase orders for minor equipment outstanding at year end than in prior years. These purchase orders previously would have been capital purchases.

- ✓ Prepaid expenses and inventories – \$201,667 in 2019 and \$166,518 in 2018 of assets were set aside to cover prepaid expenses and inventories already purchased and paid for. WCTC will incur costs as it recognizes expenses related to prepayments of goods, services, and inventory it has purchased in advance of resale or use of those items.
- ✓ Operations – \$17,634,445 in 2019 and \$18,287,202 in 2018 were set aside for operations. WCTC has set these funds aside to be used for operations in the event of an emergency that was not planned for in the budget and to help with cash flow needs of the college. WCTC's reserve policy identifies that the college will reserve funds to cover 25% of operating costs.
- ✓ Designated for subsequent year – \$4,574,000 and \$4,170,000, was set aside to be used in 2020 and 2019 respectively as a result of the college exceeding its 25% target for funds reserved for operations. WCTC will be modifying its 2019/20 budget so these funds can be used. In 2019 WCTC utilized these excess funds to help fund future year(s) capital projects included in its Master Facility Plan in order to meet student and stakeholder needs.
- ✓ Sick-pay benefits – \$1,366,762 in 2019 and \$1,405,659 in 2018 of net position were set aside to cover sick pay benefits that have vested with employees.
- ✓ Enterprise and internal service fund operations – \$3,051,422 in 2019 and \$3,425,862 in 2018 of assets were set aside for enterprise and internal service fund operations. These funds are used to cover insurance claims costs that exceed expectations and to provide funds for activities run like a private business. WCTC currently has been following a plan to gradually reduce these balances over the next few years.

Capital Assets and Debt Administration

WCTC's investment in capital assets as of June 30, 2019 was \$95,993,516 compared to \$86,782,794 in 2018. This investment includes land, land improvements, building, building improvements, construction in process, and fixed and movable equipment net of related accumulated depreciation.

As of June 30, 2019 WCTC had \$19,110,000 compared to \$19,680,000 in 2018 of general obligation promissory notes outstanding related to capital assets. WCTC has received a Aaa bond rating from Moody's Investor Service for all notes issued since 1996. WCTC continues to meet all of its debt service requirements, including timely repayment of its debt. All debt issued for building and land improvements are repaid in five to ten years. All debt issued for equipment is paid in three to seven years, which corresponds to the life of the majority of the equipment. By statute, WCTC cannot have a repayment schedule greater than twenty years. The WCTC Board does not have any repayment schedule exceeding ten years.

WCTC tracks its capital assets and looks to replace those assets when their useful lives have expired in order to keep current with technology and have well-maintained facilities.

Additional information on WCTC's capital assets and long-term debt can be found in Note 3 on page 74 and Note 4 on page 76, respectively, of this report.

Financial Position

WCTC continues to maintain a strong financial position. Its major revenue sources are property taxes, state aids, student tuition and fees, federal and state grants, and contracts with business and industry.

- ◆ Prior to 2015, property taxes remained WCTC's primary source of revenues. Property taxes accounted for 54.5% of the revenues received by WCTC in 2014.

The 2014 – 2015 Wisconsin State Biennium Budget included levy limits on the technical college whereby the technical colleges could not increase their operational levy by more than net new construction for the year. The budget did include provisions that allowed a college to carryover and use in the next budget year up to 0.5% of unused tax levy authority from the prior year. For 2011 through 2017, WCTC did not increase its operational or debt service levy amounts.

In April 2014, the Legislature removed \$406 million from local property taxes for the technical colleges and replaced it with state funding. This change was effective for 2015. This legislative change resulted in funding shift of \$43,219,314 from local property tax to state funding in the form of property tax relief aid. Provisions exist in the statute that allows the colleges to increase property taxes by the amount property tax relief aid may decrease or not increase in the future. For 2019 and 2018, this amount remained the same.

WCTC levied taxes of \$20,451,561 in 2019 and had a mill rate of \$0.21 for operations. Property values increased 4.2% compared to a projected increase of 3.5% when the 2019 budget was adopted. WCTC raised its operational levy with the increase being less than the allowed limit. The operational tax levy cannot increase more than the percent of net new construction.

WCTC projected the operational mill rate would be \$0.20388. The personal property aids were less than budgeted resulting in a shift of these excess budgeted revenues to additional operational levy. Due to this the operational mill rate was \$0.20638 in 2019 despite the higher than expected increase in the equalized value.

The WCTC Board is very cognizant of the taxpayers' desire to reduce its tax levy and the needs of the community to be educated. It controls the budget by controlling the increase to the property tax levy.

- ◆ WCTC projected the debt service mill rate would be \$0.15674 when it adopted its budget. Due to higher-than-expected valuation increases, the debt service mill rate was \$0.15565 in 2019.
- ◆ The total mill rate decreased from \$0.36855 in 2018 to \$0.36203 in 2019.
- ◆ Since fiscal year 2006, WCTC had been seeing a steady increase in its enrollments with a significant increase because of the economic recession. As the economy improved, WCTC's enrollments, just like all the other technical colleges, began decreasing since it is highly correlated with the unemployment rate. Enrollments were 3,439 in 2019 compared to 3,522 in 2018. WCTC has placed a high priority on looking at the factors impacting enrollment declines and finding solutions to increase. To date, 2019 enrollments are projected to decline approximately 4.0%.

- ◆ WCTC has been very cognizant of its responsibility to fund its liabilities. As a result, in the late 1990's, WCTC used excess unrestricted net position to pay for its unfunded prior service pension liability with the Wisconsin Department of Employee Trust Funds. In addition, WCTC had been reserving a large portion of its unrestricted net position to fund post-employment benefits. In fiscal year 2007 WCTC created an irrevocable post-employment benefits trust to begin funding this liability. It placed \$21,500,000 of its assets into the trust in 2007. Between 2009 and 2018, WCTC had placed more than its required annual contribution into the trust to advance fund some of this liability. As of June 30, 2019, the actuarial study showed that WCTC had fully funded the liability and had an OPEB asset of \$12,147,106 in its OPEB Trust.

Economic Factors

The slowdown of the US economy had a major impact on businesses and industries in Waukesha County and throughout the state and recovery was slow. WCTC was able to weather this economic downturn. Some of the reasons for this were:

- ◆ Waukesha County is one of the wealthiest counties in Wisconsin. Equalized valuation within WCTC's district had been increasing 8 – 10% annually prior to the recession. Due to the slowdown in the housing market, property values decreased from 2010 to 2014. Values increased 5.71% in 2020 and 4.23% in 2019. WCTC conservatively projected an increase of 3.5% when it developed its 2020 budget. Increases in the tax base had allowed WCTC to keep a stable or decreasing mill rate over the years when values increased. Due to the negative growth rate of valuations, WCTC experienced increasing mill rates for 2010 through 2014. The mill rate for 2015 significantly decreased due to the tax levy funding shift identified above and continued to decrease slightly each year since then due to increasing valuations and limited increases to the levy amount. Fiscal year 2020 budget included an operational levy increase, the overall mill rate decreased from \$0.36203 to \$0.36016 due to the higher than expected growth in equalized value.
- ◆ During poor economic times, the technical college system within the state of Wisconsin experiences an increase in enrollments. During periods of low unemployment, employers cannot afford to have their staff away from their jobs to attend school and training. Employees are working additional hours, which decreases the amount of time available to attend school. During slower economic periods, more people have the time and need to get training or to be retrained for a different job. WCTC had been experiencing record growth in its enrollments and FTE's, with FTE's topping the 4,000 mark for the first time in 2008 and almost reaching 4,900 in 2011. As the economy improves, WCTC has experienced expected declines in its enrollments due to the significant growth it experienced during the peak of the recession. Current 2020 projections show a projected decline of approximately 4.0% from 2019. WCTC is working hard to turn the declining enrollment trend around.
- ◆ WCTC has a beautiful campus in a beautiful neighborhood. WCTC is well respected in the community and nationally for its quality educational offerings. As a result, WCTC is attractive as an educational resource for people looking for training. It is also well known and highly respected for the quality of its programs and services.

Even with the challenges that face WCTC, WCTC is confident that its long-term financial planning will allow it to effectively meet the financial needs of its future operations. WCTC's current financial position is positive and we are positioned to maintain this positive status into the future.

The fiscal year 2020 budget includes the following factors:

	2020	2019	Increase/(Decrease)	
	<u>Adopted</u>	<u>Adopted</u>	\$	%
Revenues				
Local government	\$ 20,956,491	\$ 20,348,708	\$ 607,783	3.0%
State funds	50,231,750	49,814,001	417,749	0.8%
Tuition and fees	14,812,790	14,972,924	(160,134)	-1.1%
Institutional	9,892,335	9,921,600	(29,265)	-0.3%
Federal funds	<u>5,737,718</u>	<u>6,651,697</u>	<u>(913,979)</u>	<u>-13.7%</u>
Total revenue	<u>101,631,084</u>	<u>101,708,930</u>	<u>(77,846)</u>	<u>-0.1%</u>
Expenditures				
Instruction	52,157,381	51,652,627	504,754	1.0%
Instructional resources	1,625,494	1,579,836	45,658	2.9%
Student services	16,820,801	16,918,471	(97,670)	-0.6%
General institution	15,586,952	14,196,989	1,389,963	9.8%
Physical plant	22,298,320	23,975,456	(1,677,136)	-7.0%
Auxiliary	<u>5,454,515</u>	<u>5,703,900</u>	<u>(249,385)</u>	<u>-4.4%</u>
Total expenditures	<u>113,943,463</u>	<u>114,027,279</u>	<u>(83,816)</u>	<u>-0.1%</u>
Net revenue/(expenditure)	(12,312,379)	(12,318,349)	5,970	0.0%
Proceeds from debt	<u>7,750,000</u>	<u>7,750,000</u>	<u>-</u>	<u>0.0%</u>
Net revenue/(expenditure)	(4,562,379)	(4,568,349)	5,970	-0.1%
Beginning fund balance				
Ending fund balance	<u>40,342,644</u>	<u>40,203,569</u>	<u>139,075</u>	<u>0.3%</u>
Reserve for debt service				
Reserve for debt service	-	-	-	0.0%
Reserve for capital outlay	(4,585,309)	(4,464,159)	(121,150)	2.7%
Reserve for financial aid	-	(5,000)	5,000	-100.0%
Reserve for student organizations	-	-	-	0.0%
Retained earnings	22,930	(99,190)	122,120	-123.1%
Reserve for post-employment benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Use of reserves	\$ (4,562,379)	\$ (4,568,349)	\$ 5,970	-0.1%

The revenue budget is \$101,631,084, which is a decrease of \$77,846 over the fiscal year 2019 adopted budget.

- ◆ Tuition and fees decreased \$160,134 or 1.1%. WCTC has been experiencing declining enrollments that have been lower than its projections during the budget process. Although WCTC is actively working to bolster enrollments, it proactively projected declines more than it anticipated in order to not have revenue shortfalls for tuition and fees in 2020.
- ◆ Federal funds decreased \$913,979 due to less financial aid expected to be disbursed as a result of enrollment declines.
- ◆ State funds are expected to increase \$417,740 due to receiving more state grants than the prior year.

The expense budget is \$113,943,463, which is a decrease of \$83,816 over the fiscal year 2019 adopted budget.

- ◆ Capital expenditures decreased \$2,751,950 based on the number and size of capital projects expected to be accomplished in 2020.
- ◆ A cost-of-living adjustment was included in the budget for salary increases at 2.44%.
- ◆ WCTC does not plan on placing funds into the OPEB Trust to continue funding post-employment benefits since it is fully funded. WCTC did not place any funds into the Trust in 2020 either since it was fully funded as of June 30, 2019.
- ◆ WCTC plans to issue \$7,750,000 in general obligation promissory notes in fiscal year 2020, which is the same amount as 2019.
- ◆ WCTC plans to utilize \$4,585,309 of its fund balance during 2019 for additional capital expenditures.

Requests for Information

This financial report is designed to provide a general overview of WCTC's finances for all those with an interest in the college's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Vice President of Finance, 800 Main Street, Pewaukee, WI 53072.

BASIC FINANCIAL STATEMENTS

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

STATEMENTS OF NET POSITION
As of June 30, 2019 and 2018

ASSETS	2019	2018
Current assets		
Cash	\$ 11,184,255	\$ 11,654,471
Short-term investments	2,838,913	2,777,406
Accounts receivable, net	8,273,168	8,495,606
Taxes receivable	4,364,193	4,079,011
Interest receivable	128,804	77,409
Inventories	432,908	508,895
Prepaid expenses and other assets	3,099,881	2,718,623
Total Current Assets	30,322,122	30,311,421
Non-current assets		
Long-term investments	41,217,269	35,759,483
Net OPEB asset	12,147,106	3,005,337
Net pension asset	-	8,259,595
Capital assets, net of accumulated depreciation		
Land	641,345	641,345
Construction in progress	7,518,556	3,201,861
Other capital assets	87,833,615	82,939,588
Total Non-Current Assets	149,357,891	133,807,209
Total Assets	179,680,013	164,118,630
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	24,742,147	13,691,134
Deferred amounts related to OPEB	60,803	922,674
Total Deferred Outflows of Resources	24,802,950	14,613,808
LIABILITIES		
Current liabilities		
Accounts payable	6,113,678	2,746,560
Wages and benefit payables	6,193,096	5,102,400
Compensated absences	999,124	1,027,937
Interest payable	100,878	87,516
Unearned revenue	5,251,273	5,417,087
General obligation debt - current portion	7,450,000	8,065,000
Total Current Liabilities	26,108,049	22,446,500
Non-current liabilities		
Compensated absences	1,366,762	1,405,659
Net pension liability	9,650,147	-
General obligation debt	11,861,015	11,753,076
Total Non-Current Liabilities	22,877,924	13,158,735
Total Liabilities	48,985,973	35,605,235
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to OPEB	10,547,890	5,693,222
Deferred amounts related to pensions	13,294,748	16,293,672
Total Deferred Inflows of Resources	23,842,638	21,986,894
NET POSITION		
Net investment in capital assets	78,694,824	70,040,469
Restricted for		
Debt service	663,942	541,820
Student financial aid	125,255	130,879
Student organizations	446,837	415,917
OPEB	12,147,106	3,005,337
Pension	-	8,259,595
Unrestricted	39,576,388	38,746,292
TOTAL NET POSITION	\$ 131,654,352	\$ 121,140,309

The accompanying notes are an integral part of these statements.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2019 and 2018

REVENUES	2019	2018
Operating revenues		
Tuition and fees		
Program fees (net of \$2,967,275 and \$3,499,966 scholarship allowances respectively)	\$ 9,171,678	\$ 8,855,966
Material fees (net of \$192,243 and \$234,155 scholarship allowances respectively)	590,653	589,106
Other student fees (net of \$431,869 and \$488,555 scholarship allowances respectively)	1,327,401	1,239,072
State grants and contracts	2,267,454	2,037,676
Federal grants and contracts	5,128,262	6,071,875
Non-governmental grants and contracts	3,450,243	3,330,256
Auxiliary enterprise services	4,262,279	3,790,750
Total Operating Revenues	26,197,970	25,914,701
EXPENSES		
Operating expenses		
Educational		
Instruction	45,874,721	43,425,242
Instructional resources	1,410,168	1,329,693
Student services	11,064,330	10,782,303
General institutional	12,750,217	11,475,436
Physical plant	6,880,022	6,179,035
Depreciation	4,588,122	4,283,926
Auxiliary enterprise services	4,501,684	5,437,849
Total Operating Expenses	87,069,264	82,913,484
Operating Loss	(60,871,294)	(56,998,783)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	47,588,988	47,552,558
Local property taxes	20,568,275	19,986,148
Loss on sale of capital assets	(806,651)	(720,936)
Investment income (net of \$22,690 and \$23,493 investment expenses respectively)	1,647,084	492,293
Interest on capital asset-related debt	(518,992)	(466,781)
Total Nonoperating Revenues (Expenses)	68,478,704	66,843,282
CAPITAL CONTRIBUTIONS		
Federal and state appropriations for capital-related grants	78,171	76,447
Donations	2,828,462	710,294
Total Capital Contributions	2,906,633	786,741
Change in Net Position	10,514,043	10,631,240
NET POSITION - BEGINNING OF YEAR	121,140,309	110,509,069
NET POSITION - END OF YEAR	\$ 131,654,352	\$ 121,140,309

The accompanying notes are an integral part of these statements.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Tuition and fees received	\$ 11,165,660	\$ 11,001,641
Federal and state grants received	7,436,821	7,878,464
Business, industry and school district contract revenues received	3,693,668	3,211,121
Payments to employees including related benefits	(57,820,411)	(55,035,221)
Payments to suppliers	(23,008,058)	(26,396,248)
Auxiliary enterprise revenues received	4,296,072	3,969,853
Net Cash Flows From Operating Activities	(54,236,248)	(55,370,390)
Cash flows from non-capital financing activities		
Local property taxes received	20,283,093	19,888,536
State appropriations received	47,588,988	47,552,558
Net Cash Flows From Non-Capital Financing Activities	67,872,081	67,441,094
Cash flows from capital and related financing activities		
Federal and state appropriations received for capital assets	78,171	76,447
Donations	2,490,835	710,294
Purchases of capital assets	(11,738,760)	(7,749,262)
Proceeds from issuance of capital debt	7,750,000	7,750,000
Net premium received (discount paid) on debt issuance	145,897	(32,751)
Principal paid on capital debt	(8,320,000)	(8,390,000)
Interest paid on capital debt	(588,588)	(460,905)
Net Cash Flows From Capital and Related Financing Activities	(10,182,445)	(8,096,177)
Cash flows from investing activities		
Investment income received	777,007	565,399
Purchase of investments	(71,999,659)	(52,627,979)
Proceeds on sale of investments	67,360,555	52,775,376
Net Cash Flows From Investing Activities	(3,862,097)	712,796
Net Increase (Decrease) in Cash and Cash Equivalents	(408,709)	4,687,323
Cash and Cash Equivalents - Beginning of Year	14,431,877	9,744,554
Cash and Cash Equivalents - End of Year	\$ 14,023,168	\$ 14,431,877

The accompanying notes are an integral part of these statements.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (60,871,294)	\$ (56,998,783)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	4,588,122	4,283,926
(Increase) Decrease in deferred outflows of resources	(10,189,142)	2,583,661
Increase in deferred inflows of resources	1,855,744	6,296,195
Change in assets and liabilities:		
Accounts receivable	560,065	(64,949)
Inventories	75,987	(32,029)
Prepaid expenses and other assets	(381,258)	(2,651,119)
Net pension liability (asset)	17,909,742	(10,627,521)
Accounts payable	500,383	231,498
Wages and benefit payable	1,090,696	338,043
Unearned revenue	(165,814)	211,327
Compensated absences	(67,710)	(69,055)
Net OPEB asset	(9,141,769)	1,128,416
Net Cash Flows From Operating Activities	\$ (54,236,248)	\$ (55,370,390)
Reconciliation of cash and cash equivalents to Statement of Net Position:		
Cash	\$ 11,184,255	\$ 11,654,471
Short-term investments	2,838,913	2,777,406
	\$ 14,023,168	\$ 14,431,877
Noncash capital financing activities		
None		

The accompanying notes are an integral part of these statements.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND - WCTC POST-EMPLOYMENT BENEFITS TRUST As of June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current assets		
Cash equivalents	\$ 4,763,744	\$ 149,678
Interest receivable	342,317	319,138
Total Current Assets	<u>5,106,061</u>	<u>468,816</u>
Non-current assets		
Long-term investments		
Commercial paper	-	498,978
Corporate bonds	26,207,946	29,889,367
Asset-backed securities	6,995,543	3,550,482
Supra Nationals	4,562,994	4,397,166
Federal Agency Collateral Mortgage Obligations	5,712,677	1,705,919
Federal Agency Mortgage Backed Securities	766,486	758,869
U.S. Treasuries	16,598,524	18,035,891
U.S. Instrumentalities	4,188,457	10,044,927
Total Non-Current Assets	<u>65,032,627</u>	<u>68,881,599</u>
Total Assets	<u>70,138,688</u>	<u>69,350,415</u>
LIABILITIES		
Current liabilities		
Accounts payable	396,755	551,057
Total Current Liabilities	<u>396,755</u>	<u>551,057</u>
Total Liabilities	<u>396,755</u>	<u>551,057</u>
NET POSITION		
Restricted for		
Post-employment benefits	<u>69,741,933</u>	<u>68,799,358</u>
TOTAL NET POSITION	<u>\$ 69,741,933</u>	<u>\$ 68,799,358</u>

The accompanying notes are an integral part of these statements.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND - WCTC POST-EMPLOYMENT BENEFITS TRUST
 For the Years Ended June 30, 2019 and 2018

ADDITIONS	<u>2019</u>	<u>2018</u>
Contributions WCTC	\$ -	\$ -
Investment income		
Interest	1,777,366	1,497,082
Investment expense	(53,781)	(56,395)
Unrealized gain/(loss)	<u>2,686,980</u>	<u>(1,738,205)</u>
Net investment income	<u>4,410,565</u>	<u>(297,518)</u>
Total additions	<u>4,410,565</u>	<u>(297,518)</u>
DEDUCTIONS		
Retiree benefits	3,462,846	3,545,531
Administrative expenses	<u>5,144</u>	<u>5,075</u>
Total Deductions	<u>3,467,990</u>	<u>3,550,606</u>
 Change in Net Position	 942,575	 (3,848,124)
 NET POSITION RESTRICTED FOR POST-EMPLOYMENT BENEFITS:		
BEGINNING OF YEAR	<u>68,799,358</u>	<u>72,647,482</u>
END OF YEAR	<u>\$ 69,741,933</u>	<u>\$ 68,799,358</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES

Waukesha County Area Technical College District (WCTC) was organized in 1923. Between 1923 and 1963 WCTC's programs served apprentices, adults, full-time compulsory-age students and employed part-time students attending school one day per week under a work permit. In 1967 WCTC dropped its status as a city institution and became a county-based district. In 1973, WCTC officially became known as the Waukesha County Area Vocational, Technical and Adult Education District.

In 1987 the Waukesha County Area Vocational, Technical and Adult Education District became known as Waukesha County Technical College based on action taken by its board and the Wisconsin Technical College System Board (WTCSB). WCTC's legal name was officially changed from Waukesha County Area Vocational, Technical and Adult Education District to Waukesha County Area Technical College District in 1994. The primary purpose for the name change was to communicate more clearly the higher education nature of its offerings. WCTC's mission and legislative authority have not changed. WCTC's authority includes granting associate of applied science degrees and offering basic skills training.

WCTC is committed to continuously improving its services to meet the technical and vocational training needs of its students, employers, and the community.

The WCTC Board is the governing authority of WCTC. By state statute the county board chairpersons of Waukesha, Jefferson, Dodge and Racine counties appoint WCTC board members; however, these elected officials do not maintain a continuing relationship with the WCTC board with respect to carrying out its important public functions and the counties are not financially accountable for the operations of WCTC. As WCTC's governing authority, the powers of the WCTC board include:

- Authority to borrow money and levy taxes;
- Authority to create a budget; and
- Authority over other fiscal and general management of WCTC, 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 being provided and to approve the hiring or retention of key management personnel who implement board policies and directives.

WCTC and the WTCSB maintain that colleges within the Wisconsin Technical College System should follow accounting principles generally accepted in the United State of America (GAAP) for governmental units because the system's mission, taxing authority, political nature and legislative intent make GAAP for governmental units most appropriate for WCTC and the state WTCSB system. Accordingly, the accounting policies of WCTC conform to generally accepted accounting principles as applicable to public colleges and universities as well as those prescribed by the WTCSB. WCTC follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation.

The accounting policies and practices of WCTC conform to GAAP as applicable to governments. The following is a summary of the more significant accounting policies as promulgated by GASB.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

In June 2018 the GASB issued Statement No 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the the information that is disclosed in notes to government financial statements related to debt including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

WCTC implemented this standard effective July 1, 2018

In June 2018 the GASB issued Statement No 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. The objective of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

WCTC implemented this standard effective July 1, 2018

A. REPORTING ENTITY

The reporting entity for WCTC is based on criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and includes all the accounts and operations of the college as governed by its Board. WCTC is not financially accountable for any other entity nor are there any other entities for which the nature and significance of their relationship with WCTC are such that exclusion would cause WCTC's financial statements to be misleading or incomplete. Financial accountability includes the ability to appoint a voting majority of an organization's governing board, the ability to significantly influence operations, and whether the organization is fiscally dependent on the governmental unit and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the governmental unit. Statement No. 39 requires reporting as a component unit an organization that raises and holds economic resources for the direct benefit of a governmental unit if it is deemed to be significant.

WCTC is affiliated with the WCTC Foundation, Inc. (Foundation), a not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of WCTC and its students. The Foundation is managed by an independent board of directors and is not fiscally accountable to WCTC. The financial resources of the Foundation are not material to WCTC as a whole and, accordingly, financial information related to the Foundation is not included in these financial statements.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

B. JOINT VENTURES

WCTC formed a library consortium, Wisconsin Project for Automated Library Systems (WISPALS) in fall 1989 through a joint venture with Gateway Technical College and Moraine Park Technical College. Since then Mid-State Technical College, Northcentral Technical College, Northeast Technical College, Fox Valley Technical College, Chippewa Valley Technical College, Lakeshore Technical College, Western Technical College, and Wisconsin Indianhead Technical College joined the Consortium. The Board of Directors, which is made up of the college presidents, and the Executive Committee, which is made up of the library directors, or designee, with each college having an equal vote, govern WISPALS. The eleven colleges share WISPALS operating costs equally. The Wisconsin Library System (WiLS) provides consortia management, ILS support, cooperative purchasing, and fiscal management for WISPALS.

The following is a summary of financial information for WISPALS as of June 30, 2019 and 2018 (balance sheet dates):

	2019		2018	
	Total	WCTC's	Total	WCTC's
	WISPALS	Share	WISPALS	Share
Total assets	\$ 70,646	\$ 6,422	\$ 34,964	\$ 3,179
Total liabilities	31,090	2,826	-	-
Total net position	39,556	3,596	34,964	3,179
Total revenues	600,301	54,573	462,299	42,027
Total expenses	595,709	54,155	491,390	44,672

WISPALS has no joint venture debt outstanding.

The WISPALS financial statements can be obtained through WiLS at 1360 Regent Street #121, Madison, WI 53715-1255.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

For financial reporting purposes, WCTC is considered a special-purpose government engaged only in business-type activities. Accordingly, WCTC's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant inter-district transactions have been eliminated.

Post-employment benefit trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of post-employment benefit plans. Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

D. BUDGETS AND BUDGETARY ACCOUNTING

WCTC's structure used in the preparation of the basic financial statements is different than the structure used for budgetary accounting. Annual budgets are adopted for all funds in accordance with the requirements of the WTCSB. WCTC follows the procedures listed below in adopting the annual budget for all funds in accordance with legal requirements.

1. A public hearing is conducted on the proposed budget prior to WCTC Board approval.
2. Prior to July 1, the budget is legally enacted through approval by the WCTC Board.
3. The WCTC Board establishes the WCTC tax levy based on the adopted budget and not to exceed any statutory limits. Property taxes are then levied on the various taxing municipalities located primarily in Waukesha County. WCTC records as revenue its share of the local tax levied that is considered available during its fiscal year to finance its operations.
4. Budget amendments during the year are legally authorized. According to Wisconsin statutes, budget transfers (between funds and functional areas within funds) and changes in budgeted expenditures (appropriations) require approval by a vote of two-thirds of the entire membership of the WCTC Board and require publishing a Class 1 legal notice in the official newspaper designated by WCTC within 10 days. Management has the ability to modify the budget by expenditure category within a function and fund without WCTC Board approval.
5. Management exercises control over budgeted expenditures by fund and function (i.e., instruction, instructional resources, debt service, etc.) as presented in the accompanying financial statements. Expenditures may not legally exceed appropriations at the functional level unless authorized by a resolution adopted by a vote of two-thirds of the WCTC Board. Unused appropriations lapse at the end of each fiscal year.
6. Formal budgetary integration is employed as a planning device for all funds. WCTC adopts an annual operating budget which is prepared on a different basis than the financial statements. The budget differs from GAAP by recognizing encumbrances, capital purchases, and debt payments as expenditures. The budget does not include depreciation for non-enterprise capital assets. Expenditures (as reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the general fund, special revenue fund, and the capital projects fund) have been revised to include encumbrances. A comparison of budget and actual is included in the accompanying supplementary information for fund types based on budget amounts as amended by the WCTC Board. All individual amendments were legally authorized.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

E. ACCOUNTING ESTIMATES

In preparing basic financial statements in conformity with GAAP, WCTC is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

F. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, WCTC considers all highly liquid investments, which include cash on hand, demand deposits, repurchase agreements and investments in a local inter-government investment pool with original maturities of three months or less when acquired, to be cash equivalents.

See Note 2 for descriptions of WCTC's investment policy and its compliance with that policy.

G. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets represent payments made by WCTC for which benefits extend beyond the fiscal year end.

H. INVENTORIES

Inventories are valued at the lower of cost or market for resale items with cost determined on the first in, first out basis while the cost of supply inventories are reported at cost. The cost of inventory items is recorded as an expense at the time of consumption.

I. CAPITAL ASSETS

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. Interest costs incurred during construction are not capitalized.

The costs of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed. Equipment assets having a cost of \$5,000 or more per unit and building or remodeling projects of \$15,000 or more are capitalized. Depreciation on buildings and equipment is provided in amounts sufficient to relate the cost of the depreciable assets to operations on the straight-line basis, mid-year convention, over the estimated service lives, which range from three to twenty years for movable and fixed equipment and twenty to fifty years for land improvements, buildings and building improvements.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS

Vacation

WCTC employees are granted vacation in varying amounts, based on length of service. Vacation earned is forfeited if not taken within fourteen months. Vacation pay is accrued when earned. The liability also includes salary-related payments, including social security taxes, Medicare taxes and pension plan contributions. The accrued vacation pay liability at June 30, 2019 and 2018 amounted to \$394,845 and \$417,730, respectively.

Sick Pay

As provided in the Employee Handbook, sick leave is earned at the rate of 14 sick days per year for all eligible staff except faculty who only receive 12 sick days per year. The unused portion of sick leave earned is allowed to accumulate up to 100 days except full-time instructors may accumulate up to 90 days. Upon retirement, resignation or death (and achieving fifteen years of service), employees receive a contribution to a tax sheltered annuity for up to 36% of their unused sick leave at their current salary rate.

Costs related to employees' sick pay are accrued when the amounts are earned. At June 30, 2019 and 2018, the total unused accumulated sick leave for all employees amounted to \$8,564,236 and \$8,818,926, respectively. However, only the probable amount of such sick leave compensation as of June 30 that ultimately will be paid, after taking into consideration a reduction in the amount for resignations or retirements, has been recorded in the accompanying financial statements. The liability also includes salary-related payments. The current portion of this liability at June 30, 2019 and 2018 totaled \$589,309 and \$611,230, respectively, and is recorded as compensated absences in the current liabilities. The remaining portion of the liability, \$1,366,762 and \$1,405,659 at June 30, 2019 and 2018, respectively are recorded as noncurrent compensated absences.

Retirement Plans

WCTC employees participate in the Wisconsin Retirement System. All contributions made by WCTC on behalf of its employees are reported as expenses when incurred.

Post-Employment Benefits Other than Pensions (OPEB) – Current Year

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the WCTC OPEB Trust and additions to/deductions from the WCTC OPEB Trust's fiduciary net position have been determined on the same basis as they are reported by WCTC. For this purpose, the WCTC OPEB Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) (continued) – Current Year (continued)

General Information about the OPEB Plan

Plan Administration

WCTC administers the WCTC Post-Employment Benefits Trust (WCTC OPEB Trust), a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and employees of the WCTC. Management of the WCTC OPEB Trust is vested in the WCTC Board of Trustees.

Plan Description

The plan provides comprehensive medical and dental benefits to eligible retirees and their dependents. The plan was changed effective May 1, 2013. To be eligible, participants must have been retired as of June 30, 2015, or have met age 57 with 20 years of service as of that date. Participants retired as of that date will receive benefits for their lifetime; participants not retired by that date will receive coverage for eight years. Benefits have been eliminated or any employee not falling into one of these two groups.

For the majority of participants, the employer will pay 85% of the premium if full time status and 50% of the premium if part-time status. Participants could have retired prior to age 57 with at least 20 years of service by increasing their portion of the premium so as to be actuarially equivalent. With the exception of Classified staff, life insurance benefits are also provided at similar eligibility. Benefits are one times salary with a 25% reduction at age 70, 71, and 72.

In April 2019, WCTC opened a one-time retirement window to eligible employees whereby the employee needed to identify in writing by the end of May when he/she would retire with the retirement date being on or before December 31, 2019. To be eligible, employees had to meet one of the following criteria by December 31, 2019:

- Employees with 20 years of service and be at least 57 years of age. For employees falling into this category, if the employee retired by December 31, 2019, the employee would receive a \$5,000 payment into an eligible 403(b) account with their last paycheck.
- Employees with at least 20 years of service and be at least 55 years of age. Employees in this category would be able to retire earlier than the normal retirement plan allowed.
- Employees had to be at least 57 years of age and have at least 15 years of service. Employees in this category would be able to retire earlier than the normal retirement plan allowed.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) (continued) – Current Year (continued)

Benefits Provided

The plan provides comprehensive medical and dental benefits to eligible retirees and their dependents. With the exception of Support Associate staff, life insurance benefits are provided at similar eligibility. Benefits are one times salary with a 25% reduction at age 70, 71, and 72.

For participants over age 65 on the College's PPO plan, the plan pays secondary to Medicare. The integration method for this purpose is carve out.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	405
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>131</u>
Total	<u>536</u>

Effective May 1, 2013, benefits were eliminated for any employee who was not under the lifetime benefit. Only those employees who were part of the lifetime plan and who did not retire by June 30, 2015, continue to have coverage with their benefit being decreased from lifetime coverage to ninety-six months of coverage. No new participants will enter the plan.

Contributions: Contribution requirements are established by management and may be amended by the college as needed. The college makes the same monthly insurance contribution on behalf of the retirees as it makes on behalf of all other active employees during the year.

	<u>College Pays</u>	<u>Retiree Pays</u>
Full time	85%	15%
Part time		
30 - 39.9 hours/week	78%	22%
20 - 29.9 hours/week that were grandfathered	50%	50%

Effective July 1, 2012, life insurance for all benefit-eligible active employees was one times annual salary at retirement rounded to the next highest thousand. At age 70 the life insurance amount is reduced by 25% and is reduced another 25% in each year at age 71 and 72. The final amount is not less than 25% of the original amount. Support professionals do not have college-funded life insurance after retirement; employees may elect to pay their own premiums to continue this coverage after retirement. Employees are eligible for this benefit upon retirement at a minimum of age 57 and 20 years of service. The college pays 100% of premiums for eligible retirees. The post-employment benefit terminates at the same time that health and dental benefits cease (lifetime or ninety-six months depending on the category the retiree is in).

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) (continued) – Current Year (continued)

Investments

Investment policy: WCTC is authorized to invest funds of the Plan only in investments which the College is permitted to make under Section 66.0603 (1m) of the Wisconsin state statutes. See Note 2 for further information.

Concentrations: All OPEB plan assets have been invested in bonds and notes with a bank.

Rate of return: The annual money-weighted rate of return on investments, net of investment expense, for 2019 was 6.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

The WCTC OPEB Trust's net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB Liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date.

The components of the Net OPEB Liability (Asset) as of June 30, 2019, are:

Total OPEB Liability	\$ 57,594,827
Plan Fiduciary Net Position	<u>69,741,933</u>
Net OPEB Liability (Asset)	\$ (12,147,106)
Plan Fiduciary Net Position as a percent of total OPEB Liability	121.09%

A negative OPEB expense of \$6,122,905 was recognized for the fiscal year ending June 30, 2019.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

***Post-Employment Benefits Other than Pensions (OPEB) – Current Year
(continued)***

Actuarial assumptions: The Total OPEB Liability as of June 30, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation - 2.50% per annum

Salary increases – 3.00% per annum

Investment rate of return – 3.50% per annum

Healthcare cost trend rates – Pre-65 medical costs were trended at 9.0% in the first year, graded down to 5.0% for years beginning July 1, 2028 and later; post-65 medical costs and dental costs were trended at a flat 5.0% per year.

Mortality – RP-2014 Total Dataset Mortality, adjusted to 2006 using Scale MP-2014; projected on a generational basis using Scale MP-2017.

Discount rate – The discount rate used to measure the Total OPEB Liability was 3.50%. Because the Plan's Fiduciary Net Position is projected to be available to make all projected OPEB payments for current active and inactive employees, the plan's long-term investment rate of return was applied to all periods.

Disability – None assumed

Turnover – 2003 SOA Small Plan Turnover

Coverage rate – 88% of remaining eligible employees are assumed to be covered in the plan at retirement

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

**Post-Employment Benefits Other than Pensions (OPEB) – Current Year
(continued)**

Spouses – Retirees: age and marital status based on actual census data; actives: 70% of retirees are assumed to cover a spouse with male spouses two years older than female spouses

Retirement rates

<u>Age</u>	<u>Rate</u>
57-58	5%
59-61	10%
62	50%
63-64	30%
65	50%
66-69	20%
70+	100%

Per capita claim cost (medical and dental)

	<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Over age 65</u>
Medical	55-59	\$ 13,513	\$ 13,368	
	60-64	\$ 17,332	\$ 15,661	
Medicare Advantage Plan			\$	3,629
PPO Plan			\$	6,409
Dental	All ages	\$ 707	\$ 707	

Healthcare cost trend rate

<u>Year</u>	<u>Medical</u>		<u>Dental -</u>
	<u>Under 65</u>	<u>Over 65</u>	<u>All Ages</u>
0	9%	5%	5%
1-2	8%	5%	5%
3-5	7%	5%	5%
6-8	6%	5%	5%
9+	5%	5%	5%

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2018, to June 30, 2019.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

**Post-Employment Benefits Other than Pensions (OPEB) – Current Year
(continued)**

Changes in the Total and Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balances as of June 30, 2018	\$ 65,794,021	\$ 68,799,358	\$ (3,005,337)
Changes for the year			
Service cost	265,600	-	265,600
Interest	2,242,015	-	2,242,015
Differences between expected and actual experience	184,890	-	184,890
Changes in assumptions	(7,403,517)	-	(7,403,517)
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income (loss)	-	4,410,565	(4,410,565)
Benefit payments	(3,488,182)	(3,462,846)	(25,336)
Administrative expense	-	(5,144)	5,144
Net changes	<u>(8,199,194)</u>	<u>942,575</u>	<u>(9,141,769)</u>
Balance at June 30, 2019	<u>\$ 57,594,827</u>	<u>\$ 69,741,933</u>	<u>\$ (12,147,106)</u>

Sensitivity of the net OPEB liability (asset) to changes in the discount rate: The following presents the net OPEB liability (asset) of WCTC as well as what the WCTC's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 63,379,846	\$ 57,594,827	\$ 52,689,751
Plan Fiduciary Net Position	<u>69,741,933</u>	<u>69,741,933</u>	<u>69,741,933</u>
Net OPEB Liability (Asset)	<u>\$ (6,362,087)</u>	<u>\$ (12,147,106)</u>	<u>\$ (17,052,182)</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

**Post-Employment Benefits Other than Pensions (OPEB) – Current Year
(continued)**

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates:
The following presents the net OPEB liability (asset) of WCTC as well as what WCTC's net OPEB liability (asset) would be if it were calculated using healthcare trend rates that is one percentage point lower or one percentage point higher than the current discount rate:

	Healthcare Cost		
	1% Decrease (8.0% Decreasing to 4.0%)	Trend Rates (9.0% Decreasing to 5.0%)	1% Increase (10.0% Decreasing to 6.0%)
Total OPEB Liability	\$ 52,929,761	\$ 57,594,827	\$ 63,008,668
Plan Fiduciary Net Position	<u>69,741,933</u>	<u>69,741,933</u>	<u>69,741,933</u>
Net OPEB Liability (Asset)	<u>\$ (16,812,172)</u>	<u>\$ (12,147,106)</u>	<u>\$ (6,733,265)</u>

OPEB plan fiduciary net position: Detailed information about the OPEB Plan's fiduciary net position is available on pages 39 and 40 of this financial report.

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2019, WCTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,803	
Change of assumptions		\$ (2,434,714)
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>(8,113,176)</u>
Total	<u>\$ 60,803</u>	<u>\$ (10,547,890)</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

***Post-Employment Benefits Other than Pensions (OPEB) – Current Year
(continued)***

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

<u>Year Ended June 30</u>	
2020	\$ (4,845,800)
2021	(2,471,888)
2022	(1,802,481)
2023	(1,366,918)
2024	-
Thereafter	-
Total	<u>\$ (10,487,087)</u>

Payable to the Plan

At June 30, 2019, WCTC did not have a payable for the outstanding amount of contributions to the WCTC OPEB Trust required for the year ended June 30, 2019.

Post-Employment Benefits Other than Pensions (OPEB) – Prior Year

Plan Description

The plan provides comprehensive medical and dental benefits to eligible retirees and their dependents. The plan was changed effective May 1, 2013. To be eligible, participants must have been retired as of June 30, 2015, or have met age 57 with 20 years of service as of that date. Participants retired as of that date will receive benefits for their lifetime; participants not retired by that date will receive coverage for eight years. Benefits have been eliminated or any employee not falling into one of these two groups.

For the majority of participants, the employer will pay 85% of the premium if full time status and 50% of the premium if part-time status. Participants could have retired prior to age 57 with at least 20 years of service by increasing their portion of the premium so as to be actuarially equivalent. With the exception of Classified staff, life insurance benefits are also provided at similar eligibility. Benefits are one times salary with a 25% reduction at age 70, 71, and 72.

In December, 2017, WCTC opened a one-time retirement window to eligible employees whereby the employee needed to identify in writing by the end of January when he/she would retire with the retirement date being on or before May 31, 2019, for instructors, and June 30, 2019, for other employees. To be eligible, employees had to meet one of the following criteria by June 30, 2018:

- Employees with 20 years of service and be at least 57 years of age. For employees falling into this category, if the employee retired by June 30, 2018, the employee would receive a \$10,000 payment into an eligible 403(b) account with their last paycheck. If the employee retired by June 30, 2019, the employee received would receive a \$5,000 payment into an eligible 403(b) account with their last paycheck.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) – Prior Year (continued)

- Employees had to have at least 20 years of service and be at least 55 years of age. Employees in this category would be able to retire earlier than the normal retirement plan allowed.
- Employees had to be at least 57 years of age and have at least 17 years of service. Employees in this category would be able to retire earlier than the normal retirement plan allowed.

Benefits Provided

The plan provides comprehensive medical and dental benefits to eligible retirees and their dependents. With the exception of Support Associate staff, life insurance benefits are provided at similar eligibility. Benefits are one times salary with a 25% reduction at age 70, 71, and 72.

For participants over age 65 on the College's PPO plan, the plan pays secondary to Medicare. The integration method for this purpose is carve out.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	396
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>152</u>
Total	<u>548</u>

Effective May 1, 2013, benefits were eliminated for any employee who was not under the lifetime benefit. Only those employees who were part of the lifetime plan and who did not retire by June 30, 2015, continue to have coverage with their benefit being decreased from lifetime coverage to ninety-six months of coverage. No new participants will enter the plan.

Contributions: Contribution requirements are established by management and may be amended by the college as needed. The college makes the same monthly insurance contribution on behalf of the retirees as it makes on behalf of all other active employees during the year.

	<u>College Pays</u>	<u>Retiree Pays</u>
Full time	85%	15%
Part time		
30 - 39.9 hours/week	78%	22%
20 - 29.9 hours/week that were grandfathered	50%	50%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) – Prior Year (continued)

Effective July 1, 2012, life insurance for all benefit-eligible active employees was one times annual salary at retirement rounded to the next highest thousand. At age 70 the life insurance amount is reduced by 25% and is reduced another 25% in each year at age 71 and 72. The final amount is not less than 25% of the original amount. Support professionals do not have college-funded life insurance after retirement; employees may elect to pay their own premiums to continue this coverage after retirement. Employees are eligible for this benefit upon retirement at a minimum of age 57 and 20 years of service. The college pays 100% of premiums for eligible retirees. The post-employment benefit terminates at the same time that health and dental benefits cease (lifetime or ninety-six months depending on the category the retiree is in).

Investments

Investment policy: WCTC is authorized to invest funds of the Plan only in investments which the College is permitted to make under Section 66.0603 (1m) of the Wisconsin state statutes. See Note 2 for further information.

Concentrations: All OPEB plan assets have been invested in bonds and notes with a bank.

Rate of return: The annual money-weighted rate of return on investments, net of investment expense, for 2018 was (0.36%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

The WCTC OPEB Trust's net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB Liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date.

The components of the Net OPEB Liability (Asset) as of June 30, 2018, are:

Total OPEB Liability	65,794,021
Plan Fiduciary Net Position	68,799,358
Net OPEB Liability (Asset)	(3,005,337)
Plan Fiduciary Net Position as a percent of total OPEB Liability	104.57%

OPEB expenses of \$1,299,286 was recognized for the fiscal year ending June 30, 2018.

Actuarial assumptions: The Total OPEB Liability as of June 30, 2018, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation - 2.50% per annum

Salary increases – 3.00% per annum

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) – Prior Year (continued)

Investment rate of return – 3.50% per annum

Healthcare cost trend rates – Pre-65 medical costs were trended at 9.0% in the first year, graded down to 5.0% for years beginning July 1, 2024 and later; post-65 medical costs and dental costs were trended at a flat 5.0% per year.

Mortality – RP-2014 Total Dataset Mortality, adjusted to 2006 using Scale MP-2014; projected on a generational basis using Scale MP-2017.

Discount rate – The discount rate used to measure the Total OPEB Liability was 3.50%. Because the Plan’s Fiduciary Net Position is projected to be available to make all projected OPEB payments for current active and inactive employees, the plan’s long-term investment rate of return was applied to all periods.

Disability – None assumed

Turnover – 2003 SOA Small Plan Turnover

Coverage rate – 88% of remaining eligible employees are assumed to be covered in the plan at retirement

Spouses – Retirees: age and marital status based on actual census data; actives: 70% of retirees are assumed to cover a spouse with male spouses two years older than female spouses

Retirement rates

<u>Age</u>	<u>Rate</u>
57-58	5%
59-61	10%
62	50%
63-64	30%
65	50%
66-69	20%
70+	100%

Per capita claim cost (medical and dental)

	<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Over age 65</u>
Medical	55-59	\$ 13,513	\$ 13,368	
	60-64	\$ 17,332	\$ 15,661	
Medicare Advantage Plan				\$ 4,089
PPO Plan				\$ 6,409
Dental	All ages	\$ 707	\$ 707	

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) – Prior Year (continued)

Healthcare cost trend rate

<u>Year</u>	Medical		Dental -
	<u>Under 65</u>	<u>Over 65</u>	<u>All Ages</u>
0	9%	5%	5%
1-2	8%	5%	5%
3-5	7%	5%	5%
6-8	6%	5%	5%
9+	5%	5%	5%

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2017, to June 30, 2018.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2017	\$ 68,513,729	\$ 72,647,482	\$ (4,133,753)
Changes for the year			
Service cost	293,151	-	293,151
Interest	2,327,259	-	2,327,259
Differences between expected and actual experience	(3,862,716)	-	(3,862,716)
Changes in assumptions	2,068,129	-	2,068,129
Net investment income	-	(297,518)	297,518
Benefit payments	(3,545,531)	(3,545,531)	-
Administrative expense	-	(5,075)	5,075
Net changes	(2,719,708)	(3,848,124)	1,128,416
Balance at June 30, 2018	\$ 65,794,021	\$ 68,799,358	\$ (3,005,337)

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) – Prior Year (continued)

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability (asset) of WCTC as well as what the WCTC's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 72,737,011	\$ 65,794,021	\$ 59,932,130
Plan Fiduciary Net Position	68,799,358	68,799,358	68,799,358
Net OPEB Liability (Asset)	<u>\$ 3,937,653</u>	<u>\$ (3,005,337)</u>	<u>\$ (8,867,228)</u>

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates: The following presents the net OPEB liability (asset) of WCTC as well as what WCTC's net OPEB liability (asset) would be if it were calculated using healthcare trend rates that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (8.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (9.0% Decreasing to 5.0%)	1% Increase (10.0% Decreasing to 6.0%)
Total OPEB Liability	\$ 60,162,146	\$ 65,794,021	\$ 72,357,700
Plan Fiduciary Net Position	68,799,358	68,799,358	68,799,358
Net OPEB Liability (Asset)	<u>\$ (8,637,212)</u>	<u>\$ (3,005,337)</u>	<u>\$ 3,558,342</u>

OPEB plan fiduciary net position: Detailed information about the OPEB Plan's fiduciary net position is available on pages 41 and 42 of this financial report.

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2018, WCTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Change of assumptions	922,674	1,942,751
Net difference between projected and actual earnings on OPEB plan investments	-	3,750,471
Total	<u>\$ 922,674</u>	<u>\$ 5,693,222</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

J. ACCUMULATED UNPAID VACATION, SICK PAY, RETIREMENT PLAN AMOUNTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Post-Employment Benefits Other than Pensions (OPEB) – Prior Year (continued)

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

<u>Year Ended June 30</u>	
2019	\$ (2,125,048)
2020	(1,104,970)
2021	(1,104,970)
2022	(435,560)
2023	-
Thereafter	-
Total	<u>\$ (4,770,548)</u>

Payable to the Plan

At June 30, 2018, WCTC did not have a payable for the outstanding amount of contributions to the WCTC OPEB Trust required for the year ended June 30, 2018.

K. LONG-TERM OBLIGATIONS

Premiums and discounts on general obligation notes are deferred and amortized over the life of the notes using the straight-line method. Notes payable are reported net of the applicable bond premium or discount and gains or losses.

Debt issuance costs are expensed in the year the debt is issued. Gain or loss on the defeasance of debt through an advanced refunding is reported as a deferred inflow or outflow on the Statement of Net Position.

L. STATE AND FEDERAL REVENUES

WCTC receives state aid and funding from various federal and state contracts and grants. These revenues are earned as expenses are incurred. Such expenses may be incurred during the grantor's fiscal period, which may be different than that of WCTC's fiscal period, and are subject to subsequent audit and adjustment by the appropriate governmental agencies. WCTC's management believes such adjustments, if any, would be immaterial.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

M. PROPERTY TAX LEVY AND TAXES RECEIVABLE

Under Wisconsin law, personal property taxes and certain installment real estate taxes are collected by city, village, and town treasurers or clerks who then make settlement with other taxing units, such as the county, WCTC and local schools. Settlements are due from the municipality by the 15th of the month following the due date based on the municipality's payment plan. The county treasurers collect certain installment real estate taxes and delinquent taxes and then make settlement with the city, village, and town treasurers and other taxing units before retaining any for county purposes. In practice, any delinquent real estate taxes are withheld from the county's share. The first settlement is due January 15 and the last settlement is due August 15.

WCTC's property taxes are levied on or before October 31 on the equalized valuation as of the prior January 1. Property taxes are recognized as revenue in the fiscal year they are levied.

Historically, WCTC has received the majority of its property tax levy from municipalities by June 30 of the fiscal year for which the taxes were levied. However, a portion of property tax revenues is received after year-end because taxpayers can pay the final installments of real estate taxes and delinquent taxes after June 30. The county treasurers, acting as collection agents for WCTC, are required by law to settle all tax amounts due to WCTC on or before August 20, the final tax settlement date, following WCTC's year-end. Such settlement represents 100% of WCTC's tax levy and the counties assume the responsibility for any delinquent real estate taxes.

For fiscal years 2012 and 2013, the Wisconsin State Biennium Budget contained an operational levy freeze capping the operational tax levy amount at 2011 levels. This meant WCTC could not levy more than \$53,638,255 annually for operations in these two fiscal years. For the fiscal years 2014 and beyond, the Wisconsin State Biennium Budget contained language that the operational tax levy could not be increased more than net new construction with provisions to allow up to 0.5% of unused levy authority from the current year being able to be used in the next budget year.

In January 2015, the Wisconsin Legislature replaced \$406 million of operational levy for the sixteen Wisconsin technical colleges with Property Tax Relief Aids funded by the state. WCTC's portion of this amount is \$43,219,314, which reduced its operational levy to \$10,418,941 for fiscal year ended June 30, 2015. Unless the Wisconsin legislature increases the \$406 million funding allocation, the amount to be received by each technical college will remain the same every year. In the event the Legislature would decrease this allocation, the technical colleges have the ability to increase their operational levy for the difference. This change decreased the operational mill rate \$0.89 mills for the fiscal year end June 30, 2015.

WCTC's actual operational mill rate for the fiscal year ending June 30, 2019 and 2018 were \$0.21 and \$0.21 respectively. There is no cap on the debt service mill rate, however, there are state statutes limiting the amount of building construction a college can do without referendum. WCTC's actual debt service mill rate for the fiscal years ending June 30, 2019 and 2018 were \$0.15 and \$0.16 respectively. The total mill rate for the fiscal years ending June 30, 2019 and 2018 were \$0.36 and \$0.37 respectively.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

M. PROPERTY TAX LEVY AND TAXES RECEIVABLE (CONTINUED)

Based on a unique state-approved agreement, Milwaukee Area Technical College levies property taxes on Ambrosia Chocolate, which is located within the WCTC district boundaries. A portion of these taxes is then forwarded to WCTC as its share based on an agreement between the taxing districts. WCTC estimates this amount during its budgeting process. WCTC received \$12,021 and \$13,727 for the years ended June 30, 2019 and 2018, respectively.

N. STUDENT RECEIVABLES

Student receivables, covering tuition and fees, textbooks and student loans, are valued net of the estimated uncollectible amounts.

O. TUITION AND FEES

Tuition and fees are recorded as revenue in the period in which the related activity or instruction takes place. Tuition and fees attributable to the summer school term are prorated on the basis of student days occurring before and after June 30.

P. UNEARNED REVENUES

Unearned revenues include amounts recorded as tuition and fees prior to the end of the fiscal year, but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned. Tuition and fees attributable to the fall school term are recorded as unearned revenue for students who have registered before June 30.

Q. SCHOLARSHIP ALLOWANCES AND STUDENT FINANCIAL AID

When students receive financial aid payments from WCTC, some of the payment goes to reduce the student's tuition and fees and some of the payments are returned to the student in the form of a cash payment. Certain aid (loans and funds provided to students awarded by third parties) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce 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. As part of GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* (GASB 35), the portion of the financial aid payment that goes to reduce tuition and fee costs is reported as a scholarship allowance, which reduces tuition and fee revenue.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

R. CLASSIFICATION OF REVENUE AND EXPENSE

WCTC has classified its revenues and expenses as either operating or non-operating according to the following criteria:

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

Non-operating revenues/expenses: Non-operating revenues and expenses include activities that have the characteristics of non-exchange transactions. Non-operating revenues are classified as defined by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. These revenues include gifts and contributions and other revenue sources such as state appropriations, the local property tax levy, investment income and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital programs. Non-operating expenses include interest on long-term obligations and losses on the disposal of capital assets.

S. DEFERRED INFLOWS AND OUTFLOWS

GASB 65, Items Previously Reported as Assets and Liabilities, requires the college to record the following activities as deferred inflows and outflows on its Statement of Net Position instead of classifying them as assets or liabilities since these activities relate to future inflows and outflows of assets.

Deferred amount on advanced refunding of debt: A gain or loss on advanced refunding of debt which results in the defeasance of debt reported by the governmental entity is to be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred amounts related to pension: Amounts attributable to changes in the total pension liability, changes in the proportionate share and/or differences between projected and actual earnings on pension plan investments are to be reported as deferred outflow of resources or deferred inflow of resources and recognized as a component of pension expense in a systematic and rational manner over a close period of time.

Deferred amounts related to OPEB: Amounts attributable to differences between expected and actual experience, changes in assumptions, and net difference between projected and actual plan investment earnings are to be reported as deferred outflow of resources or deferred inflow of resources and recognized as an expense in a systematic and rational manner over a close period of time.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

T. PENSIONS

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. NET POSITION

Net position includes assets that are classified according to restrictions or availability of assets for satisfaction of college obligations.

Net investment in capital assets: This represents the value of capital assets (land, buildings and equipment) reduced by the debt incurred to acquire or construct the assets and less the net of the borrowed resources not yet expended, but restricted for capital purchases.

Restricted net position: Restricted net position includes resources in which the college is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. WCTC's restricted net position includes the following:

- ◆ Restricted net position for debt service can only be used to repay debt service costs (principal and interest) as they are levied for that specific purpose.
- ◆ Restricted net position for student financial assistance can only be used for student financial assistance activities.)
- ◆ Restricted net position for student organizations can only be used for student organization activities.
- ◆ Restricted net position for OPEB can only be used for other postemployment benefits expense.
- ◆ Restricted net position for pensions can only be used for pension expense.

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, state appropriations, property taxes levied for operations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the college and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, WCTC's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

V. SELF-INSURANCE

The college is self-insured for employee dental coverage and had been for health coverage through June 30, 2015. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year-end, including claims incurred but not yet reported. Effective July 1, 2015, WCTC became a member of the Wisconsin Technical College Employee Benefit Consortium for health coverage.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT OPERATING AND ACCOUNTING POLICIES (continued)

V. SELF-INSURANCE (CONTINUED)

On a budgetary basis, premiums are paid into the Internal Service Fund by other funds and are available to fund claim reserves or to pay claims and administrative costs of the program. Interfund premiums are based primarily on claims experience and other estimated factors. The claims liability is reported as an accounts payable and is based on the Governmental Accounting Standards Board Statement No. 10 requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the financial statement date and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the years ended June 30 was as follows:

	<u>2019</u>	<u>2018</u>
Unpaid claims at beginning of year	\$ 45,000	\$ 50,000
Incurred claims and claim adjustments for current year	<u>806,011</u>	<u>756,445</u>
Total incurred claims	851,011	806,445
Claims paid during the year	<u>794,525</u>	<u>761,445</u>
Total unpaid claims and claims adjustment at end of year	<u>\$ 56,486</u>	<u>\$ 45,000</u>

For employee dental claims, the uninsured risk of loss is \$835,000.

U. RECLASSIFICATIONS

Certain amounts presented in the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 - CASH AND INVESTMENTS

Cash, cash equivalents and investments as shown on WCTC's Statement of Net Position are subject to the following risks:

	<u>2019</u>	<u>2018</u>	<u>Risks</u>
Cash			
Non-interest-bearing demand deposits (overdraft)	\$ 6,282,669	\$ 5,142,312	Custodial
Repurchase agreements	4,901,428	6,512,004	Custodial, credit, interest rate and concentration of credit
Investment in WI LGIP	158	155	Credit
Total Cash	<u>11,184,255</u>	<u>11,654,471</u>	
Short-term Investments			
Repurchase agreements	<u>2,838,913</u>	<u>2,777,406</u>	Custodial, credit, interest rate and concentration of credit
Long-term Investments			
Corporate Bonds	5,986,252	2,912,373	Custodial, credit, interest rate and concentration of credit
Commercial Paper	9,394,573	13,065,866	Custodial, credit, interest rate and concentration of credit
Supra National Agency Asset-backed Security/ Collateralized Mortgage Obligations	2,792,037	1,680,172	Custodial, credit, interest rate and concentration of credit
U.S. Treasuries	1,133,564	913,825	Custodial, credit, interest rate and concentration of credit
U.S. Instrumentalities	19,890,844	15,631,153	Custodial and interest rate
Total Long-term Investments	<u>2,019,999</u>	<u>1,556,094</u>	Custodial, credit, interest rate and concentration of credit
	<u>41,217,269</u>	<u>35,759,483</u>	
Total Cash and Investments	<u>\$ 55,240,437</u>	<u>\$ 50,191,360</u>	

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 - CASH AND INVESTMENTS (continued)

Cash equivalents and investments as shown on WCTC's Statement of Net Position for the WCTC Post-Employment Benefits Trust are subject to the following risks:

	2019	2018	Risks
Cash equivalents			
Non-interest-bearing demand deposits (overdraft)	\$ 4,763,644	\$ 149,580	Custodial
Investment in WI Local Government Investment Pool	100	98	Credit
Total Cash	4,763,744	149,678	
Long-term Investments			
Corporate Bonds	26,207,946	29,889,367	Custodial, credit, interest rate and concentration of credit
Commercial Paper	-	498,978	Custodial, credit, interest rate and concentration of credit
U.S. Treasuries	16,598,524	18,035,891	Custodial and interest rate
Supra Nationals	4,562,994	4,397,166	Custodial, credit, interest rate and concentration of credit
Asset-backed Security/ Collateralized Mortgage Obligations	6,995,543	3,550,482	Custodial, credit, interest rate and concentration of credit
Federal Agency Mortgage-backed Securities	766,486	758,869	Custodial, credit, interest rate and concentration of credit
Federal Agency Collateralized Mortgage Obligations	5,712,677	1,705,919	Custodial, credit, interest rate and concentration of credit
U.S. Instrumentalities	4,188,457	10,044,927	Custodial, credit, interest rate and concentration of credit
Total Long-term Investments	65,032,627	68,881,599	
Total Cash and Investments	<u>\$ 69,796,371</u>	<u>\$ 69,031,277</u>	

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2019, the fair value of WCTC's share of the LGIP's assets was substantially equal to the amount reported in these statements.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 - CASH AND INVESTMENTS (continued)

Wisconsin Statute 66.0603 authorizes WCTC to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. Agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school board.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is limited to obligations of the U.S. Treasury and U.S. Agencies or repurchase agreements fully collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

WCTC has adopted an investment policy. The investment policy limits investments to the following:

- U.S. Treasury obligations with maturities not exceeding seven years from trade settlement date.
- Federal instrumentalities with maturities not exceeding seven years from trade settlement date.
- Prime commercial paper of U.S. companies with maturities not exceeding 270 days from date of purchase with highest rating category. Aggregate purchases per issuer cannot exceed 5% and total commercial paper cannot exceed 50% of the combined portfolio for corporate and bank credit instruments.
- Local government investment pools meeting Wisconsin statute 25.50 or 66.0301.
- Repurchase agreements with approved broker/dealers with a termination date of 180 days or less collateralized with U.S. Treasuries maturing within ten years at 102% of value.
- Repurchase agreements with the College's depository banks collateralized by bonds or securities issued or guaranteed as to principal and interest by the federal government with maturities not exceeding 30 years at 105% of value.
- Money market mutual funds meeting Wisconsin statute 66.0603 limited to not more than 25% per fund with the highest rating by all NRSROs who rate the fund.
- Interest-bearing certificates of deposits with maturity not exceeding five years insured by Federal Depository Insurance Corporation (FDIC) collateralized with U.S. Treasuries, instrumentalities, or agencies maturing within thirty years at 105% with no more than \$250,000 per institution.
- Corporate bonds with U.S. companies maturing within seven years with ratings of A-1/P-1, AA-/Aa3 or equivalent, or higher with no more than 5% per issuer and no more than 25% of total portfolio.
- Supra national where US is a shareholder and voting member maturing within seven years with ratings of A-1/P-1, AA-/Aa3 or equivalent, or a higher rating not to exceed 10% per issuer and 25% of the total portfolio.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 - CASH AND INVESTMENTS (continued)

WCTC's investment policy has these additional requirements related to interest rate and concentration of credit risks:

- With the exception of the WCTC Post-Employment Benefits Trust, investments are limited to maturities not exceeding seven years, except by written approval of the Vice President - Finance. This excludes overnight repurchase agreements, which are presumed to be traded the next business day.
- With the exception of the WCTC Post-Employment Benefits Trust, the weighted average maturity of the entire portfolio should not exceed thirty-six months.
- At least \$5.0 million in funds should have maturities less than 30 days to allow for adequate cash flow needs.

The WCTC investment policy allows the WCTC Post-Employment Benefits Trust to invest in any instruments allowed under Wisconsin statute 66.0603.

The cash and investments are classified as follows at June 30, 2019 and 2018:

	2019	2018
Restricted for		
Capital projects	\$24,306,868	\$20,750,265
Debt service	<u>764,820</u>	<u>629,336</u>
Total restricted	25,071,688	21,379,601
Unrestricted	<u>30,168,749</u>	<u>28,811,759</u>
Total Cash and Investments	<u>\$55,240,437</u>	<u>\$50,191,360</u>
Restricted for		
Post-Employment Benefits Trust	<u>\$69,796,371</u>	<u>\$69,031,277</u>

The portion of cash and investments restricted is for compliance with legal requirements and cannot be used for general purposes of the college.

Custodial Risk – Deposits: Is the risk that, in the event of a financial institution failure, WCTC's deposits may not be returned to the college. WCTC's carrying value for non-interest bearing demand deposits was \$6,282,669 at June 30, 2019 and \$5,142,312 at June 30, 2018 and the bank's carrying values were \$415,571 and 679,757, respectively. To meet current obligations, deposits are maintained in overnight repurchase agreements and transferred to a master control bank account as checks are presented for payment. All cash and cash equivalents are FDIC insured or fully collateralized by securities held in WCTC's name with a third-party custodian. Total collateral held in WCTC's name with a third-party custodian was \$7,740,341 as of June 30, 2019 and \$9,289,410 as of June 30, 2018.

For the WCTC Post-Employment Benefits Trust, the Trust's carrying value for non-interest bearing demand deposits was \$4,736,644 at June 30, 2019, and \$149,580 at June 30, 2018, and the bank's carrying values were \$5,238,315 and \$572,571 respectively.

Custodial Risk – Investments: Is the risk that, in the event of the failure of the counterparty, WCTC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are held by WCTC's agent in WCTC's name and therefore are not exposed to custodial risk.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 - CASH AND INVESTMENTS (continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, WCTC's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state and local statutes and ordinances, whichever is less. Investments in the WCTC Post-Employment Benefits Trust limit maturities to state and local statutes and ordinances. In addition, the policy indicates that the investment portfolio should be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy limits maturities not to exceed five years with the weighted average maturity of the total portfolio not exceeding twenty-four months. WCTC must maintain at least \$5 million of its portfolio in instruments maturing in 30 days or less. This does not include investments in the WCTC Post-Employment Benefits Trust.

WCTC had the following investments and maturities as of June 30:

<u>June 30, 2019</u>	<u>Investment Maturities (in years)</u>			
	Fair Value	Less than 1	1 - 3	4 - 7
Repurchase agreements	\$ 7,740,341	\$ 7,740,341	\$ -	\$ -
U.S. Instrumentalities	2,019,999	995,077	1,024,922	-
Commercial Paper	9,394,573	9,394,573	-	-
US Treasuries	19,890,844	15,518,139	1,633,554	2,739,151
Supra Nationals	2,792,037	-	2,367,800	424,237
Asset-based Sec/Coll	1,133,564	-	206,026	927,538
Corporate Bonds	5,986,252	754,236	3,738,003	1,494,013
Total investments	<u>\$ 48,957,610</u>	<u>\$ 34,402,366</u>	<u>\$ 8,970,305</u>	<u>\$ 5,584,939</u>

<u>June 30, 2018</u>	<u>Investment Maturities (in years)</u>			
	Fair Value	Less than 1	1 - 3	4 - 7
Repurchase agreements	\$ 9,289,410	\$ 9,289,410	\$ -	\$ -
U.S. Instrumentalities	1,556,094	579,647	976,447	-
Commercial Paper	13,065,866	13,065,866	-	-
US Treasuries	15,631,153	12,679,054	2,952,099	-
Supra Nationals	1,680,172	-	1,273,959	406,213
Asset-based Sec/Coll	913,825	-	203,924	709,901
Corporate Bonds	2,912,373	-	2,912,373	-
Total investments	<u>\$ 45,048,893</u>	<u>\$ 35,613,977</u>	<u>\$ 8,318,802</u>	<u>\$ 1,116,114</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 - CASH AND INVESTMENTS (continued)

WCTC had the following investments and maturities as of June 30 for the WCTC Post-Employment Benefits Trust:

<u>June 30, 2019</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 3</u>	<u>4 - 7</u>	<u>8+</u>
Corporate Bonds	\$ 26,207,946	\$ 3,137,290	\$ 3,210,576	\$ 18,958,422	\$ 901,658
U.S. Treasury Bills	16,598,524	-	266,066	16,332,458	-
U.S. Instrumentalities	4,188,457	4,188,457	-	-	-
Asset-backed					
Securities	6,995,543	-	-	6,995,543	-
Federal Agency					
Mortgage Obligations	766,486	-	-	766,486	-
Federal Agency					
Collateralized					
Mortgage Obligations	5,712,677	-	-	676,216	5,036,461
Supra Nationals	4,562,994	-	1,497,221	3,065,773	-
Total investments	<u>\$ 65,032,627</u>	<u>\$ 7,325,747</u>	<u>\$ 4,973,863</u>	<u>\$ 46,794,898</u>	<u>\$ 5,938,119</u>
<u>June 30, 2018</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 3</u>	<u>4 - 7</u>	<u>8+</u>
Corporate Bonds	\$ 29,889,367	\$ 3,477,825	\$ 8,263,867	\$ 17,323,900	\$ 823,775
Commercial Paper	498,978	498,978	-	-	-
U.S. Treasury Bills	18,035,891	-	8,026,195	10,009,696	-
U.S. Instrumentalities	10,044,927	3,157,872	6,887,055	-	-
Asset-backed					
Securities	3,550,482	-	-	3,550,482	-
Federal Agency					
Mortgage Obligations	758,869	-	-	758,869	-
Federal Agency					
Collateralized					
Mortgage Obligations	1,705,919	-	-	681,323	1,024,596
Supra Nationals	4,397,166	-	1,456,110	2,941,056	-
Total investments	<u>\$ 68,881,599</u>	<u>\$ 7,134,675</u>	<u>\$ 24,633,227</u>	<u>\$ 35,265,326</u>	<u>\$ 1,848,371</u>

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. WCTC's investment policy minimizes credit risk by limiting investments to the safest type of securities and diversifying the investment portfolio. The investment policy requires WCTC to maintain a minimum of 50% of its total investments in U.S. Treasuries or Federal instrumentalities.

All U.S. Instrumentalities, Federal Agency, and Treasuries, Supra Nationals, and securities underlying repurchase agreements held as of June 30, 2019 and 2018 had Standard and Poor's rating of AAA, AA+ and Moody's rating of Aaa. All commercial paper and corporate bonds as of June 30, 2019 and 2018 had Standard and Poor's ratings of AAA, AA+, AA-, AA, A+, A-1, A-1+, or BBB+ and Moody's ratings of Aaa, Aa3, Aa2, Aa1, A2, or A1.

For the OPEB Trust Fund, all U.S. Instrumentalities, Federal Agency, and Treasuries, Supra Nationals and securities underlying repurchase agreements held as of June 30, 2019 and 2018 had Standard and Poor's rating of AAA, AA+ and Moody's rating of Aaa. All commercial paper, corporate bonds, as of June 30, 2019 and 2018 had Standard and Poor's ratings of AAA, AA+, AA-, AA, A+, A, A-, BBB+, or BBB and Moody's ratings of Aaa, Aa3, Aa2, Aa1, A3, A2, A1, Baa3, Baa2, or Baa1.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 - CASH AND INVESTMENTS (continued)

Concentration of Credit Risk: Is the risk of loss attributed to the magnitude of WCTC's investment in a single issuer.

At June 30, 2019 and 2018 WCTC's investment portfolio included the following concentrations over 5%:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
		<u>2019</u>	<u>2018</u>
Toyota Motor Credit	Commercial Paper	7%	5%
Repurchase agreements	Repurchase agreements	16%	17%
Treasury Notes	U.S. Treasury	40%	29%

At June 30, 2019 and 2018 the WCTC Post-Employment Benefits Trust investment portfolio included the following concentrations over 5%:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
		<u>2019</u>	<u>2018</u>
	Federal Agency Collateralized Mortgage		
Freddie Mac	Obligation	7%	1%
Fannie Mae	U.S. Instrumentality	0%	6%
Freddie Mac	U.S. Instrumentality	3%	10%
Treasury Notes	U.S. Treasury	24%	26%

Fair Value Measurement: WCTC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements for WCTC follows the market value approach using quoted market prices.

<u>Investment Type</u>	<u>June 30, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasuries	\$ 19,890,844	\$ -	\$ -	\$ 19,890,844
U.S. Instrumentalities	-	2,019,999	-	2,019,999
Corporate Bonds	-	5,986,252	-	5,986,252
Supra Nationals	-	2,792,037	-	2,792,037
Asset-backed Sec/Coll Mortgage Oblig	-	1,133,564	-	1,133,564
Commercial Paper	-	9,394,573	-	9,394,573
Repurchase agreements	-	-	7,740,341	7,740,341
Total	\$ 19,890,844	\$ 21,326,425	\$ 7,740,341	\$ 48,957,610

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 2 - CASH AND INVESTMENTS (continued)

Investment Type	June 30, 2018			
	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ 15,631,153	\$ -	\$ -	\$ 15,631,153
U.S. Instrumentalities	-	1,556,094	-	1,556,094
Corporate Bonds	-	2,912,373	-	2,912,373
Supra Nationals	-	1,680,172	-	1,680,172
Asset-backed Sec/Coll Mortgage Oblig	-	913,825	-	913,825
Commercial Paper	-	13,065,866	-	13,065,866
Repurchase agreements	-	-	9,289,410	9,289,410
Total	\$ 15,631,153	\$ 20,128,330	\$ 9,289,410	\$ 45,048,893

The valuation methods for recurring fair value measurements for WCTC Post-Employment Benefits Trust follows the market value approach using quoted market prices.

Investment Type	June 30, 2019			
	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ 16,598,524	\$ -	\$ -	\$ 16,598,524
U.S. Instrumentalities	-	4,188,457	-	4,188,457
Corporate Bonds	-	26,207,946	-	26,207,946
Supra Nationals	-	4,562,994	-	4,562,994
Federal Agency Mortgage Backed Sec	-	766,486	-	766,486
Federal Agency Coll Mortgage Oblig	-	5,712,677	-	5,712,677
Asset Backed Sec/Coll Mortgage Oblig	-	6,995,543	-	6,995,543
Total	\$ 16,598,524	\$ 48,434,103	\$ -	\$ 65,032,627

Investment Type	June 30, 2018			
	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ 18,035,891	\$ -	\$ -	\$ 18,035,891
U.S. Instrumentalities	-	10,044,927	-	10,044,927
Corporate Bonds	-	29,889,367	-	29,889,367
Supra Nationals	-	4,397,166	-	4,397,166
Federal Agency Mortgage Backed Sec	-	758,869	-	758,869
Federal Agency Coll Mortgage Oblig	-	1,705,919	-	1,705,919
Asset Backed Sec/Coll Mortgage Oblig	-	3,550,482	-	3,550,482
Commercial Paper	-	498,978	-	498,978
Total	\$ 18,035,891	\$ 50,845,708	\$ -	\$ 68,881,599

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 3 - CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance <u>7/1/2018</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2019</u>
Capital assets not being depreciated				
Land	\$ 641,345	\$ -	\$ -	\$ 641,345
Construction in progress	<u>3,201,861</u>	<u>7,518,556</u>	<u>3,201,861</u>	<u>7,518,556</u>
Total capital assets not being depreciated	<u>3,843,206</u>	<u>7,518,556</u>	<u>3,201,861</u>	<u>8,159,901</u>
Capital assets being depreciated				
Land improvements	8,698,133	831,781	-	9,529,914
Buildings	36,308,533	-	1,493,712	34,814,821
Building improvements	41,137,688	5,742,439	244,010	46,636,117
Movable equipment	41,991,259	3,245,724	704,034	44,532,949
Leasehold improvements	2,337,665	-	-	2,337,665
Fixed equipment	<u>5,741,165</u>	<u>468,856</u>	<u>-</u>	<u>6,210,021</u>
Total capital assets being depreciated	<u>136,214,443</u>	<u>10,288,800</u>	<u>2,441,756</u>	<u>144,061,487</u>
Less accumulated depreciation for				
Land improvements	3,073,977	218,006	-	3,291,983
Buildings	12,946,955	720,732	1,008,699	12,658,988
Building improvements	8,125,464	941,058	90,370	8,976,152
Movable equipment	27,336,552	2,436,844	536,036	29,237,360
Leasehold improvements	251,060	49,327	-	300,387
Fixed equipment	<u>1,540,847</u>	<u>222,155</u>	<u>-</u>	<u>1,763,002</u>
Total accumulated depreciation	<u>53,274,855</u>	<u>4,588,122</u>	<u>1,635,105</u>	<u>56,227,872</u>
Total capital assets being depreciated - net	<u>82,939,588</u>	<u>5,700,678</u>	<u>806,651</u>	<u>87,833,615</u>
Total net capital assets	86,782,794	<u>\$ 13,219,234</u>	<u>\$ 4,008,512</u>	95,993,516
Less general obligation debt, net of unspent proceeds	<u>(16,742,325)</u>			<u>(17,298,692)</u>
Net investment in capital assets	<u>\$ 70,040,469</u>			<u>\$ 78,694,824</u>
Total general obligation debt	\$ (19,680,000)			\$ (19,110,000)
Unspent proceeds	<u>2,937,675</u>			<u>1,811,308</u>
General obligation debt, net	<u>\$ (16,742,325)</u>			<u>\$ (17,298,692)</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 3 - CHANGES IN CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance <u>7/1/2017</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2018</u>
Capital assets not being depreciated				
Land	\$ 641,345	\$ -	\$ -	\$ 641,345
Construction in progress	<u>2,628,627</u>	<u>3,201,861</u>	<u>2,628,627</u>	<u>3,201,861</u>
Total capital assets not being depreciated	<u>3,269,972</u>	<u>3,201,861</u>	<u>2,628,627</u>	<u>3,843,206</u>
Capital assets being depreciated				
Land improvements	7,156,791	1,541,342	-	8,698,133
Buildings	37,320,714	-	1,012,181	36,308,533
Building improvements	38,704,843	2,432,845	-	41,137,688
Movable equipment	40,284,819	2,458,978	752,538	41,991,259
Leasehold improvements	2,321,054	16,611	-	2,337,665
Fixed equipment	<u>5,177,002</u>	<u>564,163</u>	<u>-</u>	<u>5,741,165</u>
Total capital assets being depreciated	<u>130,965,223</u>	<u>7,013,939</u>	<u>1,764,719</u>	<u>136,214,443</u>
Less accumulated depreciation for				
Land improvements	2,874,381	199,596	-	3,073,977
Buildings	12,654,031	731,099	438,175	12,946,955
Building improvements	7,251,302	874,162	-	8,125,464
Movable equipment	25,717,451	2,224,709	605,608	27,336,552
Leasehold improvements	201,899	49,161	-	251,060
Fixed equipment	<u>1,335,647</u>	<u>205,200</u>	<u>-</u>	<u>1,540,847</u>
Total accumulated depreciation	<u>50,034,711</u>	<u>4,283,927</u>	<u>1,043,783</u>	<u>53,274,855</u>
Total capital assets being depreciated - net	<u>80,930,512</u>	<u>2,730,012</u>	<u>720,936</u>	<u>82,939,588</u>
Total net capital assets	84,200,484	<u>\$ 5,931,873</u>	<u>\$ 3,349,563</u>	86,782,794
Less general obligation debt, net of unspent proceeds	<u>(20,239,746)</u>			<u>(16,742,325)</u>
Net investment in capital assets	<u>\$ 63,960,738</u>			<u>\$ 70,040,469</u>
Total general obligation debt	\$ (20,320,000)			\$ (19,680,000)
Unspent proceeds	<u>80,254</u>			<u>2,937,675</u>
General obligation debt, net	<u>\$ (20,239,746)</u>			<u>\$ (16,742,325)</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 4 - LONG-TERM OBLIGATIONS

Long-term obligations of the college consist of general obligation promissory notes and compensated absences for vacation and sick pay benefits.

	<u>6/30/2018</u>	<u>Additions</u>	<u>Decreases</u>	<u>6/30/2019</u>	<u>Due within one year</u>
Notes payable	\$ 19,680,000	\$ 7,750,000	\$ 8,320,000	\$ 19,110,000	\$ 7,450,000
Add deferral of premium	<u>138,076</u>	<u>145,897</u>	<u>82,958</u>	<u>201,015</u>	<u>-</u>
Net notes payable	19,818,076	7,895,897	8,402,958	19,311,015	7,450,000
Compensated absences	<u>2,433,596</u>	<u>1,704,314</u>	<u>1,772,024</u>	<u>2,365,886</u>	<u>999,124</u>
Total	<u>\$ 22,251,672</u>	<u>\$ 9,600,211</u>	<u>\$ 10,174,982</u>	<u>\$ 21,676,901</u>	<u>\$ 8,449,124</u>

	<u>7/1/2017</u>	<u>Additions</u>	<u>Decreases</u>	<u>6/30/2018</u>	<u>Due within one year</u>
Notes payable	\$ 20,320,000	\$ 7,750,000	\$ 8,390,000	\$ 19,680,000	\$ 8,065,000
Add deferral of premium	<u>146,236</u>	<u>69,438</u>	<u>77,598</u>	<u>138,076</u>	<u>-</u>
Net notes payable	20,466,236	7,819,438	8,467,598	19,818,076	8,065,000
Compensated absences	<u>2,502,651</u>	<u>1,618,207</u>	<u>1,687,262</u>	<u>2,433,596</u>	<u>1,027,937</u>
Total	<u>\$ 22,968,887</u>	<u>\$ 9,437,645</u>	<u>\$ 10,154,860</u>	<u>\$ 22,251,672</u>	<u>\$ 9,092,937</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 4 - LONG TERM OBLIGATIONS (continued)

Outstanding general obligation notes consisted of the following at June 30, 2019 and 2018:

		2019		2018
2012 general obligation promissory notes with interest of 1.0% - 2.0%, varying amounts due annually on April 1, final maturity in 2019	(a)	\$ -	\$	1,000,000
2013 general obligation promissory notes with interest of 1.00%, varying amounts due annually on April 1, final maturity in 2020	(b)	160,000		315,000
2013 general obligation promissory notes with interest of 1.255% - 2%, varying amounts due annually on April 1, final maturity in 2020	(c)	515,000		1,015,000
2014 general obligation promissory notes with interest of 0.25% - 2.0%, varying amounts due annually on April 1, final maturity in 2019	(d)	-		220,000
2014 general obligation promissory notes with interest of 0.3% - 1.25%, varying amounts due annually on April 1, final maturity in 2019	(e)	-		290,000
2014 general obligation promissory notes with interest of 1.0% - 1.75%, varying amounts due annually on April 1, final maturity in 2019	(f)	-		700,000
2015 general obligation promissory notes with interest of 1.0% - 2.0%, varying amounts due annually on April 1, final maturity in 2019	(g)	-		200,000
2015 general obligation promissory notes with interest of 0.75% - 1.4%, varying amounts due annually on April 1, final maturity in 2020	(h)	310,000		615,000
2015 general obligation promissory notes with interest of 1.00% - 2.00%, varying amounts due annually on April 1, final maturity in 2020	(i)	1,000,000		2,000,000
2016 general obligation promissory notes with interest of 1.00% - 2.00%, varying amounts due annually on April 1, final maturity in 2020	(j)	485,000		955,000
2016 general obligation promissory notes with interest of 1.00% - 2.50%, varying amounts due annually on April 1, final maturity in 2021	(k)	2,340,000		3,485,000

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 4 - LONG TERM OBLIGATIONS (continued)

		2019		2018
2017 general obligation promissory notes with interest of 1.00% - 2.00%, varying amounts due annually on April 1, final maturity in 2021	(l)	\$ 1,105,000	\$	1,635,000
2018 general obligation promissory notes with interest of 1.50% - 1.75%, varying amounts due annually on April 1, final maturity in 2022	(m)	2,530,000		3,350,000
2018 general obligation promissory notes with interest of 2.00% - 2.50%, varying amounts due annually on April 1, final maturity in 2023	(n)	1,950,000		2,400,000
2018 general obligation promissory notes with interest of 2.00% - 2.25%, varying amounts due annually on April 1, final maturity in 2023	(o)	1,220,000		1,500,000
2018 general obligation promissory notes with interest of 2.00% - 3.00%, varying amounts due annually on April 1, final maturity in 2023	(p)	5,345,000		-
2019 general obligation promissory notes with interest of 2.25% - 2.50%, varying amounts due annually on April 1, final maturity in 2024	(q)	2,150,000		-
Total General Obligation Notes		\$ 19,110,000		\$ 19,680,000

- (a) The General Obligation Promissory Notes dated September 2, 2012, were issued for \$6,700,000 to finance building improvement projects, construction, and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to Morgan Keegan & Co.
- (b) The General Obligation Promissory Notes dated May 2, 2013, were issued for \$1,050,000 to finance building improvement projects. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to UMB Bank N.A.
- (c) The General Obligation Promissory Notes dated September 4, 2013, were issued for \$4,750,000 to finance building and site improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to BMO Capital Markets.
- (d) The General Obligation Promissory Notes dated April 28, 2014, were issued for \$1,500,000 to finance building improvement projects. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to BOSCO, Inc.
- (e) The General Obligation Promissory Notes dated June 3, 2014, were issued for \$1,500,000 to finance building improvement projects. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to Bankers Bank.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
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NOTE 4 - LONG TERM OBLIGATIONS (continued)

- (f) The General Obligation Promissory Notes dated September 3, 2014, were issued for \$4,750,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to BMO Capital Markets GKST, Inc.
- (g) The General Obligation Promissory Notes dated February 26, 2015, were issued for \$1,500,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to Raymond James and Associates.
- (h) The General Obligation Promissory Notes dated April 1, 2015, were issued for \$1,500,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to Bankers Bank.
- (i) The General Obligation Promissory Notes dated September 1, 2015, were issued for \$5,900,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to BMO Capital Markets.
- (j) The General Obligation Promissory Notes dated March 1, 2016, were issued for \$1,850,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to Fidelity Capital Markets.
- (k) The General Obligation Promissory Notes dated September 1, 2016, were issued for \$5,600,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to BOK Financial Securities, Inc.
- (l) The General Obligation Promissory Notes dated March 7, 2017, were issued for \$2,150,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to Bankers' Bank.
- (m) The General Obligation Promissory Notes dated August 28, 2017, were issued for \$3,850,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to BOK Financial Securities, Inc.
- (n) The General Obligation Promissory Notes dated March 6, 2018, were issued for \$2,400,000 to finance building improvement and site improvement projects. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to Piper Jaffray.
- (o) The General Obligation Promissory Notes dated April 3, 2018, were issued for \$1,500,000 to finance building improvement projects. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to BOK Financial Services, Inc.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 4 - LONG TERM OBLIGATIONS (continued)

- (p) The General Obligation Promissory Notes dated September 4, 2018, were issued for \$5,600,000 to finance building improvement projects and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to HSE & Co.
- (q) The General Obligation Promissory Notes dated March 19, 2019, were issued for \$2,150,000 to finance building improvement projects and new construction. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to HSE & Co.

Aggregate maturities and interest on the general obligation debt is as follows:

Year	Principal	Interest	Total
2020	\$ 7,450,000	\$ 401,755	\$ 7,851,755
2021	5,105,000	270,400	5,375,400
2022	3,435,000	169,562	3,604,562
2023	2,665,000	84,150	2,749,150
2024	455,000	11,375	466,375
	\$ 19,110,000	\$ 937,242	\$ 20,047,242

All general obligation notes and bonds payable are backed by the full faith credit of WCTC. Notes and bonds payable will be retired by future property tax levies.

There are a number of limitations and restrictions contained in the various bond indentures. WCTC believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Wisconsin Statutes 67.03(1) limits the total general obligation debt of WCTC to 5% of equalized valuation of taxable property within WCTC's area. As of June 30, 2019, the 5% limitation was \$2,824,552,563 and WCTC's outstanding general obligation debt of \$19,110,000, net of resources available of \$663,942 to pay principal, was \$18,046,058.

Wisconsin Statutes 67.03(9) limits bonded indebtedness of the district to 2% of the equalized valuation of the taxable property located in WCTC's district. As of June 30, 2019, the 2% limitation was \$1,129,821,025 and WCTC's had no outstanding bonded indebtedness against this limit.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN

A. WISCONSIN RETIREMENT SYSTEM (WRS) – CURRENT YEAR

General Information about the Pension Plan

Plan description: 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.

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 become WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided: Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are final average earnings, years of creditable service, and a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefit.

The WRS also provides death and disability benefits for employees.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

A. WISCONSIN RETIREMENT SYSTEM (WRS) – CURRENT YEAR (CONTINUED)

Post-Retirement adjustments: The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27 Wisconsin statutes. 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:

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

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 Executive and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee-required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, WRS recognized \$2,733,099 in contributions from WCTC.

Contribution rates for the plan year as of June 30, 2019, are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

A. WISCONSIN RETIREMENT SYSTEM (WRS) – CURRENT YEAR (CONTINUED)

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

At June 30, 2019, WCTC reported a liability of \$9,650,147 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. WCTC's proportion of the net pension liability was based on WCTC's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, WCTC's proportion was 0.27124783%, which was a decrease of 0.00693559% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, WCTC recognized pension expense of \$6,545,231.

At June 30, 2019, WCTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,516,003	\$ 13,285,591
Changes in assumptions	1,626,662	-
Net differences between projected and actual earnings on pension plan instruments	14,093,378	-
Changes in proportion and differences between employer contribution and proportionate share of contributions	140,124	9,157
Employer contribution subsequent to the measurement date	1,365,980	-
Total	\$ 24,742,147	\$ 13,294,748

The \$1,365,980 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2020	\$ 3,648,205
2021	957,198
2022	1,605,411
2023	3,870,605
2024	-
Thereafter	-

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

A. WISCONSIN RETIREMENT SYSTEM (WRS) – CURRENT YEAR (CONTINUED)

Actuarial Valuation Date	December 31, 2017
Liability (Asset)	December 31, 2018
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Long-Term Expected Rate of Return	7.00%
Discount Rate	7.00%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.90%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation

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 percentages and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Global Equities	49.0%	8.1%	5.5%
Fixed Income	24.5%	4.0%	1.5%
Inflation-sensitive Assets	15.5%	3.8%	1.3%
Real Estate	9.0%	6.5%	3.9%
Private Equity/Debt	8.0%	9.4%	6.7%
Multi-Asset	4.0%	6.7%	4.1%
Total Core fund	110.0%	7.3%	4.4%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

A. WISCONSIN RETIREMENT SYSTEM (WRS) – CURRENT YEAR (CONTINUED)

<u>Variable Fund</u> <u>Asset Class</u>	<u>Asset</u> <u>Allocation %</u>	<u>Long-Term</u> <u>Expected</u> <u>Nominal Rate of</u> <u>Return</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
US Equities	70.0%	7.6%	5.0%
International Equities	30.0%	8.5%	5.9%
Total Variable Fund	100.0%	8.0%	5.4%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount Rate: A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of WCTC's proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents WCTC's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0% as well as what WCTC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	<u>1% decrease to</u> <u>Discount Rate</u> <u>(6.0%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.0%)</u>	<u>1% increase to</u> <u>Discount Rate</u> <u>(8.0%)</u>
WCTC proportionate share of the net pension liability (asset)	\$38,350,697	\$ 9,650,147	\$ (11,690,937)

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

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM - PRIOR YEAR

General Information about the Pension Plan

Plan description: 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.

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 become WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided: Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are final average earnings, years of creditable service, and a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefit.

The WRS also provides death and disability benefits for employees.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM - PRIOR YEAR (CONTINUED)

Post-Retirement adjustments: The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27 Wisconsin statutes. 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0.0%
2009	-2.1%	-42.0%
2010	-1.3%	22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%

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 Executive and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee-required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, WRS recognized \$2,724,207 in contributions from WCTC.

Contribution rates as of June 30, 2018, are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM - PRIOR YEAR (CONTINUED)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, WCTC reported an asset of \$8,259,595 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. WCTC's proportion of the net pension asset was based on WCTC's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, WCTC's proportion was 0.27818342%, which was a decrease of 0.00910296% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, WCTC recognized pension expense of \$3,911,380.

At June 30, 2018, WCTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,494,022	\$ 4,908,755
Changes in assumptions	1,631,934	-
Net differences between projected and actual earnings on pension plan instruments	-	11,352,046
Changes in proportion and differences between employer contribution and proportionate share of contributions	151,528	32,871
Employer contribution subsequent to the measurement date	1,413,650	-
Total	\$ 13,691,134	\$ 16,293,672

The \$1,413,650 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30</u>		
2019	\$	918,265
2020		(33,385)
2021		(2,793,200)
2022		(2,127,797)
2023		19,929
Thereafter		-

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

C. WISCONSIN RETIREMENT SYSTEM - PRIOR YEAR (CONTINUED)

Actuarial Valuation Date	December 31, 2016
Liability (Asset)	December 31, 2017
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Long-Term Expected Rate of Return	7.00%
Discount Rate	7.00%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.90%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017, is based upon a roll-forward of the liability calculated from the December 31, 2016, actuarial valuation.

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 percentages and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equities	50.0%	8.3%	5.3%
Fixed Income	24.5%	4.2%	1.4%
Inflation-sensitive Assets	15.5%	3.8%	1.0%
Real Estate	8.0%	6.5%	3.6%
Private Equity/Debt	8.0%	9.4%	6.5%
Multi-Asset	4.0%	6.5%	3.6%
Total Core fund	110.0%	7.3%	4.4%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM - PRIOR YEAR (CONTINUED)

<u>Variable Fund</u> <u>Asset Class</u>	<u>Asset</u> <u>Allocation %</u>	<u>Long-Term</u> <u>Expected</u> <u>Nominal Rate of</u> <u>Return</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
US Equities	70.0%	7.5%	4.0%
International Equities	30.0%	7.8%	4.9%
Total Variable Fund	100.0%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount Rate: A single discount rate of 7.2% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.2% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.2% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend will always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of WCTC's proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents WCTC's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2% as well as what WCTC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.2%) or 1% higher (8.2%) than the current rate:

	<u>1% decrease to</u> <u>Discount Rate</u> <u>(6.0%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.0%)</u>	<u>1% increase to</u> <u>Discount Rate</u> <u>(8.0%)</u>
WCTC proportionate share of the net pension liability (asset)	\$21,370,394	\$ (8,259,595)	\$ (30,779,305)

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

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 6 - COMMITMENTS AND CONTINGENCIES

A. OPERATING LEASES

WCTC leases various facilities for use in its Auto Body and Paint Technician program, Protective Services Center, Workforce Development Center, Indoor Firing Range and Training Center, and other programs. In addition, WCTC leases certain facilities in order to conduct off-campus classes.

Effective during fiscal year ending 2019 WCTC discontinued the Auto Body and Paint Technician program, and terminated the related lease of those facilities.

Total lease expenses for the years ended June 30, 2019 and 2018, amounted to \$297,014 and \$315,871 respectively, plus operating costs.

Total future minimum lease payments are as follows:

<u>June 30</u>	<u>Amount</u>
2020	\$ 238,975
2021	242,143
2022	109,940
2023	<u>84,348</u>
	<u>\$ 675,406</u>

B. CLAIMS AND OTHER LEGAL PROCEEDINGS

From time to time WCTC is party to claims and legal proceedings. Although the outcome of such matters cannot be estimated with certainty, it is the opinion of management and appropriate legal counsel that the likelihood is remote that any such claims or proceedings will have a materially adverse effect on WCTC's financial position.

C. CONSTRUCTION CONTRACTS

WCTC has construction commitments of approximately \$5,947,793 related to construction in progress at year end. It is anticipated that the construction will be completed during the 2019 fiscal year.

D. NET POSITION

WCTC has designated approximately \$4,585,309 of restricted net position to finance expenses for fiscal year 2020. The majority of these funds will be used to fund capital purchases as previously planned.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 7 - RISK MANAGEMENT

Districts Mutual Insurance Company (DMI)

In July 2004 all sixteen WTCS technical colleges created Districts Mutual Insurance Company (DMI). Districts Mutual Insurance Company is a fully-assessable mutual company authorized under Wisconsin statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$500,000,000 per occurrence; 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. WCTC's exposure in its layer of insurance is limited to its deductible amounts, which vary by coverage from \$2,500 to \$100,000 per occurrence. DMI purchases reinsurance for its losses in excess of retained layer of coverage.

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

Each member college is assessed an annual premium. Future premiums will be based on relevant rating exposure bases as well as the historical loss experience 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. Since DMI is fully capitalized, member districts have not been assessed a capitalization amount for fiscal years 2015 and 2014 respectively.

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

Supplemental Insurance

In July 1997, eleven of the sixteen WTCS technical colleges formed the WTCS Insurance Trust to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. This trust grew to include fifteen WTCS technical colleges. In order to achieve additional cost savings, the technical colleges made a decision to form their own insurance company.

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

The WTCS Insurance Trust has purchased the following levels of coverage for its participating members:

- *Foreign travel liability:* \$5,000,000 aggregate general; \$1,000,000 auto per occurrence; \$1,000,000 employee benefits; includes benefit for accidental death and dismemberment, repatriation, and medical expenses; \$1,000 deductible for employee benefits liability.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 7 - RISK MANAGEMENT (continued)

Supplemental Insurance (continued)

- *Crime*: \$750,000 coverage for employee dishonesty, fraud, computer program and electronic data restoration, personal account forgery or alteration, and funds transfer fraud; \$25,000 coverage for employee dishonesty and claim expense. The policy has a \$25,000 deductible for impersonation fraud and \$15,000 deductible for all other coverages as noted.
- *Business Travel Accident*: Coverage for local Board of Trustees members, \$1,000,000 aggregate, \$100,000 for scheduled losses, assistance services, medical evacuation, and repatriation.

Wisconsin Technical College Employee Benefits Consortium

As of July 1, 2015, WCTC joint together with five other technical colleges in Wisconsin to form the Wisconsin Technical College Employee Benefits Consortium (WTCEBC). WTCEBC is a public entity risk pool that WCTC participates in to provide health insurance coverage to its employees. The main purpose of WTCEBC is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. WCTC pays WTCEBC a monthly premium based on the number of participants and the type of coverage that has been elected. Individual claims below \$100,000 are self-funded by WCTC. Any individual claim exceeding \$100,000 but less than \$250,000 is shared in a pooled layer among the participating colleges in the Consortium. Individual claims exceeding \$250,000 and aggregate claims exceeding \$1,000,000 are subject to reinsurance.

The claims liability of \$1,197,000 reported at June 30, 2019, is based on 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 financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability for the years ended June 30 was as follows:

	2019	2018
Unpaid claims at beginning of year	\$ 902,000	\$ 602,000
Incurred claims and claim adjustments for current year	10,583,069	9,404,904
Total incurred claims	11,485,069	10,006,904
Claims paid during the year	10,288,069	9,104,904
Total unpaid claims and claims adjustment at end of year	\$ 1,197,000	\$ 902,000

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 8 - EXPENSE CLASSIFICATION

Expenses on the Statements of Revenues, Expenses and Changes in Net Position are classified by function. Alternatively, the expenses could also be shown by type of expense as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Salaries and wages	\$ 43,983,262	\$ 44,204,744
Benefits	15,294,710	10,480,216
Staff development	549,025	575,753
Supplies	1,725,315	1,771,183
Contracted services	7,394,549	8,689,770
Rentals - facilities and equipment	672,690	701,835
Marketing/promotions	689,798	589,381
Periodicals/publications	246,896	258,487
Student activities	396,829	411,985
Insurance	640,188	507,627
Repairs, service and maintenance	1,036,370	938,880
Utilities	1,363,110	1,280,189
Minor equipment	3,187,633	2,106,829
Depreciation	4,588,122	4,283,926
Student financial aid	1,840,564	1,767,575
Resale	2,827,388	3,698,569
Other expenses	632,815	646,535
Total operating expenses	\$ 87,069,264	\$ 82,913,484

NOTE 9 - ACCOUNTS RECEIVABLE

At the end of the fiscal year, WCTC has outstanding receivables from a number of sources. WCTC anticipates receiving these amounts within the next year. The following is a list of outstanding receivables by type for the year ended June 30, net of allowances for uncollectible amounts:

	2019	2018
Student tuition and fees receivable	\$ 6,643,777	\$ 6,935,519
Grant funds receivable	985,187	688,665
Business and industry contract receivable	437,369	680,794
Miscellaneous receivable	1,031,835	1,065,628
Allowance for uncollectible amounts	(825,000)	(875,000)
	8,273,168	8,495,606
Taxes receivable	4,364,193	4,079,011
Interest receivable	128,804	77,409
Total receivables	\$ 12,766,165	\$ 12,652,026

The student tuition and fees receivable includes \$3,744,502 and \$4,002,006 respectively for the fall 2019 and 2018 school semesters. Payment of these fees is not due until August 15.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2019 and 2018

NOTE 10 - SUBSEQUENT EVENT

At the August 2019, WCTC Board meeting, the WCTC Board approved the sale of \$4,850,000 general obligation promissory notes to pay for fiscal year 2020 capital equipment, site improvements, and building improvements.

NOTE 11 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statement No.14 and No. 61*
- Statement No. 91, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULES OF WCTC'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)
Wisconsin Retirement System

WCTC Fiscal Year Ending	Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2015	12/31/2014	0.29720096%	\$ (7,300,069)	\$ 41,492,596	17.59%	102.74%
6/30/2016	12/31/2015	0.29383506%	4,774,763	40,629,411	11.75%	98.20%
6/30/2017	12/31/2016	0.28728638%	2,367,926	40,359,696	5.87%	99.12%
6/30/2018	12/31/2017	0.27818342%	(8,259,595)	40,048,959	20.62%	102.93%
6/30/2019	12/31/2018	0.27124783%	9,650,147	40,370,063	23.90%	96.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Wisconsin Retirement System

WCTC Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 2,904,482	\$ 2,904,482	\$ -	\$ 41,627,228	6.88%
6/30/2016	2,689,033	2,689,033	-	40,162,486	6.70%
6/30/2017	2,797,262	2,797,262	-	40,234,769	6.60%
6/30/2018	2,718,523	2,718,523	-	40,288,561	6.75%
6/30/2019	2,651,665	2,651,665	-	40,043,992	6.62%

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

See independent auditors' report and accompanying notes to required supplementary information.

WAUKESHA COUNTY TECHNICAL COLLEGE

SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS

For the Fiscal Year Ended June 30, 2019

	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 328,158	\$ 293,151	\$ 265,600
Interest	2,755,981	2,327,259	2,242,015
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(10,756,748)	(3,862,716)	184,890
Changes of assumptions	942,101	2,068,129	(7,403,517)
Benefit payments	(3,498,083)	(3,545,531)	(3,488,182)
Net Change in Total OPEB Liability	<u>(10,228,591)</u>	<u>(2,719,708)</u>	<u>(8,199,194)</u>
Total OPEB Liability - Beginning	<u>78,742,320</u>	<u>68,513,729</u>	<u>65,794,021</u>
Total OPEB Liability - Ending (a)	<u>\$ 68,513,729</u>	<u>\$ 65,794,021</u>	<u>\$ 57,594,827</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 3,651,451	\$ -	\$ -
Net investment income	821,353	(297,518)	4,410,565
Benefit payments	(3,498,083)	(3,545,531)	(3,462,846)
Administrative expenses	(5,238)	(5,075)	(5,144)
Net Change in Plan Fiduciary Net Position	969,483	(3,848,124)	942,575
Plan Fiduciary Net Position - Beginning	<u>71,677,999</u>	<u>72,647,482</u>	<u>68,799,358</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 72,647,482</u>	<u>\$ 68,799,358</u>	<u>\$ 69,741,933</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (4,133,753)</u>	<u>\$ (3,005,337)</u>	<u>\$ (12,147,106)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	106.03%	104.57%	121.09%
Covered-employee payroll	\$ 12,747,437	\$ 10,908,274	\$ 10,895,877
Net OPEB liability (asset) as a percentage of covered-employee payroll	-32.43%	-27.55%	-111.48%
Total OPEB liability as a percentage of covered-employee payroll	537.47%	603.16%	528.59%

Notes to Schedule:

WCTC implemented GASB Statement No. 74 and 75 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

See independent auditor's report and accompanying notes to required supplementary information.

WAUKESHA COUNTY TECHNICAL COLLEGE

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND INVESTMENTS RETURNS For the Fiscal Year Ended June 30, 2019

	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,421,561	\$ 905,013	\$ 483,848	\$ 434,959
Contributions in relation to the actuarially determined contribution	<u>7,847,237</u>	<u>3,651,451</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ (6,425,676)</u>	<u>\$ (2,746,438)</u>	<u>\$ 483,848</u>	<u>\$ 434,959</u>
 Covered-employee payroll	 \$ 13,508,381	 \$ 12,747,437	 \$ 10,908,274	 \$ 10,895,877
 Contributions as a percentage of covered-employee payroll	 58.09%	 28.64%	 0.00%	 0.00%
 Annual rate of return on fair market value of assets, net of investment expense	 1.54%	 1.21%	 -0.36%	 6.90%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Open
Amortization period	30 years
Asset valuation method	Fair Market Value
Inflation	2.5% per annum
Healthcare cost trend rates	Pre-65 medical costs were trended at 9.0% in the first year, graded down to 5.0% for years beginning July 1, 2024 and later; post-65 medical costs and dental costs were trended at a flat 5.0% per year.
Salary increases	3.0% per annum
Investment rate of return	3.5% per annum
Retirement age	Participants must have retired as of June 30, 2015 or have met age 57 with 20 years of service as of that date; Participants retired as of that date will receive benefits for their lifetime; Participants not retired by that date will receive coverage for eight years.
Mortality	RO-2014 Total Dataset Mortality, adjusted to 2006 using Scale MP-2014; projected on a generational basis using Scale MP-2016

Other information:

WCTC implemented GASB Statement No. 74 and 75 in fiscal year 2017. Information prior to fiscal year 2016 is not available.

See independent auditors' report and accompanying notes to required supplementary information.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Years Ended June 30, 2019 and 2018

Employer Contributions and Funding Progress

The data presented in the Schedule of Employer Contributions and Funding Progress was taken from the report issued by the actuary.

Wisconsin Retirement System

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

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

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

Changes of assumptions. There were no changes in the assumptions.

See independent auditors' report

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SUPPLEMENTARY INFORMATION

The following supplementary information is provided to document WCTC's compliance with budgetary requirements. To maintain accountability of available resources, WCTC utilizes accounts in accordance with the principles of fund accounting. This accountability is an essential requirement to maintain the public trust. The method of accounting used for budgetary compliance monitoring is substantially different from the method of preparing the basic financial statements of WCTC. At the end of this section is a reconciliation between the two methods. WCTC has also presented certain combining statements and individual schedules to provide additional information to the users of these financial statements.

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GENERAL FUND

The general fund is the primary operating fund of WCTC and receives most of its revenue from local sources. It is used to account for all the financial resources except those required to be accounted for in another fund.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
General Fund

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2019

(with comparative actual amounts for the year ended June 30, 2018)

	2019				2018 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ 10,492,944	\$10,714,797	\$ 10,712,511	\$ (2,286)	\$ 9,901,161
Intergovernmental revenue					
State	47,810,583	47,588,730	47,588,988	258	47,552,558
Federal	-	-	10,370	10,370	-
Tuition and fees					
Statutory program fees	12,288,874	12,288,874	12,087,549	(201,325)	12,376,216
Materials fees	800,500	800,500	783,124	(17,376)	825,748
Other student fees	1,150,550	1,150,550	1,090,484	(60,066)	1,020,221
Institutional fees	3,971,890	3,971,890	3,986,368	14,478	3,433,401
Total Revenues	<u>76,515,341</u>	<u>76,515,341</u>	<u>76,259,394</u>	<u>(255,947)</u>	<u>75,109,305</u>
EXPENDITURES					
Current					
Instruction	46,772,666	46,712,666	43,559,051	3,153,615	42,682,338
Instructional resources	1,359,836	1,419,836	1,411,095	8,741	1,373,420
Student services	8,323,235	8,323,235	7,687,293	635,942	7,847,219
General institutional	13,537,942	13,537,942	12,481,056	1,056,886	12,183,983
Physical plant	6,521,662	6,521,662	6,397,630	124,032	6,963,846
Total Expenditures	<u>76,515,341</u>	<u>76,515,341</u>	<u>71,536,125</u>	<u>4,979,216</u>	<u>71,050,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>4,723,269</u>	<u>4,723,269</u>	<u>4,058,499</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	20,000	20,000	20,000	-	20,000
Transfer out	(20,000)	(4,190,000)	(4,190,000)	-	(3,720,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,170,000)</u>	<u>(4,170,000)</u>	<u>-</u>	<u>(3,700,000)</u>
Net Change in Fund Balance	-	(4,170,000)	553,269	4,723,269	358,499
FUND BALANCE - BEGINNING OF YEAR	<u>19,564,276</u>	<u>23,473,061</u>	<u>23,473,061</u>	<u>-</u>	<u>23,114,562</u>
FUND BALANCE - END OF YEAR	<u>\$ 19,564,276</u>	<u>\$19,303,061</u>	<u>\$ 24,026,330</u>	<u>\$ 4,723,269</u>	<u>\$ 23,473,061</u>

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds from specific revenue sources that are legally restricted as to expenditures for specific purposes, WCTC has two special revenue funds:

Operating fund – The operating fund is used to account for the proceeds from specific revenue sources (other than non-aidable funds or major capital projects) that are legally restricted as to expenditures for specific purposes.

Non-aidable funds – The non-aidable fund is used to account for assets held by WCTC in a trustee capacity, primarily for student financial aids and other student activities.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Special Revenue Fund - Operating

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2019

(with comparative actual amounts for the year ended June 30, 2018)

	2019				2018 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ 925,470	\$ 925,470	\$ 925,470	\$ -	\$1,004,676
Intergovernmental revenue					
State	908,918	1,034,918	997,104	(37,814)	923,934
Federal	811,941	811,941	801,997	(9,944)	1,058,720
Tuition and fees					
Materials fees	4,000	4,000	-	(4,000)	2,269
Other student fees	79,000	79,000	52,641	(26,359)	61,698
Institutional fees	30,000	120,000	240,868	120,868	320,957
Total Revenues	<u>2,759,329</u>	<u>2,975,329</u>	<u>3,018,080</u>	<u>42,751</u>	<u>3,372,254</u>
EXPENDITURES					
Current					
Instruction	1,751,383	1,977,383	1,971,545	5,838	2,355,231
Instructional resources	-	-	-	-	-
Student services	893,236	958,236	956,457	1,779	878,130
General institutional	114,710	114,710	94,576	20,134	81,388
Total Expenditures	<u>2,759,329</u>	<u>3,050,329</u>	<u>3,022,578</u>	<u>27,751</u>	<u>3,314,749</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(75,000)	(4,498)	70,502	57,505
Net Change in Fund Balance	-	(75,000)	(4,498)	70,502	57,505
FUND BALANCE - BEGINNING OF YEAR	<u>503,389</u>	<u>556,318</u>	<u>556,318</u>	-	<u>498,813</u>
FUND BALANCE - END OF YEAR	<u>\$ 503,389</u>	<u>\$ 481,318</u>	<u>\$ 551,820</u>	<u>\$ 70,502</u>	<u>\$ 556,318</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
Special Revenue Fund - Non-Aidable

COMBINING BALANCE SHEET
As of June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	Grantor Agencies	Student Financial Aid Fund	Other Student Activities Fund	Totals	
				2019	2018
ASSETS					
Cash	\$ -	\$ -	\$ 500	\$ 500	\$ 500
Accounts receivable	-	13,121	-	13,121	25,286
Prepaid expenditures	-	-	-	-	1,206
Due from other funds	2,005	125,699	665,004	792,708	827,711
	<u>2,005</u>	<u>125,699</u>	<u>665,004</u>	<u>792,708</u>	<u>827,711</u>
TOTAL ASSETS	<u>\$ 2,005</u>	<u>\$ 138,820</u>	<u>\$ 665,504</u>	<u>\$ 806,329</u>	<u>\$ 854,703</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 3,804	\$ 3,804	\$ 832
Wages payable	-	100	-	100	5
Compensated absences	-	-	1,647	1,647	811
Unearned revenue	2,005	13,465	213,216	228,686	306,259
Total Liabilities	<u>2,005</u>	<u>13,565</u>	<u>218,667</u>	<u>234,237</u>	<u>307,907</u>
FUND BALANCE					
Restricted for student organizations	-	-	446,837	446,837	415,917
Restricted for student financial assistance	-	125,255	-	125,255	130,879
Total Fund Balance	<u>-</u>	<u>125,255</u>	<u>446,837</u>	<u>572,092</u>	<u>546,796</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,005</u>	<u>\$ 138,820</u>	<u>\$ 665,504</u>	<u>\$ 806,329</u>	<u>\$ 854,703</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
Special Revenue Fund - Non-Aidable

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2019

(with comparative actual amounts for the year ended June 30, 2018)

	Grantor Agencies	Student Financial Aid Fund	Other Student Activities Fund	Totals	
				2019	2018
REVENUES					
Local government – tax levy	\$ -	\$ 137,500	\$ -	\$ 137,500	\$ 137,500
Intergovernmental revenue					
State	221,812	1,029,876	-	1,251,688	1,125,725
Federal	16,256	4,271,304	-	4,287,560	4,970,826
Student activities	-	-	616,145	616,145	645,708
Other	-	-	13,802	13,802	127,332
Total Revenues	<u>238,068</u>	<u>5,438,680</u>	<u>629,947</u>	<u>6,306,695</u>	<u>7,007,091</u>
EXPENDITURES					
Current					
Student Services					
Grants	238,068	5,464,304	-	5,702,372	6,341,259
Other	-	-	599,027	599,027	607,743
Total Expenditures	<u>238,068</u>	<u>5,464,304</u>	<u>599,027</u>	<u>6,301,399</u>	<u>6,949,002</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(25,624)</u>	<u>30,920</u>	<u>5,296</u>	<u>58,089</u>
OTHER FINANCING SOURCES					
Transfer in	-	20,000	-	20,000	20,000
Net Change in Fund Balance	<u>-</u>	<u>(5,624)</u>	<u>30,920</u>	<u>25,296</u>	<u>78,089</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>130,879</u>	<u>415,917</u>	<u>546,796</u>	<u>468,707</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 125,255</u>	<u>\$ 446,837</u>	<u>\$ 572,092</u>	<u>\$ 546,796</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
Special Revenue Fund - Non-Aidable

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2019

(with comparative actual amounts for the year ended June 30, 2018)

	2019				2018 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ 137,500	\$ 137,500	\$ 137,500	\$ -	\$ 137,500
Intergovernmental revenue					
State	1,094,500	1,315,500	1,251,688	(63,812)	1,125,725
Federal	5,789,756	5,789,756	4,287,560	(1,502,196)	4,970,826
Tuition and fees					
Other student fees	650,000	650,000	616,145	(33,855)	645,708
Institutional fees	15,000	15,000	13,802	(1,198)	127,332
Total Revenues	<u>7,686,756</u>	<u>7,907,756</u>	<u>6,306,695</u>	<u>(1,601,061)</u>	<u>7,007,091</u>
EXPENDITURES					
Current					
Instruction	16,256	26,256	23,840	2,416	-
Student services	7,695,500	7,906,500	6,277,559	1,628,941	6,949,002
Total Expenditures	<u>7,711,756</u>	<u>7,932,756</u>	<u>6,301,399</u>	<u>1,631,357</u>	<u>6,949,002</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>5,296</u>	<u>30,296</u>	<u>58,089</u>
OTHER FINANCING SOURCES					
Transfer in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net Change in Fund Balance	<u>(5,000)</u>	<u>(5,000)</u>	<u>25,296</u>	<u>30,296</u>	<u>78,089</u>
FUND BALANCE - BEGINNING OF YEAR	<u>439,997</u>	<u>546,796</u>	<u>546,796</u>	<u>-</u>	<u>468,707</u>
FUND BALANCE - END OF YEAR	<u>\$ 434,997</u>	<u>\$ 541,796</u>	<u>\$ 572,092</u>	<u>\$ 30,296</u>	<u>\$ 546,796</u>

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CAPITAL PROJECTS FUND

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of capital assets other than those financed by enterprise operations.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
Capital Projects Fund

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2019

(with comparative actual amounts for the year ended June 30, 2018)

	2019				2018 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ -	\$ -	\$ -	\$ -	\$ 150,017
Intergovernmental revenue					
State	-	-	78,171	78,171	66,447
Federal	-	-	-	-	10,000
Institutional fees	225,000	2,977,685	3,534,191	556,506	568,411
Total Revenues	<u>225,000</u>	<u>2,977,685</u>	<u>3,612,362</u>	<u>634,677</u>	<u>794,875</u>
EXPENDITURES					
Capital outlay					
Instruction	3,112,322	3,460,422	3,405,553	54,869	1,130,735
Instructional resources	220,000	220,000	190,682	29,318	128,784
Student services	6,500	6,500	-	6,500	395,458
General institutional	544,337	544,337	274,967	269,370	577,796
Physical plant	8,586,000	11,610,585	10,317,577	1,293,008	6,116,820
Total Expenditures	<u>12,469,159</u>	<u>15,841,844</u>	<u>14,188,779</u>	<u>1,653,065</u>	<u>8,349,593</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,244,159)</u>	<u>(12,864,159)</u>	<u>(10,576,417)</u>	<u>2,287,742</u>	<u>(7,554,718)</u>
OTHER FINANCING SOURCES					
Transfer in	-	4,170,000	4,170,000	-	3,700,000
Long-term debt issued	7,750,000	7,750,000	7,750,000	-	7,750,000
Total Other Financing Sources	<u>7,750,000</u>	<u>11,920,000</u>	<u>11,920,000</u>	<u>-</u>	<u>11,450,000</u>
Net Change in Fund Balance	<u>(4,494,159)</u>	<u>(944,159)</u>	<u>1,343,583</u>	<u>2,287,742</u>	<u>3,895,282</u>
FUND BALANCE - BEGINNING OF YEAR	<u>15,263,939</u>	<u>15,664,204</u>	<u>15,664,204</u>	<u>-</u>	<u>11,768,922</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,769,780</u>	<u>\$ 14,720,045</u>	<u>\$17,007,787</u>	<u>\$ 2,287,742</u>	<u>\$ 15,664,204</u>

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
Debt Service Fund

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2019

(with comparative actual amounts for the year ended June 30, 2018)

	2019			Variance with Final Budget	2018 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis		
REVENUES					
Local government – tax levy	\$ 8,792,794	\$8,792,794	\$8,792,794	\$ -	\$8,792,794
Institutional fees	75,000	75,000	168,320	93,320	75,474
Total Revenues	<u>8,867,794</u>	<u>8,867,794</u>	<u>8,961,114</u>	<u>93,320</u>	<u>8,868,268</u>
EXPENDITURES - Debt Service					
Physical Plant	<u>8,867,794</u>	<u>8,867,794</u>	<u>8,825,630</u>	<u>42,164</u>	<u>8,850,905</u>
Total Expenditures	<u>8,867,794</u>	<u>8,867,794</u>	<u>8,825,630</u>	<u>42,164</u>	<u>8,850,905</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>135,484</u>	<u>135,484</u>	<u>17,363</u>
FUND BALANCE - BEGINNING OF YEAR	<u>634,862</u>	<u>629,336</u>	<u>629,336</u>	<u>-</u>	<u>611,973</u>
FUND BALANCE - END OF YEAR	<u>\$ 634,862</u>	<u>\$ 629,336</u>	<u>\$ 764,820</u>	<u>\$ 135,484</u>	<u>\$ 629,336</u>

PROPRIETARY FUND TYPES

Proprietary funds are used to account for ongoing activities which are similar to those often found in the private sector. The measurement focus is based upon the determination of income. These funds are maintained on the accrual basis of accounting.

Enterprise funds – Enterprise funds are used to account for (1) operations that are financed and operated in a manner similar to a private business enterprise where the intent of WCTC is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (2) the WCTC Board has decided that periodic determination of revenues earned and expenses incurred is appropriate for management control and accountability. The following enterprise funds are used by WCTC:

Classic Room Fund – This fund is used to account for the operations of WCTC's Classic Room, an on-campus restaurant run by students.

Bookstore Fund – This fund is used to account for the operations of WCTC's bookstore.

Child Development Center Fund – This fund is used to account for the operations of WCTC's child care center

Style and Class Salon and Spa Fund – This fund is used to account for the operations of WCTC's barber/cosmetology salon and the aesthetician spa.

Auto Fund – This fund is used to account for the operations of WCTC's Customer Assistance auto shop and Sky Plaza auto body shop.

Dental Hygiene Clinic Fund – This fund is used to account for the operations of WCTC's dental hygiene clinic.

Indoor Firing Range and Training Facility – This fund is used to account for the operations fo the indoor firing range when it is open to the public.

Student Insurance – This fund is used to account for the insurance coverage purchased by students who are at practicum sites.

Internal service funds – Internal service funds are used to account for the financing and related financial activities of goods and services provided by one department of the college to other departments of the college or to other governmental unit on a cost-reimbursement basis. WCTC is self insured for dental insurance coverage. As a result, it utilizes an internal service fund to track these activities.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
Proprietary Funds – Enterprise Funds

COMBINING BALANCE SHEET
As of June 30, 2019

(with comparative totals for the year ended June 30, 2018)

ASSETS	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Accounts receivable	\$ -	\$ -	\$ 90,021	\$ 69,196	\$ 17,895	\$ 12,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,916	\$ 81,588
Due from other funds	99,828	98,142	-	67,001	6,741	18,234	24,273	18,626	51,649	97,142	39,695	39,736	-	-	66,343	35,308	288,529	374,189
Prepays	-	-	426	648	-	-	-	-	-	-	-	-	3,121	3,245	-	-	3,547	3,893
Inventories	6,883	3,666	358,280	424,786	-	-	8,705	8,571	11,521	11,156	-	-	7,467	10,547	-	-	392,856	458,726
Total Current Assets	<u>106,711</u>	<u>101,808</u>	<u>448,727</u>	<u>561,631</u>	<u>24,636</u>	<u>30,626</u>	<u>32,978</u>	<u>27,197</u>	<u>63,170</u>	<u>108,298</u>	<u>39,695</u>	<u>39,736</u>	<u>10,588</u>	<u>13,792</u>	<u>66,343</u>	<u>35,308</u>	<u>792,848</u>	<u>918,396</u>
Capital assets																		
Building	-	-	302,439	732,456	-	-	-	-	-	-	-	-	-	-	-	-	302,439	732,456
Equipment	-	-	217,940	135,965	4,236	4,236	-	-	-	-	-	-	-	-	-	-	222,176	140,201
Less: accumulated depreciation	-	-	(29,652)	(634,949)	(4,236)	(4,236)	-	-	-	-	-	-	-	-	-	-	(33,888)	(639,185)
Capital Assets, Net	-	-	<u>490,727</u>	<u>233,472</u>	-	-	-	-	-	-	-	-	-	-	-	-	<u>490,727</u>	<u>233,472</u>
TOTAL ASSETS	\$106,711	\$101,808	\$ 939,454	\$ 795,103	\$ 24,636	\$ 30,626	\$ 32,978	\$ 27,197	\$ 63,170	\$108,298	\$ 39,695	\$ 39,736	\$ 10,588	\$ 13,792	\$ 66,343	\$ 35,308	\$1,283,575	\$1,151,868
LIABILITIES AND NET POSITION																		
Current liabilities																		
Accounts payable	\$ -	\$ -	\$ 30,392	\$ 62,479	\$ 2,957	\$ 2,635	\$ 861	\$ 483	\$ -	\$ 151	\$ -	\$ -	\$ 7,180	\$ 969	\$ 38,998	\$ 7,776	\$ 80,388	\$ 74,493
Compensated absences	-	-	9,263	8,740	5,009	1,500	-	-	-	-	-	-	-	-	-	-	14,272	10,240
Due to other funds	-	-	88,402	-	-	-	-	-	-	-	-	-	3,408	12,823	-	-	91,810	12,823
Due to student groups	12,022	7,119	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,022	7,119
Unearned revenue	25	25	268,188	235,253	10,813	20,634	130	25	-	-	-	-	-	-	26,504	26,691	305,660	282,628
Total Current Liabilities	<u>12,047</u>	<u>7,144</u>	<u>396,245</u>	<u>306,472</u>	<u>18,779</u>	<u>24,769</u>	<u>991</u>	<u>508</u>	<u>-</u>	<u>151</u>	<u>-</u>	<u>-</u>	<u>10,588</u>	<u>13,792</u>	<u>65,502</u>	<u>34,467</u>	<u>504,152</u>	<u>387,303</u>
NET POSITION																		
Net investment in capital assets	-	-	490,727	233,472	-	-	-	-	-	-	-	-	-	-	-	-	490,727	233,472
Unrestricted	94,664	94,664	52,482	255,159	5,857	5,857	31,987	26,689	63,170	108,147	39,695	39,736	-	-	841	841	288,696	531,093
Total Net Position	<u>94,664</u>	<u>94,664</u>	<u>543,209</u>	<u>488,631</u>	<u>5,857</u>	<u>5,857</u>	<u>31,987</u>	<u>26,689</u>	<u>63,170</u>	<u>108,147</u>	<u>39,695</u>	<u>39,736</u>	<u>-</u>	<u>-</u>	<u>841</u>	<u>841</u>	<u>779,423</u>	<u>764,565</u>
TOTAL LIABILITIES AND NET POSITION	\$106,711	\$101,808	\$ 939,454	\$ 795,103	\$ 24,636	\$ 30,626	\$ 32,978	\$ 27,197	\$ 63,170	\$108,298	\$ 39,695	\$ 39,736	\$ 10,588	\$ 13,792	\$ 66,343	\$ 35,308	\$1,283,575	\$1,151,868

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
Proprietary Funds – Enterprise Funds

COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals		
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
OPERATING REVENUES																			
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ 28,335	\$ 42,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,335	\$ 42,329	
User charges	49,898	46,858	3,123,577	2,723,844	659,591	604,097	69,655	76,760	11,716	15,094	19,549	15,799	172,333	152,763	72,647	72,913	4,178,966	3,708,128	
Total Operating Revenues	49,898	46,858	3,123,577	2,723,844	687,926	646,426	69,655	76,760	11,716	15,094	19,549	15,799	172,333	152,763	72,647	72,913	4,207,301	3,750,457	
OPERATING EXPENSES																			
Materials	23,562	21,438	2,451,832	2,183,332	42,324	36,257	61,583	50,128	10,136	11,800	1,944	1,935	26,557	21,010	-	-	2,617,938	2,325,900	
Salaries	15,005	10,036	333,440	307,215	489,759	488,205	-	12,014	-	-	10,866	7,089	126,716	185,540	-	-	975,786	1,010,099	
Benefits	7,662	5,046	127,500	112,874	178,611	147,991	-	7,384	-	-	5,482	3,425	9,959	28,446	-	-	329,214	305,166	
Repairs and service	1,232	2,526	478	1,293	-	-	-	-	45,241	-	-	-	-	-	-	-	46,951	3,819	
Depreciation	-	-	22,690	32,932	-	-	-	-	-	-	-	-	-	-	-	-	22,690	32,932	
Other	2,437	5,054	120,278	138,755	6,311	6,756	2,774	2,427	1,316	1,486	1,298	1,486	92,325	61,599	72,647	72,913	299,386	290,476	
Total Operating Expenses	49,898	44,100	3,056,218	2,776,401	717,005	679,209	64,357	71,953	56,693	13,286	19,590	13,935	255,557	296,595	72,647	72,913	4,291,965	3,968,392	
Operating Income (Loss)	-	2,758	67,359	(52,557)	(29,079)	(32,783)	5,298	4,807	(44,977)	1,808	(41)	1,864	(83,224)	(143,832)	-	-	(84,664)	(217,935)	
NONOPERATING REVENUES (EXPENSES)																			
Loss on disposal of assets	-	-	(184,118)	-	-	-	-	-	-	-	-	-	-	-	-	-	(184,118)	-	
Income Before Capital Contributions and Transfers	-	2,758	(116,759)	(52,557)	(29,079)	(32,783)	5,298	4,807	(44,977)	1,808	(41)	1,864	(83,224)	(143,832)	-	-	(268,782)	(217,935)	
TRANSFER IN/(OUT)	-	-	(132,303)	(196,615)	29,079	32,783	-	-	-	-	-	-	83,224	143,832	-	-	(20,000)	(20,000)	
CAPITAL CONTRIBUTED	-	-	303,640	-	-	-	-	-	-	-	-	-	-	-	-	-	303,640	-	
Change in Net Position	-	2,758	54,578	(249,172)	-	-	5,298	4,807	(44,977)	1,808	(41)	1,864	-	-	-	-	14,858	(237,935)	
NET POSITION - BEGINNING OF YEAR	94,664	91,906	488,631	737,803	5,857	5,857	26,689	21,882	108,147	106,339	39,736	37,872	-	-	841	841	764,565	1,002,500	
NET POSITION - END OF YEAR	\$ 94,664	\$ 94,664	\$ 543,209	\$ 488,631	\$ 5,857	\$ 5,857	\$ 31,987	\$ 26,689	\$ 63,170	\$ 108,147	\$ 39,695	\$ 39,736	\$ -	\$ -	\$ 841	\$ 841	\$ 779,423	\$ 764,565	

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Funds – Enterprise Funds

COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2019

(with comparative totals for the year ended June 30, 2018)

	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES																		
Operating income (loss)	\$ -	\$ 2,758	\$ 67,359	\$ (52,557)	\$ (29,079)	\$ (32,783)	\$ 5,298	\$ 4,807	\$ (44,977)	\$ 1,808	\$ (41)	\$ 1,864	\$ (83,224)	\$ (143,832)	\$ -	\$ -	\$ (84,664)	\$ (217,935)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities																		
Depreciation	-	-	22,690	32,932	-	-	-	-	-	-	-	-	-	-	-	-	22,690	32,932
Changes in assets and liabilities																		
Accounts receivable	-	-	(20,825)	24,496	(5,503)	8,925	-	-	-	-	-	-	-	-	-	-	(26,328)	33,421
Prepaid expenditures	-	-	222	(648)	-	-	-	-	-	-	-	-	124	(143)	-	-	346	(791)
Inventories	(3,217)	200	66,506	(77,931)	-	-	(134)	(658)	(365)	365	-	-	3,080	8,356	-	-	65,870	(69,668)
Accounts payable	-	(90)	(32,087)	5,537	322	(340)	378	394	(151)	55	-	(82)	6,211	781	31,222	(23,688)	5,895	(17,433)
Compensated absences	-	-	523	2,580	3,509	(10,738)	-	-	-	-	-	-	-	(7,594)	-	-	4,032	(15,752)
Due to student groups	4,903	(3,022)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,903	(3,022)
Deferred revenues	-	-	32,935	175,724	(9,821)	11,256	105	(62)	-	-	-	-	-	-	(187)	(256)	23,032	186,662
Total Adjustments	1,686	(2,912)	69,964	162,690	(11,493)	9,103	349	(326)	(516)	420	-	(82)	9,415	1,400	31,035	(23,944)	100,440	146,349
Net Cash Flows From Operating Activities	1,686	(154)	137,323	110,133	(40,572)	(23,680)	5,647	4,481	(45,493)	2,228	(41)	1,782	(73,809)	(142,432)	31,035	(23,944)	15,776	(71,586)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES																		
Transfer in/(out)	-	-	(132,303)	(196,615)	29,079	32,783	-	-	-	-	-	-	83,224	143,832	-	-	(20,000)	(20,000)
Due from/(to) other funds	(1,686)	154	155,403	139,129	11,493	(9,103)	(5,647)	(4,481)	45,493	(2,228)	41	(1,782)	(9,415)	(1,400)	(31,035)	23,944	164,647	144,233
Net Cash Flows From Non-Capital Financing Activities	(1,686)	154	23,100	(57,486)	40,572	23,680	(5,647)	(4,481)	45,493	(2,228)	41	(1,782)	73,809	142,432	(31,035)	23,944	144,647	124,233
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES																		
Acquisition of equipment/buildings	-	-	(160,423)	(52,647)	-	-	-	-	-	-	-	-	-	-	-	-	(160,423)	(52,647)
Capital Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flows From Capital Financing Activities	-	-	(160,423)	(52,647)	-	-	-	-	-	-	-	-	-	-	-	-	(160,423)	(52,647)
Net Increase (Decrease) in Cash and Cash Equivalent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES																		
Capital asset additions contributed	\$ -	\$ -	\$ 303,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,640	\$ -

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Funds – Enterprise Funds

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2019

(with comparative actual amounts for the year ended June 30, 2018)

	2019				2018 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
OPERATING REVENUES					
Intergovernmental Revenue					
Federal	\$ 50,000	\$ 50,000	\$ 28,335	\$ (21,665)	\$ 42,329
Institutional fees	<u>4,517,710</u>	<u>4,517,710</u>	<u>4,178,966</u>	<u>(338,744)</u>	<u>3,708,128</u>
Total Revenues	<u>4,567,710</u>	<u>4,567,710</u>	<u>4,207,301</u>	<u>(360,409)</u>	<u>3,750,457</u>
OPERATING EXPENSES					
Auxiliary services	<u>4,572,886</u>	<u>4,572,886</u>	<u>4,476,083</u>	<u>96,803</u>	<u>3,968,392</u>
Operating Income (Loss)	(5,176)	(5,176)	(268,782)	(263,606)	(217,935)
OPERATING TRANSFERS					
Transfer in	-	-	303,640	303,640	-
Transfer out	<u>(20,000)</u>	<u>(266,500)</u>	<u>(20,000)</u>	<u>246,500</u>	<u>(20,000)</u>
Change in Net Position	(25,176)	(271,676)	14,858	286,534	(237,935)
NET POSITION - BEGINNING OF YEAR	<u>1,086,000</u>	<u>764,565</u>	<u>764,565</u>	<u>-</u>	<u>1,002,500</u>
NET POSITION - END OF YEAR	<u>\$ 1,060,824</u>	<u>\$ 492,889</u>	<u>\$ 779,423</u>	<u>\$ 286,534</u>	<u>\$ 764,565</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Funds - Internal Service Fund

**SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended June 30, 2019**

(with comparative actual amounts for the year ended June 30, 2018)

	2019				2018 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
OPERATING REVENUES					
Institutional fees	\$ 1,057,000	\$ 1,057,000	\$ 643,466	\$ (413,534)	\$ 526,276
OPERATING EXPENSES					
Auxiliary services	1,131,014	1,131,014	775,509	355,505	1,876,613
Change in Net Position	(74,014)	(74,014)	(132,043)	(58,029)	(1,350,337)
NET POSITION - BEGINNING OF YEAR	2,711,106	2,894,769	2,894,769	-	4,245,106
NET POSITION - END OF YEAR	<u>\$ 2,637,092</u>	<u>\$ 2,820,755</u>	<u>\$ 2,762,726</u>	<u>\$ (58,029)</u>	<u>\$ 2,894,769</u>

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held by WCTC in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are custodial in nature (assets equal liabilities), do not involve measurement of results of operations and are maintained on the modified accrual basis of accounting.

Agency funds – The agency funds account for assets held in trust by WCTC as an agent for Student Clubs, WTCS Purchasing Consortium, Banner Consortium, Workforce Development Center, WECAN, and grantor agencies.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Fiduciary Funds – Agency Funds

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2019

	Balance 7/1/18	Additions	Deductions	Balance 6/30/19
STUDENT CLUBS				
ASSETS				
Cash	\$ 500	\$ -	\$ -	\$ 500
Accounts receivable	4,836	106	4,836	106
Due from other funds	220,377	334,985	320,149	235,213
TOTAL ASSETS	<u>\$ 225,713</u>	<u>\$ 335,091</u>	<u>\$ 324,985</u>	<u>\$ 235,819</u>
LIABILITIES				
Wages payable/compensated absences	\$ -	\$ -	\$ -	\$ -
Due to student groups	225,713	396,495	386,389	235,819
TOTAL LIABILITIES	<u>\$ 225,713</u>	<u>\$ 396,495</u>	<u>\$ 386,389</u>	<u>\$ 235,819</u>
BANNER CONSORTIUM				
ASSETS				
Accounts receivable	\$ -	\$ 213,116	\$ 213,116	\$ -
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 213,116</u>	<u>\$ 213,116</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ 167,159	\$ 167,159	\$ -
Wages payable/compensated absences	-	45,598	45,598	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 212,757</u>	<u>\$ 212,757</u>	<u>\$ -</u>
WTCS PURCHASING CONSORTIUM				
ASSETS				
Accounts receivable	\$ 24,305	\$ 41,098	\$ 65,403	\$ -
TOTAL ASSETS	<u>\$ 24,305</u>	<u>\$ 41,098</u>	<u>\$ 65,403</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 425	\$ 1,638	\$ 2,063	\$ -
Due to other funds	23,880		23,880	-
Wages payable/compensated absences	-	39,460	39,460	-
TOTAL LIABILITIES	<u>\$ 24,305</u>	<u>\$ 41,098</u>	<u>\$ 65,403</u>	<u>\$ -</u>
GRANTOR AGENCIES				
ASSETS				
Accounts receivable	\$ -	\$ 8,109,186	\$ 8,109,186	\$ -
TOTAL ASSETS	<u>\$ 97,220</u>	<u>\$ 8,109,186</u>	<u>\$ 8,109,186</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ 8,109,186	\$ 8,109,186	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 8,109,186</u>	<u>\$ 8,109,186</u>	<u>\$ -</u>

(continued on next page)

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
 Fiduciary Funds – Agency Funds

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2019

	Balance 7/1/18	Additions	Deductions	Balance 6/30/19
WORKFORCE DEVELOPMENT CENTER				
ASSETS				
Accounts receivable	\$ -	\$ 100	\$ -	\$ 100
Due from other funds	15,346	165,428	162,090	18,684
TOTAL ASSETS	<u>\$ 15,346</u>	<u>\$ 165,528</u>	<u>\$ 162,090</u>	<u>\$ 18,784</u>
LIABILITIES				
Accounts payable	\$ 15,346	\$ 153,834	\$ 156,829	\$ 12,351
Unearned revenue	-	6,433	-	6,433
Due to grantor agencies	-	-	-	-
TOTAL LIABILITIES	<u>\$ 15,346</u>	<u>\$ 160,267</u>	<u>\$ 156,829</u>	<u>\$ 18,784</u>
WECAN CONSORTIUM				
ASSETS				
Accounts receivable	\$ 28,521	\$ 35,547	\$ 35,774	\$ 28,294
Due from other funds	24,759	16,727	-	41,486
TOTAL ASSETS	<u>\$ 53,280</u>	<u>\$ 52,274</u>	<u>\$ 35,774</u>	<u>\$ 69,780</u>
LIABILITIES				
Accounts payable	\$ -	\$ 19,047	\$ 19,047	\$ -
Due to grantor agencies	53,280	16,500	-	69,780
TOTAL LIABILITIES	<u>\$ 53,280</u>	<u>\$ 35,547</u>	<u>\$ 19,047</u>	<u>\$ 69,780</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash	\$ 500	\$ -	\$ -	\$ 500
Accounts receivable	57,662	8,399,153	8,428,315	28,500
Due from other funds	260,482	517,140	482,239	295,383
TOTAL ASSETS	<u>\$ 318,644</u>	<u>\$ 8,916,293</u>	<u>\$ 8,910,554</u>	<u>\$ 324,383</u>
LIABILITIES				
Accounts payable	\$ 15,771	\$ 8,450,864	\$ 8,454,284	\$ 12,351
Wages payable/compensated absences	-	85,058	85,058	-
Unearned revenue	-	6,433	-	6,433
Due to other funds	23,880	-	23,880	-
Due to grantor agencies	53,280	16,500	-	69,780
Due to student groups	225,713	396,495	386,389	235,819
TOTAL LIABILITIES	<u>\$ 318,644</u>	<u>\$ 8,955,350</u>	<u>\$ 8,949,611</u>	<u>\$ 324,383</u>

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SCHEDULE OF CAPITAL ASSETS - BY SOURCES

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF CAPITAL ASSETS – BY SOURCES As of June 30, 2019

Capital assets (a)	
Land	\$ 641,345
Land improvements	9,529,914
Buildings	34,814,821
Building improvements	46,636,117
Movable equipment	44,532,949
Fixed equipment	6,210,021
Leasehold improvement	2,337,665
Construction in progress	<u>7,518,556</u>
TOTAL	<u>\$ 152,221,388</u>
Investment in capital assets from	
Capital projects	
Debt proceeds	\$ 140,328,431
Federal grants	872,231
Donations	2,964,742
Investment income	6,335,715
State grants	1,499,295
Auxiliary enterprises	<u>220,974</u>
TOTAL	<u>\$ 152,221,388</u>

Note:

- (a) Because all of WCTC's capital assets are devoted to the activities related to providing vocational, technical, and adult education within WCTC, separate function and activity capital assets schedules have not been presented.

SCHEDULE OF INDEBTEDNESS AND RETIREMENTS

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF INDEBTEDNESS AND RETIREMENTS
For the Year Ended June 30, 2019

Issue	Principal				Year Ended June 30	Retirement Schedule		
	Borrowed	Previously Retired	Retired in Current Year	Outstanding June 30, 2019		Principal	Interest	Total
General Obligation Promissory Notes (2012B)	\$ 6,700,000	\$ 5,700,000	\$ 1,000,000	\$ -	2019	\$ -	\$ -	\$ -
						-	-	-
General Obligation Promissory Notes (2013A)	1,050,000	735,000	155,000	160,000	2020	160,000	1,600	161,600
						160,000	1,600	161,600
General Obligation Promissory Notes (2013B)	4,750,000	3,735,000	500,000	515,000	2020	515,000	10,300	525,300
						515,000	10,300	525,300
General Obligation Promissory Notes (2014A)	1,500,000	1,280,000	220,000	-	2019	-	-	-
						-	-	-
General Obligation Promissory Notes (2014B)	1,500,000	1,210,000	290,000	-	2019	-	-	-
						-	-	-
General Obligation Promissory Notes (2014C)	4,750,000	4,050,000	700,000	-	2019	-	-	-
						-	-	-
General Obligation Promissory Notes (2015A)	1,500,000	1,300,000	200,000	-	2019	-	-	-
						-	-	-
General Obligation Promissory Notes (2015B)	1,500,000	885,000	305,000	310,000	2020	310,000	4,340	314,340
						310,000	4,340	314,340
General Obligation Promissory Notes (2015C)	5,900,000	3,900,000	1,000,000	1,000,000	2020	1,000,000	20,000	1,020,000
						1,000,000	20,000	1,020,000
General Obligation Promissory Notes (2016A)	1,850,000	895,000	470,000	485,000	2020	485,000	4,850	489,850
						485,000	4,850	489,850
General Obligation Promissory Notes (2016B)	5,600,000	2,115,000	1,145,000	2,340,000	2021	1,160,000	35,100	1,195,100
						1,180,000	17,700	1,197,700
						2,340,000	52,800	2,392,800
General Obligation Promissory Notes (2017A)	2,150,000	515,000	530,000	1,105,000	2021	545,000	19,375	564,375
						560,000	11,200	571,200
						1,105,000	30,575	1,135,575

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF INDEBTEDNESS AND RETIREMENTS
For the Year Ended June 30, 2019

Issue	Principal				Retirement Schedule			
	Borrowed	Previously Retired	Retired in Current Year	Outstanding June 30, 2019	Year Ended June 30	Principal	Interest	Total
General Obligation Promissory Notes (2017B)	\$ 3,850,000	\$ 500,000	\$ 820,000	\$ 2,530,000	2020	\$ 830,000	\$ 42,200	\$ 872,200
					2021	845,000	29,750	874,750
					2022	855,000	14,962	869,962
						<u>2,530,000</u>	<u>86,912</u>	<u>2,616,912</u>
General Obligation Promissory Notes (2018A)	2,400,000	-	450,000	1,950,000	2020	465,000	45,206	510,206
					2021	480,000	35,325	515,325
					2022	495,000	25,125	520,125
					2023	510,000	12,750	522,750
						<u>1,950,000</u>	<u>118,406</u>	<u>2,068,406</u>
General Obligation Promissory Notes (2018B)	1,500,000	-	280,000	1,220,000	2020	290,000	26,725	316,725
					2021	300,000	20,925	320,925
					2022	310,000	14,175	324,175
					2023	320,000	7,200	327,200
						<u>1,220,000</u>	<u>69,025</u>	<u>1,289,025</u>
General Obligation Promissory Notes (2018C)	5,600,000	-	255,000	5,345,000	2020	1,290,000	137,550	1,427,550
					2021	1,320,000	111,750	1,431,750
					2022	1,345,000	82,050	1,427,050
					2023	1,390,000	41,700	1,431,700
						<u>5,345,000</u>	<u>373,050</u>	<u>5,718,050</u>
General Obligation Promissory Notes (2018C)	2,150,000	-	-	2,150,000	2020	400,000	54,509	454,509
					2021	420,000	43,750	463,750
					2022	430,000	33,250	463,250
					2023	445,000	22,500	467,500
					2024	455,000	11,375	466,375
	<u>2,150,000</u>	<u>165,384</u>	<u>2,315,384</u>					
TOTAL	\$ 54,250,000	\$ 26,820,000	\$ 8,320,000	\$ 19,110,000		\$ 19,110,000	\$ 937,242	\$ 20,047,242

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**SCHEDULES TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS
FINANCIAL STATEMENTS TO BASIC FINANCIAL STATEMENTS**

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BALANCE SHEET TO STATEMENT OF NET POSITION
As of June 30, 2019

	Governmental Funds				Proprietary Funds		Fiduciary Funds	Total	Reconciling Items	Statement of Net Position	
	General	Special Revenue Fund Operating	Non-Aidable	Capital Projects	Debt Service	Enterprise Funds	Internal Service				Agency Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES											
ASSETS											
Cash and investments	\$ 27,562,114	\$ -	\$ 500	\$ 24,306,868	\$ 764,820	\$ -	\$ 2,605,635	\$ 500	\$ 55,240,437	\$ -	\$ 55,240,437
Receivables											
Taxes	4,364,193	-	-	-	-	-	-	-	4,364,193	-	4,364,193
Accounts	7,142,219	634,439	13,121	346,973	-	107,916	-	28,500	8,273,168	-	8,273,168
Accrued interest	128,804	-	-	-	-	-	-	-	128,804	-	128,804
Due from other funds	-	73,472	792,708	-	-	288,529	-	295,383	1,450,092	(1,450,092)	-
Inventories	40,052	-	-	-	-	392,856	-	-	432,908	-	432,908
Prepaid items and other assets	161,615	-	-	2,143	-	3,547	252,000	-	419,305	2,680,576	3,099,881
Net other post-employment benefits assets	-	-	-	-	-	-	-	-	-	12,147,106	12,147,106
Net pension asset	-	-	-	-	-	-	-	-	-	-	-
Capital assets	-	-	-	-	-	524,615	-	-	524,615	151,696,773	152,221,388
Accumulated depreciation	-	-	-	-	-	(33,888)	-	-	(33,888)	(56,193,984)	(56,227,872)
Total Assets	<u>39,398,997</u>	<u>707,911</u>	<u>806,329</u>	<u>24,655,984</u>	<u>764,820</u>	<u>1,283,575</u>	<u>2,857,635</u>	<u>324,383</u>	<u>70,799,634</u>	<u>108,880,379</u>	<u>179,680,013</u>
DEFERRED OUTFLOWS OF RESOURCES											
Deferred amount related to OPEB	-	-	-	-	-	-	-	-	-	60,803	60,803
Deferred amount related to pensions	-	-	-	-	-	-	-	-	-	24,742,147	24,742,147
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	24,802,950	24,802,950
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 39,398,997</u>	<u>\$ 707,911</u>	<u>\$ 806,329</u>	<u>\$ 24,655,984</u>	<u>\$ 764,820</u>	<u>\$ 1,283,575</u>	<u>\$ 2,857,635</u>	<u>\$ 324,383</u>	<u>\$ 70,799,634</u>	<u>\$ 133,683,329</u>	<u>\$ 204,482,963</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION											
LIABILITIES											
Accounts payable	\$ 1,327,760	\$ 34,692	\$ 3,804	\$ 4,277,688	\$ -	\$ 80,388	\$ 59,374	\$ 12,351	\$ 5,796,057	\$ 317,621	\$ 6,113,678
Due to student groups and grantor agencies	-	-	-	-	-	12,022	-	305,599	317,621	(317,621)	-
Accrued liabilities											
Wages	407,271	8,651	100	-	-	-	-	-	416,022	5,777,074	6,193,096
Payroll taxes, retirement and insurance	5,775,850	1,224	-	-	-	-	-	-	5,777,074	(5,777,074)	-
Compensated absences	966,073	17,132	1,647	-	-	14,272	-	-	999,124	1,366,762	2,365,886
Interest	-	-	-	-	-	-	-	-	-	100,878	100,878
Due to other funds	1,358,282	-	-	-	-	91,810	-	-	1,450,092	(1,450,092)	-
Unearned revenues	4,927,610	94,392	228,686	26,594	-	305,660	35,535	6,433	5,624,910	(373,637)	5,251,273
Net pension liability	-	-	-	-	-	-	-	-	-	9,650,147	9,650,147
General obligation debt	-	-	-	-	-	-	-	-	-	19,311,015	19,311,015
Total Liabilities	<u>14,762,846</u>	<u>156,091</u>	<u>234,237</u>	<u>4,304,282</u>	<u>-</u>	<u>504,152</u>	<u>94,909</u>	<u>324,383</u>	<u>20,380,900</u>	<u>28,605,073</u>	<u>48,985,973</u>
DEFERRED INFLOWS OF RESOURCES											
Deferred amount related to OPEB	-	-	-	-	-	-	-	-	-	10,547,890	10,547,890
Deferred amount related to pensions	-	-	-	-	-	-	-	-	-	13,294,748	13,294,748
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	23,842,638	23,842,638
NET POSITION											
Net investment in capital assets	-	-	-	-	-	490,727	-	-	490,727	78,204,097	78,694,824
Net position	-	-	-	-	-	288,696	2,762,726	-	3,051,422	(3,051,422)	-
Fund balances											
Restricted for capital projects	-	-	-	17,007,787	-	-	-	-	17,007,787	(17,007,787)	-
Restricted for debt service	-	-	-	-	764,820	-	-	-	764,820	(100,878)	663,942
Restricted for encumbrances	1,411,097	-	-	3,343,915	-	-	-	-	4,755,012	(4,755,012)	-
Restricted for prepaid expenditures and inventories	201,667	-	-	-	-	-	-	-	201,667	(201,667)	-
Restricted for student organizations	-	-	446,837	-	-	-	-	-	446,837	-	446,837
Restricted for student financial assistance	-	-	125,255	-	-	-	-	-	125,255	-	125,255
Restricted for sick pay benefits	1,366,762	-	-	-	-	-	-	-	1,366,762	(1,366,762)	-
Restricted for OPEB	-	-	-	-	-	-	-	-	-	12,147,106	12,147,106
Restricted for Pension	-	-	-	-	-	-	-	-	-	-	-
Unrestricted											
Designated for operations	17,082,625	551,820	-	-	-	-	-	-	17,634,445	21,941,943	39,576,388
Designated for subsequent year budgeted expenditure	4,574,000	-	-	-	-	-	-	-	4,574,000	(4,574,000)	-
Total Fund Balances / Net Position	<u>24,636,151</u>	<u>551,820</u>	<u>572,092</u>	<u>20,351,702</u>	<u>764,820</u>	<u>779,423</u>	<u>2,762,726</u>	<u>-</u>	<u>50,418,734</u>	<u>81,235,618</u>	<u>131,654,352</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 39,398,997</u>	<u>\$ 707,911</u>	<u>\$ 806,329</u>	<u>\$ 24,655,984</u>	<u>\$ 764,820</u>	<u>\$ 1,283,575</u>	<u>\$ 2,857,635</u>	<u>\$ 324,383</u>	<u>\$ 70,799,634</u>	<u>\$ 133,683,329</u>	<u>\$ 204,482,963</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL STATEMENTS TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

	Governmental Funds					Proprietary Funds			Reconciling Items	Statement of Revenues, Expenses and Changes in Net Position
	General	Special Revenue		Capital Project	Debt Service	Enterprise	Internal Service	Total		
		Operating	Non-Aidable							
REVENUES										
Local government – tax levy	\$ 10,712,511	\$ 925,470	\$ 137,500	\$ -	\$ 8,792,794	\$ -	\$ -	\$ 20,568,275	\$ -	\$ 20,568,275
Intergovernmental revenue										
State	47,588,988	997,104	1,251,688	78,171	-	-	-	49,915,951	18,662	49,934,613 (a)
Federal	10,370	801,997	4,287,560	-	-	28,335	-	5,128,262	-	5,128,262 (a)
Tuition and fees										
Statutory program fees	12,087,549	-	-	-	-	-	-	12,087,549	(2,915,871)	9,171,678
Materials fees	783,124	-	-	-	-	-	-	783,124	(192,471)	590,653
Other student fees	1,090,484	52,641	616,145	-	-	-	-	1,759,270	(431,869)	1,327,401
Institutional fees										
Investment income	855,393	-	-	641,131	168,320	-	74,281	1,739,125	(92,041)	1,647,084
Other	3,130,975	240,868	13,802	2,893,060	-	4,178,966	569,185	11,026,856	(485,872)	10,540,984 (b)
Total Revenues	76,259,394	3,018,080	6,306,695	3,612,362	8,961,114	4,207,301	643,466	103,008,412	(4,099,462)	98,908,950
EXPENDITURES										
Current										
Instruction	43,559,051	1,971,545	23,840	-	-	-	-	45,554,436	320,285	45,874,721
Instructional resources	1,411,095	-	-	-	-	-	-	1,411,095	(927)	1,410,168
Student services	7,687,293	956,457	6,277,559	-	-	-	-	14,921,309	(3,856,979)	11,064,330
General institutional	12,481,056	94,576	-	-	-	-	-	12,575,632	174,585	12,750,217
Physical plant	6,397,630	-	-	-	-	-	-	6,397,630	482,392	6,880,022
Auxiliary services	-	-	-	-	-	4,476,083	775,509	5,251,592	(749,908)	4,501,684
Capital outlay	-	-	-	14,188,779	-	-	-	14,188,779	(14,188,779)	-
Depreciation	-	-	-	-	-	-	-	-	4,588,122	4,588,122
Debt service										
Principal	-	-	-	-	8,320,000	-	-	8,320,000	(8,320,000)	-
Interest and other expenditures	-	-	-	-	505,630	-	-	505,630	13,362	518,992
Total Expenditures	71,536,125	3,022,578	6,301,399	14,188,779	8,825,630	4,476,083	775,509	109,126,103	(21,537,847)	87,588,256
Excess (Deficiency) of Revenues Over Expenditures	4,723,269	(4,498)	5,296	(10,576,417)	135,484	(268,782)	(132,043)	(6,117,691)	17,438,385	11,320,694
OTHER FINANCING SOURCES (USES)										
Transfer in	20,000	-	20,000	4,170,000	-	-	-	4,210,000	(4,210,000)	-
Transfer out	(4,190,000)	-	-	-	-	(20,000)	-	(4,210,000)	4,210,000	-
Capital Contribution	-	-	-	-	-	303,640	-	303,640	(303,640)	-
Gain/(loss) on sale/disposal of capital assets	-	-	-	-	-	-	-	-	(806,651)	(806,651)
Long-term debt issued	-	-	-	7,750,000	-	-	-	7,750,000	(7,750,000)	-
Net Change in Fund Balances/Net Position	553,269	(4,498)	25,296	1,343,583	135,484	14,858	(132,043)	1,935,949	8,578,094	10,514,043
FUND BALANCES / NET POSITION - BEGINNING OF YEAR	23,473,061	556,318	546,796	15,664,204	629,336	764,565	2,894,769	44,529,049	76,611,260	121,140,309
FUND BALANCES / NET POSITION - END OF YEAR, BUDGETARY BASIS	24,026,330	551,820	572,092	17,007,787	764,820	779,423	2,762,726	46,464,998	85,189,354	131,654,352 (c)
Adjustment for Encumbrances	609,821	-	-	3,343,915	-	-	-	3,953,736	(3,953,736)	-
FUND BALANCES / NET POSITION - END OF YEAR	\$ 24,636,151	\$ 551,820	\$ 572,092	\$ 20,351,702	\$ 764,820	\$ 779,423	\$ 2,762,726	\$ 50,418,734	\$ 81,235,618	\$ 131,654,352

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL STATEMENTS
TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year ended June 30, 2019

(a) State grant revenue is presented on the basic financial statement as follows:

Operating	\$ 2,267,454
Non-operating	
State appropriations	47,588,988
State appropriations for capital-related grants	<u>78,171</u>
	<u>\$ 49,934,613</u>

Federal grant revenue is presented on the basic financial statement as follows:

Operating	\$ 5,128,262
Non-operating	
Federal appropriations for capital-related grants	<u>-</u>
	<u>\$ 5,128,262</u>

Federal and state appropriations for capital-related grants

State	\$ 78,171
Federal	<u>-</u>
	<u>\$ 78,171</u>

(b) Institutional revenue is reported on the basic financial statement as follows:

Non-governmental grants and contracts	\$ 3,450,243
Auxiliary enterprises	4,262,279
Donations	<u>2,828,462</u>
	<u>\$ 10,540,984</u>

(c) Reconciliation of budgetary basis fund balance and net position as presented in the basic financial statements:

Budgetary basis fund balance	<u>\$ 46,464,998</u>
Capital assets capitalized - at cost	151,696,773
Accumulated depreciation on capital assets	(56,193,984)
General obligation notes payable	(19,110,000)
Long-term portion of post-employment sick pay	(1,366,762)
Accrued interest on notes payable	(100,878)
Summer school tuition earned	373,637
Deferral of grant funds earned	-
Unamortized premiums/discounts on notes payable	(201,015)
Net pension asset/(liability)	(9,650,147)
Net OPEB asset/(liability)	12,147,106
WTCEBC Consortium IBNR	2,680,576
Encumbrances outstanding at year end	3,953,736
Deferred outflow amount related to OPEB	60,803
Deferred inflow amount related to OPEB	(10,547,890)
Deferred outflow amount related to pensions	24,742,147
Deferred inflow amount related to pensions	<u>(13,294,748)</u>
	<u>85,189,354</u>
Net position per basic financial statements	<u>\$ 131,654,352</u>

(Concluded)

Comprehensive Annual **FINANCIAL REPORT**



Statistical Section



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
Higher Ed

STATISTICAL SECTION

This part of Waukesha County Technical College's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the college's overall financial health.

The information in this section was prepared by WCTC and was not subject to audit by the independent certified public accounting firm. This information provides further insight into WCTC's financial condition and economic environment.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the college's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules present information to help the reader assess one of the college's significant revenue sources, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the college's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the college's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the college's financial report relates to the services the college provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The college implemented GASB Statements 34 and 35 in fiscal year 2002.

Fiscal Year: The college's fiscal year is July 1 to June 30. The years shown on the subsequent schedules are on the basis of fiscal year unless otherwise noted. Certain data included in this section is only available on a calendar-year basis and will be so noted.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NET POSITION										
Net investment in capital assets	\$37,340,326	\$40,314,918	\$42,481,932	\$45,650,646	\$53,978,546	\$61,187,788	\$69,602,057	\$63,960,738	\$70,040,469	\$78,694,824
Restricted	1,854,389	1,779,330	1,721,474	1,748,972	2,001,698	8,566,079	860,158	5,132,793	12,353,548	13,383,140
Unrestricted	33,067,942	37,757,214	42,922,340	42,062,289	43,949,053	51,892,056	58,160,249	41,415,538	38,746,292	39,576,388
Total Net Position	<u>\$72,262,657</u>	<u>\$79,851,462</u>	<u>\$87,125,746</u>	<u>\$89,461,907</u>	<u>\$99,929,297</u>	<u>\$121,645,923</u>	<u>\$128,622,464</u>	<u>\$110,509,069</u>	<u>\$121,140,309</u>	<u>\$131,654,352</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES										
Instruction	\$ 48,863,169	\$ 48,126,349	\$ 46,930,752	\$ 48,852,631	\$ 49,201,934	\$ 50,195,777	\$ 48,081,416	\$ 38,238,661	\$ 43,425,242	\$ 45,874,721
Instructional resources	1,663,170	1,818,522	1,799,873	1,804,835	1,699,061	1,659,701	1,703,708	1,371,155	1,329,693	1,410,168
Student services	8,903,533	9,781,547	8,982,225	9,195,292	9,536,951	9,776,184	10,739,298	8,197,319	10,782,303	11,064,330
General institution	15,580,897	16,037,518	16,534,808	22,104,430	12,524,497	12,481,104	12,516,036	12,644,958	11,475,436	12,750,217
Physical plant	6,034,495	5,782,831	5,787,980	5,885,087	6,630,222	5,831,087	6,992,758	5,995,049	6,179,035	6,880,022
Depreciation	3,618,261	3,966,837	3,842,144	3,943,819	4,116,912	4,400,665	4,740,411	4,589,482	4,283,926	4,588,122
Auxiliary services	4,233,129	4,380,811	4,214,030	4,053,307	3,881,375	3,891,160	7,256,962	5,289,079	5,437,849	4,501,684
Total operating expenses	\$ 88,896,654	\$ 89,894,415	\$ 88,091,812	\$ 95,839,401	\$ 87,590,952	\$ 88,235,678	\$ 92,030,589	\$ 76,325,703	\$ 82,913,484	\$ 87,069,264
PROGRAM REVENUES										
Tuition and fees, net of scholarship allowances	\$ 10,905,307	\$ 10,292,269	\$ 10,175,028	\$ 10,400,577	\$ 10,330,755	\$ 10,166,588	\$ 10,417,539	\$ 10,930,680	\$ 10,684,144	\$ 11,089,732
State grants and contracts	2,031,925	2,297,944	2,021,642	2,312,850	2,270,321	2,756,833	2,992,602	1,963,405	2,037,676	2,267,454
Federal grants and contracts	7,151,025	9,294,369	8,618,857	8,899,301	8,453,146	7,895,636	7,229,786	6,369,333	6,071,875	5,128,262
Non-governmental grants and contracts	3,597,782	3,727,569	3,896,741	4,103,756	4,994,741	4,796,152	3,761,110	3,739,542	3,330,256	3,450,243
Auxiliary enterprise services	5,987,023	5,085,664	5,365,267	5,844,011	4,927,076	5,075,652	4,694,177	4,348,493	3,790,750	4,262,279
Total program revenues	\$ 29,673,062	\$ 30,697,815	\$ 30,077,535	\$ 31,560,495	\$ 30,976,039	\$ 30,690,861	\$ 29,095,214	\$ 27,351,453	\$ 25,914,701	\$ 26,197,970
Total primary government net expense	\$ (59,223,592)	\$ (59,196,600)	\$ (58,014,277)	\$ (64,278,906)	\$ (56,614,913)	\$ (57,544,817)	\$ (62,935,375)	\$ (48,974,250)	\$ (56,998,783)	\$ (60,871,294)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
State appropriations	\$ 5,545,571	\$ 5,436,675	\$ 4,125,735	\$ 4,222,879	\$ 3,985,735	\$ 47,024,502	\$ 47,256,079	\$ 47,543,718	\$ 47,552,558	\$ 47,588,988
Local property taxes	60,626,993	62,522,105	62,372,466	62,435,624	62,476,228	19,204,089	19,217,240	19,216,669	19,986,148	20,568,275
Gain (loss) on sale of fixed assets	(1,063,798)	(923,656)	(914,205)	(209,841)	(504,349)	(226,782)	(340,235)	(134,038)	(720,936)	(806,651)
Investment income (net of expense)	487,985	349,612	295,264	518,347	611,813	383,051	482,919	322,512	492,293	1,647,084
Interest on capital asset-related debt	(1,197,406)	(1,067,811)	(876,145)	(744,030)	(608,381)	(545,588)	(495,557)	(454,567)	(466,781)	(518,992)
Total non-operating revenues/(expenses)	\$ 64,399,345	\$ 66,316,925	\$ 65,003,115	\$ 66,222,979	\$ 65,961,046	\$ 65,839,272	\$ 66,120,446	\$ 66,494,294	\$ 66,843,282	\$ 68,478,704
CAPITAL CONTRIBUTIONS										
Capital federal and state appropriations	\$ 50,298	\$ 54,543	\$ 157,239	\$ 123,265	\$ 317,025	\$ 185,067	\$ 282,646	\$ 78,190	\$ 76,447	\$ 78,171
Donations	77,377	413,937	128,207	268,823	804,232	147,482	3,508,824	338,649	710,294	2,828,462
Total capital contributions	\$ 127,675	\$ 468,480	\$ 285,446	\$ 392,088	\$ 1,121,257	\$ 332,549	\$ 3,791,470	\$ 416,839	\$ 786,741	\$ 2,906,633
Change in net position	\$ 5,303,428	\$ 7,588,805	\$ 7,274,284	\$ 2,336,161	\$ 10,467,390	\$ 8,627,004	\$ 6,976,541	\$ 17,936,883	\$ 10,631,240	\$ 10,514,043
Cumulative effect of change in accounting principal (1)	(87,614)	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 5,215,814	\$ 7,588,805	\$ 7,274,284	\$ 2,336,161	\$ 10,467,390	\$ 8,627,004	\$ 6,976,541	\$ 17,936,883	\$ 10,631,240	\$ 10,514,043

(1) The college implemented GASB 65 beginning with fiscal year ended June 30, 2012, and restated fiscal year ended June 30, 2010, as a result.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

EQUALIZED VALUE OF TAXABLE PROPERTY (a)
LAST TEN FISCAL YEARS

Fiscal Year	Real Estate				Personal Property	Less Tax Incremental Districts (TID)	Total Waukesha County Value (c)	Total WCTC Equalized Value (c)	WCTC Tax Rate (b)
	Residential	Commercial	Manufacturing	Other					
2009	\$ 39,273,722,800	\$ 10,084,519,500	\$ 1,355,179,800	\$ 298,055,000	\$ 1,100,032,400	\$ (892,670,650)	\$ 51,218,838,850 97.71%	\$ 52,420,372,013	\$ 1.16
2010	37,883,814,200	9,655,813,900	1,360,989,400	285,177,000	1,103,079,700	(849,077,100)	49,439,797,100 97.68%	50,612,539,561	1.23
2011	37,329,217,100	9,525,264,300	1,335,918,000	285,536,300	1,076,626,800	(805,504,200)	48,747,058,300 97.71%	49,890,023,774	1.25
2012	35,670,845,700	9,389,591,000	1,346,195,800	278,012,700	1,055,119,600	(816,315,900)	46,923,448,900 97.75%	48,001,095,149	1.30
2013	35,263,595,200	9,202,897,200	1,367,263,400	277,704,900	1,105,906,000	(829,903,500)	46,387,463,200 97.76%	47,450,463,938	1.32
2014	36,654,772,100	9,509,067,100	1,395,079,800	276,546,800	1,159,551,100	(711,598,700)	48,283,418,200 97.79%	49,372,912,220	0.39
2015	37,729,840,200	9,641,547,400	1,433,207,900	279,629,100	1,103,399,900	(746,934,000)	49,440,690,500 97.72%	50,592,374,084	0.38
2016	39,052,315,400	10,020,704,300	1,460,140,700	277,359,100	1,127,035,500	(947,934,500)	50,989,620,500 97.77%	52,151,418,030	0.37
2017	40,728,754,200	10,483,713,300	1,493,717,800	282,697,100	1,169,249,200	(1,175,146,400)	52,982,985,200 97.75%	54,199,833,643	0.37
2018	42,779,364,000	11,140,258,800	1,513,521,700	294,986,700	808,506,600	(1,666,644,333)	54,869,993,467 97.13%	56,491,051,260	0.36

Notes:

- (a) Due to varying assessment ratios to full market value used in municipalities, all underlying tax districts, such as the technical colleges, are required to use equalized value for levying property taxes. Equalized value, defined by state statute, as the legal market value determined by the Wisconsin Department of Revenue Bureau of Property Tax. These amounts are reduced by Tax Increment District value increments for apportioning the college's levy. Information from Wisconsin Department of Revenue Statement of Changes in Equalized Values by Class and Item and from Town, Village, and City Taxes reports
- (b) Property tax rates are shown per \$1,000 of equalized value.
- (c) This schedule contains detailed information about Waukesha County property values only since Waukesha County makes up approximately 98% of the total value of property within WCTC's boundaries. The total value within WCTC's boundaries is also shown.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES (a)
 LAST TEN FISCAL YEARS
 (Rate per \$1,000 of Equalized Value)

Year Ended June 30	WCTC			Overlapping Rates (c)					State Tax Relief	Net tax Rate
	Operational	Debt Service	Total	Other School Districts	Local (b)	County	State	Gross Total		
2010	\$ 1.00	\$ 0.16	\$ 1.16	\$ 9.57	\$ 4.80	\$ 2.14	\$0.20	\$ 17.87	\$ (1.74)	\$ 16.13
2011	1.06	0.17	1.23	10.00	4.87	2.22	0.20	18.52	(1.76)	16.76
2012	1.07	0.18	1.25	9.88	4.95	2.27	0.20	18.55	(1.77)	16.78
2013	1.12	0.18	1.30	10.27	5.24	2.36	0.20	19.37	(1.82)	17.55
2014	1.13	0.19	1.32	10.19	5.31	2.38	0.20	19.40	(1.81)	17.59
2015	0.21	0.18	0.39	10.00	5.22	2.35	0.20	18.16	(1.74)	16.42
2016	0.21	0.17	0.38	10.18	5.05	2.37	0.20	18.18	(1.96)	16.22
2017	0.20	0.17	0.37	9.63	5.21	2.25	0.20	17.66	(1.82)	15.84
2018	0.21	0.16	0.37	9.29	5.04	2.17	0.20	17.07	(1.91)	15.16
2019	0.21	0.15	0.36	8.92	4.92	2.11	0.20	16.54	(1.82)	14.72

Notes:

- (a) Source—Wisconsin Department of Revenue Division of State and Local Finance Bureau of Local Financial Assistance.
- (b) Cities, towns, villages and other special taxing districts (e.g., sewer districts).
- (c) Overlapping rates are those of local and county governments that apply to property owners within the WCTC district. Not all overlapping rates apply to all property owners within the WCTC district. For example, the county rate is made up of the rates for parts of Waukesha, Dodge, Jefferson, and Racine Counties. The individual county rates apply only to the property owners within each of those counties. These overlapping tax rates are an average of the rates for each municipality making up the detail in the column since each governmental unit can have a different rate.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR

Taxpayer	2018 Equalized Valuation	2018 Rank	2018 Percentage of Total Equalized Valuation	2009 Equalized Valuation	2009 Rank	2009 Percentage of Total Equalized Valuation
Brookfield Square	\$ 227,218,000	1	0.41%	\$ 130,762,900	4	0.25%
The Corners of Brookfield	199,699,500	2	0.36%			0.00%
Kohl's	159,728,090	3	0.29%	120,970,200	6	0.23%
Individual	146,007,400	4	0.27%	179,130,000	1	0.34%
Wimmer Brothers	144,033,500	5	0.26%			0.00%
Aurora	120,777,600	6	0.22%			0.00%
Pro Health Care	115,629,457	7	0.21%	117,201,700	7	0.23%
Target Corporation	109,889,200	8	0.20%	130,244,400	5	0.25%
Pabst Farms	99,760,045	9	0.18%	168,692,700	2	0.32%
Bielinski Homes	99,170,600	10	0.18%	133,842,900	3	0.26%
TOTAL	\$ 1,421,913,392		2.59%	\$ 980,844,800		1.89%
TOTAL WAUKESHA COUNTY EQUALIZED VALUATION	\$ 54,869,993,467			\$ 51,988,144,000		

Note:

Source: Waukesha County Department of Administration – Finance Office 2019

For purposes of this schedule, WCTC utilizes data from Waukesha County only since there is less than 4% each of Dodge, Jefferson, and Racine Counties located in the WCTC district.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

PROPERTY TAX LEVIED AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Year Ended June 30	Total Tax Levy	As of June 30 of Fiscal Year		Cumulative as of June 30, 2019	
		Amount Collected	Percent Collected	Amount Collected (a)	Percent Collected
2010	\$ 60,642,107	\$ 46,683,889	77%	\$ 60,642,107	100%
2011	62,431,049	48,474,682	78%	62,431,049	100%
2012	62,431,049	48,806,121	78%	62,431,049	100%
2013	62,431,049	49,012,872	79%	62,431,049	100%
2014	62,431,049	49,593,585	79%	62,431,049	100%
2015	19,211,735	15,280,598	80%	19,211,735	100%
2016	19,211,735	15,154,573	79%	19,211,735	100%
2017	19,211,735	15,228,336	79%	19,211,735	100%
2018	19,975,201	15,896,724	80%	19,975,201	100%
2019 (b)	20,451,561	16,087,368	79%	16,087,368	79%

Notes:

(a) Under Wisconsin law, personal property taxes and certain installment real estate taxes are collected by city, village, and town treasurers or clerks, who then make settlement with other taxing units, such as the county, WCTC, and local schools. Settlements are due from the municipality by the 15th of the month following the due date based on the municipality's payment plan. Certain installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, village, and town treasurers and other taxing units before retaining any for county purposes. In practice, any delinquent real estate taxes are withheld from the county's share. Therefore, WCTC receives 100% of its levy upon receipt of settlement from the County Treasurer, although the taxes collected as a percentage of total tax levy will vary in any given fiscal year due to timing of payments received from municipalities.

(b) WCTC will receive the balance of its tax payments by August 20, 2019.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

RATIO OF NET DEBT TO EQUALIZED VALUATION AND DEBT PER CAPITA LAST TEN FISCAL YEARS

Year Ended June 30	Population (a)	Personal Income (000's)	Equalized Valuation (b)	Outstanding Debt	Less Amounts Available	Net Debt Outstanding	Percent of Net Debt to Personal Income	Percent of Net Debt to Equalized Valuation	Debt Per Capita
2010	397,682	\$ 20,861,956	\$ 52,420,372,013	\$ 26,610,268	\$1,326,823	\$ 25,283,445	0.12%	0.05%	\$ 63.58
2011	404,507	22,106,999	50,612,539,561	25,952,050	1,394,839	24,557,211	0.11%	0.05%	60.71
2012	405,194	23,219,199	49,890,023,774	24,138,935	1,281,551	22,857,384	0.10%	0.05%	56.41
2013	405,794	23,351,870	48,001,095,149	23,756,715	1,263,382	22,493,333	0.10%	0.05%	55.43
2014	407,150	24,313,922	47,450,463,938	23,464,104	1,498,006	21,966,098	0.09%	0.05%	53.95
2015	408,359	25,546,252	49,372,912,220	22,094,178	764,377	21,329,801	0.08%	0.04%	52.23
2016	410,919	26,105,360	50,592,374,084	21,118,167	559,030	20,559,137	0.08%	0.04%	50.03
2017	412,747	27,687,459	52,151,418,030	20,466,236	611,973	19,854,263	0.07%	0.04%	48.10
2018	416,057	N/A	54,199,833,643	19,818,076	629,336	19,188,740	N/A	0.04%	46.12
2019	N/A	N/A	56,491,051,260	19,311,015	764,820	18,546,195	N/A	0.03%	N/A

Notes:

Details regarding the college's outstanding debt can be found in the notes to the financial statements.

(a) Source—Wisconsin Department of Revenue.

(b) Value as reduced by tax incremental financing districts. Equalized valuations are shown on a calendar year basis for the prior year (i.e. 2019 fiscal year would be 2018 calendar year information).

N/A - Information not yet available

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Equalized value of real and personal property	\$ 52,420,372	\$ 50,612,540	\$ 49,890,024	\$ 48,001,095	\$ 47,450,464	\$ 49,372,912	\$ 50,592,374	\$ 52,151,418	\$ 54,199,834	\$ 56,491,051
Debt limit, 5% of equalized valuation (Wisconsin statutory limitation)	\$ 2,621,019	\$ 2,530,627	\$ 2,494,501	\$ 2,400,055	\$ 2,372,523	\$ 2,468,646	\$ 2,529,619	\$ 2,607,571	\$ 2,709,992	\$ 2,824,553
Gross indebtedness applicable to debt limit										
General obligation promissory notes	26,260	25,610	23,860	23,445	23,195	21,885	20,940	20,320	19,680	19,110
Less debt service funds available	(1,327)	(1,395)	(1,282)	(1,263)	(1,498)	(764)	(559)	(612)	(629)	(765)
Total amount of debt applicable to debt margin	24,933	24,215	22,578	22,182	21,697	21,121	20,381	19,708	19,051	18,345
Legal debt margin (Debt capacity)	\$ 2,596,086	\$ 2,506,412	\$ 2,471,923	\$ 2,377,873	\$ 2,350,826	\$ 2,447,525	\$ 2,509,238	\$ 2,587,863	\$ 2,690,941	\$ 2,806,208
Percent of debt capacity used	0.95%	0.96%	0.91%	0.92%	0.91%	0.86%	0.81%	0.76%	0.70%	0.65%
Debt limit, 2% of equalized valuation (Wisconsin statutory limitation)	\$ 1,048,407	\$ 1,012,251	\$ 997,800	\$ 960,022	\$ 949,009	\$ 987,458	\$ 1,011,847	\$ 1,043,028	\$ 1,083,997	\$ 1,129,821
Legal debt margin (Debt capacity)	\$ 1,048,407	\$ 1,012,251	\$ 997,800	\$ 960,022	\$ 949,009	\$ 987,458	\$ 1,011,847	\$ 1,043,028	\$ 1,083,997	\$ 1,129,821
Percent of debt capacity used	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

Details regarding the college's outstanding debt can be found in the notes to the financial statements.

(a) Source—Wisconsin Department of Revenue.

(b) Value as reduced by tax incremental financing districts.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT For the Year Ended June 30, 2019

JURISDICTION	Net Debt Outstanding	Percentage Applicable to WCTC	Amount Applicable to WCTC
DIRECT DEBT			
WCTC	\$ 19,311,015	100 %	\$ 19,311,015
TOTAL DIRECT DEBT			<u>\$ 19,311,015</u>
OVERLAPPING DEBT			
County of			
Dodge	26,740,000	2	534,800
Jefferson	13,590,512	10	1,359,051
Racine	193,360,000	2	3,867,200
Waukesha	73,412,913	99	72,678,784
Total All Counties			<u>\$ 78,439,835</u>
City of			
Brookfield	99,023,578	100	99,023,578
Delafield	16,228,189	100	16,228,189
Muskego	44,962,534	100	44,962,534
New Berlin	46,205,344	93	42,970,970
Oconomowoc	10,632,382	100	10,632,382
Pewaukee	8,927,198	100	8,927,198
Waukesha	279,890,716	100	279,890,716
Total All Cities			<u>\$ 502,635,567</u>
Town of			
Ashippun	26,787	68	18,215
Brookfield	318,965	100	318,965
Cold Spring	-	1	-
Concord	195,826	31	60,706
Delafield	3,187,670	100	3,187,670
Eagle	431,890	100	431,890
Genesee	87,287	100	87,287
Ixonia	1,445,751	72	1,040,941
Lebanon	254,374	4	10,175
Lisbon	10,504,613	100	10,504,613
Merton	568,368	100	568,368
Mukwonago	3,708,050	100	3,708,050
Norway	982,677	58	569,953
Oconomowoc	7,187,643	100	7,187,643
Ottawa	-	100	-
Palmyra	122,166	98	119,723
Sullivan	529,911	47	249,058
Vernon	958,994	100	958,994
Waukesha	16,602	100	16,602
Total All Towns			<u>\$ 29,038,852</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT For the Year Ended June 30, 2019

JURISDICTION	Net Debt Outstanding	Percentage Applicable to WCTC	Amount Applicable to WCTC
Village of			
Big Bend	\$ 4,857,369	100 %	\$ 4,857,369
Butler	4,325,706	100	4,325,706
Chenequa	-	100	-
Dousman	9,269,795	100	9,269,795
Eagle	101,015	100	101,015
Elm Grove	5,500,000	100	5,500,000
Hartland	17,261,756	100	17,261,756
Lac La Belle - Jefferson County	5,165	100	5,165
Lac La Belle - Waukesha County	1,514,112	100	1,514,112
Lannon	1,554,126	100	1,554,126
Menomonee Falls	88,169,737	100	88,169,737
Merton	2,580,844	100	2,580,844
Mukwonago	26,666,269	100	26,666,269
Nashotah	306,053	100	306,053
North Prairie	446,532	100	446,532
Oconomowoc Lake	453,343	100	453,343
Palmyra	1,115,308	100	1,115,308
Pewaukee	9,300,353	100	9,300,353
Summit	11,149,253	100	11,149,253
Sussex	54,802,207	100	54,802,207
Wales	6,312,348	100	6,312,348
Total All Villages			<u>\$ 245,691,291</u>
School district of			
Arrowhead	2,309,005	100	2,309,005
Elmbrook	49,445,000	100	49,445,000
Hamilton	56,805,000	100	56,805,000
Kettle Moraine	36,985,000	100	36,985,000
Menomonee Falls	44,915,000	100	44,915,000
Mukwonago	34,657,933	100	34,657,933
Muskego – Norway	46,855,000	100	46,855,000
New Berlin	43,963,475	100	43,963,475
Oconomowoc	88,195,000	100	88,195,000
Palmyra-Eagle	12,659,894	100	12,659,894
Pewaukee	60,491,000	100	60,491,000
Waukesha	3,115,000	100	3,115,000
Total All School Districts			<u>\$ 480,396,307</u>
TOTAL OVERLAPPING DEBT			<u>\$ 1,336,201,852</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 1,355,512,867</u>

WCTC's boundaries comprise the boundaries of twelve K-12 school districts and the towns, villages, cities, and county property that are contained within those school districts. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses located within the college's boundaries. This process recognizes that, when considering the college's ability to issue and repay long-term debt the entire debt burden borne by the residents and businesses should be taken into account. This does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

The percentage of overlapping debt applicable to WCTC is the equalized property value of property of the overlapping government located within WCTC's boundaries as a percentage of total equalized value of all property for the overlapping government.

Source: Survey of each governmental unit within WCTC's boundaries June 2019.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS (1) LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (000's) (b)	Per Capita Personal Income (b)	Number of Households (c)	Median Household Income (c)	School Enrollment (1)(2)	Public High School Graduates (d)	Unemployment Rate (e)
2010	397,682	\$ 20,966,007	\$ 53,757	151,113	\$ 70,815	76,621	5,180	7.3%
2011	404,507	22,211,018	56,859	152,806	72,562	76,363	5,079	6.5%
2012	405,194	23,346,386	59,456	154,189	72,364	76,830	5,107	5.8%
2013	405,794	23,449,067	59,532	155,263	75,368	75,797	5,107	5.5%
2014	407,150	24,458,789	61,909	154,970	76,053	75,123	5,053	4.4%
2015	408,359	25,767,221	65,095	157,143	77,761	74,771	4,936	3.8%
2016	410,919	26,772,899	67,231	156,503	81,878	74,233	N/A (3)	3.4%
2017	412,747	27,687,459	69,111	159,513	82,248	73,979	4,901	2.9%
2018	416,057	N/A	N/A	N/A	N/A	73,824	5,008	2.7%
2019	N/A	N/A	N/A	N/A	N/A	73,618	N/A	N/A

Notes:

- (a) Wisconsin Department of Revenue, Demographics Service Center - Entire district, not just Waukesha County.
 - (b) Source—US Department of Commerce, Bureau of Economic Analysis (for Waukesha County only).
 - (c) Source— US Census Bureau, American Community Survey
 - (d) Source— Wisconsin Department of Public Instruction and Wisconsin Technical College Systems Transition Report
 - (e) Source—Wisconsin WORKnet
- (1) Represents only Waukesha County, except for population, school enrollments, and high school graduations.
 (2) Data based on academic year which includes five months of the previous calendar year.
 (3) Data not available from Wisconsin Department of Education

N/A - Information not yet available

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

TEN LARGEST EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR

Employer	Type of Business	2018			2009		
		Approximate Employees	Percent of Total	Rank	Approximate Employees	Percent of Total	Rank
Kohl's Department Stores	Retail distribution/headquarters	5,722	15%	1	5,220	19%	2
Pro Health Care	Health services	4,741	12%	2	5,885	21%	1
Froedtert	Health services	3,772	10%	3			
Quad Graphics	Printing/headquarters	3,423	9%	4	2,848	10%	5
Aurora Health Care	Health services	2,767	7%	5			
Roundy's (subsidiary of Kroger)	Food wholesale/retail	2,473	6%	6	3,081	11%	4
GE Healthcare	Medical equipment/training	2,369	6%	7	3,400	12%	3
Target Corporation	Retail/Distribution Center	1,830	5%	8	1,369	5%	10
Wal-Mart Corporation	Retail	1,647	4%	9			
Waukesha School District	Education	1,610	4%	10	1,840	7%	6
Eaton Cooper Power Systems	Manufacturing	1,400	4%				
Waukesha County	Government	1,382	4%		1,384	5%	8
Ascension (formerly Wheaton Franciscan Healthcare)	Health services	1,202	3%				
Generac	Manufacturing	1,137	3%				
Elmbrook School District	Education	1,123	3%				
The District	Higher Education	1,102	3%		1,378	5%	9
United Postal Services	Freight	876	2%				
Harley Davidson	Manufacturing	775	2%				
Community Memorial Hospital	Health services	-	-		1,441	5%	7
TOTAL		39,351	100.00%		27,846	100.00%	

Note:

Source: Waukesha County Department of Administration – Finance Office February 2019 and February 2008 employer inquiry updates, Wisconsin Department of Workforce Development, Labor Market Information Bureau

For purposes of this schedule, WCTC utilizes data from Waukesha County only since there is less than 4% each of Dodge, Jefferson, and Racine Counties located in the WCTC district.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

BUDGETED POSITIONS BY EMPLOYEE GROUP - HEADCOUNT BASIS LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Employee Groups:										
Faculty										
Full-time faculty	186	185	186	186	187	174	195	187	187	185
Faculty associates	31	33	28	30	29	25	22	24	27	27
Adjunct faculty	768	713	717	705	588	596	561	569	522	496
Faculty support professionals	21	23	24	27	24	32	33	30	26	37
Professionals	8	10	10	10	11	13	18	18	21	24
Administrators/Management	71	71	75	77	76	91	84	80	76	71
Support Associates	235	216	214	218	216	204	193	194	175	163
Total	1,320	1,251	1,254	1,253	1,131	1,135	1,106	1,102	1,034	1,003

*Included in adjunct faculty count

Source: Human Resources Department - employee headcount as of June 30 of each year.

Numbers include only filled positions at the time of the report. Vacant positions not included.

Each position counted as one regardless of full-time or part-time status.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

MISCELLANEOUS OPERATING INDICATORS LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Students served (a)										
Associate degree	8,336	8,446	8,183	8,359	7,816	6,994	6,450	6,321	6,056	6,153
Technical diploma	2,156	1,669	1,719	1,601	1,513	1,520	1,351	1,201	1,171	1,147
Apprentices	345	272	227	262	279	346	371	419	482	566
Vocational adult	11,500	10,113	10,448	9,934	10,067	10,044	8,058	6,904	6,579	6,445
Non-post secondary (e)	2,009	1,880	1,677	1,690	1,529	1,278	1,179	1,260	1,067	930
Community service (e)	1,436	1,564	1,237	1,587	1,551	1,004	1,761	1,938	1,536	1,306
Subtotal	25,782	23,944	23,491	23,433	22,755	21,186	19,170	18,043	16,891	16,547
Transcripted credit (c)	3,895	3,744	4,053	4,320	4,723	4,933	3,536	3,258	3,207	3,598
Total students	29,677	27,688	27,544	27,753	27,478	26,119	22,706	21,301	20,098	20,145
Student enrollments (a)										
Associate degree	37,715	39,200	37,127	36,626	34,698	31,509	30,299	29,178	28,629	28,169
Technical diploma	7,604	6,322	6,273	6,028	5,611	5,375	5,287	5,052	4,990	4,626
Apprentices	856	728	591	783	871	1,360	1,325	1,496	1,784	2,395
Vocational adult	20,782	18,640	18,048	17,195	17,003	16,619	13,683	11,286	11,086	10,828
Non-post secondary (e)	9,550	9,692	8,608	9,432	8,547	7,489	6,582	6,567	6,065	6,209
Community service (e)	3,141	3,393	3,078	3,979	3,923	2,434	3,475	3,900	3,117	2,778
Subtotal	79,648	77,975	73,725	74,043	70,653	64,786	60,651	57,479	55,671	55,005
Transcripted credit (c)	4,020	3,871	4,184	4,442	4,856	5,077	3,661	3,394	3,322	4,101
Total enrollments	83,668	81,846	77,909	78,485	75,509	69,863	64,312	60,873	58,993	59,106
Full-time equivalent enrollments (b)										
Associate degree	3,646	3,810	3,582	3,500	3,319	3,038	2,877	2,752	2,707	2,633
Technical diploma	549	486	473	469	432	408	423	389	390	377
Apprentices	53	43	39	50	58	68	72	82	92	109
Vocational adult	222	202	219	215	213	182	141	116	116	114
Non-post secondary (e)	327	314	277	304	274	239	209	204	186	179
Community service (e)	37	38	35	37	34	25	38	37	31	27
Total full-time equivalent enrollments	4,834	4,893	4,625	4,575	4,330	3,960	3,760	3,580	3,522	3,439

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

MISCELLANEOUS OPERATING INDICATORS
LAST TEN FISCAL YEARS
(continued)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Graduate follow-up statistics (d)										
Number of graduates	1,690	1,863	1,810	1,786	1,814	1,894	1,918	2136	2,039	N/A
Number of respondents	859	859	912	825	1,044	1,142	895	982	939	N/A
Percent employed in related occupation	73%	73%	79%	76%	79%	79%	83%	80%	81%	N/A
Mean annual salary	\$ 33,254	\$ 32,444	\$ 33,000	\$ 36,450	\$ 37,440	\$ 36,372	\$ 38,508	\$ 42,088	\$ 42,000	N/A
Percent residing in district	71%	70%	68%	69%	67%	69%	66%	65%	68%	N/A
Percent employed in district	58%	61%	57%	56%	56%	51%	53%	58%	55%	N/A
Percent employed in Metro Milwaukee	89%	91%	89%	90%	88%	88%	87%	87%	89%	N/A
Cost per full-time equivalent student	\$ 14,851	\$ 14,550	\$ 15,048	\$ 15,666	\$ 16,715	\$ 18,469	\$ 17,015	\$ 18,079	\$ 17,927	N/A
Average age of postsecondary students	26.8	27.0	26.8	26.4	26.3	25.7	24.8	25.2	25.4	25.0
Age range of postsecondary students	14 - 81	12 - 81	14 - 79	13 - 74	13 - 76	13 - 78	14 - 84	14 - 84	14 - 77	13 - 80

- (a) Students served represents the unduplicated count of citizens enrolled in WCTC courses. Student enrollments represents the total number of students enrolled in each course offered.
- (b) A full-time equivalent is basically equal to 30 annual student credits based on a mathematical calculation, which varies somewhat by program and which is subject to state approval and audit of student data.
- (c) In 1996 the state separated transcribed credits from other aid categories. WCTC receives no FTE's for transcribed credits. Transcribed credits are college credits high school students earn while in high school. These are WCTC courses taught by the high school faculty. Beginning in 2017, these credits are now included.
- (d) Survey is conducted approximately six months after graduation, therefore, 2019 statistics are not available.
- (e) Non-post secondary courses are adult basic education classes. Community service classes are non-credit, hobby-type classes.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

CAPITAL ASSET STATISTICS LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	
Square footage											
Pewaukee	682,306	682,306	682,306	687,606	687,606	687,606	710,308	710,308	710,308	710,308	
Waukesha	44,850	44,850	44,850	44,850	44,850	44,850	45,010	45,010	45,010	45,010	
Menomonee Falls	2,282	2,282	-	-	-	-	-	-	-	-	(a)
Sky Plaza	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280	17,280	-	(b)
Workforce Development Center	30,685	30,685	30,685	30,685	30,685	30,685	30,685	30,685	30,685	30,685	
Morris Street	20,529	20,529	20,529	20,529	20,529	20,529	20,529	20,529	20,529	20,529	
LaCasa de Esperanza	2,208	2,208	-	-	-	-	-	-	-	-	(a)
Indoor Firing Range	-	-	-	19,800	19,800	19,800	19,800	19,800	19,800	19,800	(c)

WCTC also uses area schools, churches and hospitals to conduct classes.

In 2008 WCTC remeasured all of its property. Amounts shown are gross square feet.

(a) This lease expired June 30, 2011, and was not renewed.

(b) This lease was terminated in 2018/19 due to discontinuance of the Auto Body program at this site.

(c) Effective April 1, 2013, WCTC leased space for an Indoor Firing Range and Training Center.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

MISSION, VISION, STRATEGIC DIRECTIVES June 30, 2019

Mission Statement

Waukesha County Technical College provides accessible career and technical education to strengthen our community through lifelong learning.

Vision Statement

Waukesha County Technical College is the distinct choice for innovative and transformative education.

Values

- **Commitment**
We are dedicated to creating a learning environment that fosters dependability, effectiveness, responsiveness, stewardship and accountability.
- **Integrity**
We work together promoting a climate characterized by honesty, truthfulness, fairness and trust.
- **Relationships**
We encourage collaboration through teamwork and respect diversity among our College community.
- **Communication**
We share information and ideas in an open, honest and timely manner throughout the college.
- **Learning**
We provide opportunities for learning technical and critical life skills for members of our College community.
- **Excellence**
We continually improve as we explore innovative, high quality and flexible learning options.

End Statements

- **Students** will be given every opportunity to obtain critical life skills and the occupational and technical skills needed to achieve their educational goals at an affordable cost.
- **Taxpayers** will benefit from customer-driven educational services provided through efficient and effective use of limited resources.
- **Employers** will be able to develop and maintain a skilled workforce through available and accessible educational offerings.

Strategic Directives

- **Strategic Directive 1**
Facilitate learning so students are competently prepared for the workforce.
- **Strategic Directive 2**
Provide transformative educational offerings to meet stakeholder needs.
- **Strategic Directive 3**
Create an exemplary, engaged workforce where employees are valued.
- **Strategic Directive 4**
Execute strategic initiatives to attain the College's vision.
- **Strategic Directive 5**
Build financial strength through effective resource stewardship.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

DEGREE/DIPLOMA PROGRAM OFFERINGS

June 30, 2019

Our offerings cover a wide spectrum in post-secondary education from adult basic education to associate degree programs and many areas in between. We offer the following programs:

Associate Degree of Applied Science

Accounting	Human Services Associate
Administrative Professional	Information Technology – Computer Support Specialist
Architectural Drafting/Construction Technology	Information Technology – Database Specialist
Automation Systems Technology	Information Technology – Network Security Specialist
Automotive Technology	Information Technology – Network Specialist
Automotive Technology – GM ASEP	Information Technology – Web and Software Developer
Baking and Pastry Management	Interior Design
Business Management	Leadership Development
Criminal Justice Studies	Manufacturing Engineering Technology
Culinary Management	Marketing
Dental Hygienist	Mechanical Design Technology
Diesel Equipment Technology	Mechanical Engineering Technology
Early Childhood Education	Metal Fabrication/Welding Advanced
Electrical Engineering Technology	Nursing
Electronics Technology	Paramedic Technician
Fire Medic	Quality Management
Fire Protection Technician	Real Estate
Foundations of Teacher Education	Surgical Technology
Global Business	Technical Studies – Journey worker
Graphic Design	Web and Digital Media Design
Health Information Technology	
Hospitality Management	
Human Resources	

Technical Diplomas

Advanced EMT	Food Service Production
Auto Collision Repair and Refinishing Technician	Industrial Maintenance Technician
Baking and Pastry Production	Language Interpreter for Health Services
Building Trades – Carpentry	Machine Tool Operation
Central Service Technician	Medical Assistant
Cosmetology	Medical Coding Specialist
Criminal Justice – Law Enforcement Academy (not available to general public)	Metal Fabrication/Welding
Dental Assistant	Nursing Assistant
EMS Leadership & Management	Office Technology Assistant
Emergency Medical Technician	Phlebotomy Technician
Facilities Maintenance	Practical Nursing
Fire Service Certification (not available to general public)	Refrigeration, Air Conditioning, and Heating
	Tool and Die Making
	Truck Driving

Apprenticeships

ABC Electrician	Maintenance Mechanic/Millwright
Concrete Finishing - ABC	Maintenance Technician
Industrial Electrician	Mechatronics
Industrial Manufacturing Technician	Plumbing – ABC
Injection Mold Setup (Plastic)	Tool and Die
Machinist	Welder/Fabricator

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

DEGREE/DIPLOMA PROGRAM OFFERINGS June 30, 2019

Embedded Technical Diploma

Auto Maintenance Technician	Import/Export Specialist
Automotive Maintenance and Light Repair	IT Software Development Specialist
CNC Set-up Technician	Network Enterprise Administrator
Desktop Support Technician	Organizational Leadership
Hospitality Specialist	Paramedic Technician
Human Resources Professional	Welding Technician

WCTC Technical Certificates

Accounting in Healthcare	Industrial Laser Operator
Automation 1	Infant Toddler Credential
Automation 2	Instructional Strategies
Automation 3	Introduction to Health Career
Automation 4 Industrial PLC	IT Network Support Specialist
Automation 5 Control and Interface	IT Security Administrator
Baking/Pastry	IT Service Desk Technician
CAE2Y Cyber Security	IT Support Technician
Change Management	Java Programming
Child Care Administrator Credential	Lean Enterprise
Cisco – CCNA	Management of Supply Chain Effectiveness
CNC Operator	Maintenance Technician Level 1
Communication	Maintenance Technician Level 2
Compensation and Benefits Specialist	Maintenance Technician Level 3
Computerized Accounting Specialist	Marketing Leadership and Innovation
Customer Service Assistant – Level I	Marketing Management
Customer Service Assistant – Level II	Marketing Media
Cyber Security Specialist	Mechatronics for Electron Technician
Developmental Disabilities	Mechatronics for Mechanical Design
Digital Photography	Mortgage Lending
Digital Production/DTP	Nail Technician
Enterprise Support Technician	Office Leadership
Entrepreneurship	Office Lean Specialist
Excellence in Leadership	Preschool Credential
Facilities Maintenance I	Property Assessment
Facilities Maintenance 2	Property Management
FCAW/Fabricator	Refrigeration Service
General Clerical Assistant	Six Sigma Black Belt
Global Business Communication	Six Sigma Green Belt
Global Marketing	Social Media Marketing
Global Supply Chain Management	Speaking Emphasis Communication
Global Trade Finance	Storage and Visualization Administrator
GMAW/Fabricator	Web Design
Healthcare Lean Sigma	Writing Emphasis Communication
Inclusion	Youth Care Counselor

Dual Enrollment Programs

Automation Systems (Robotics)	Tool and Die
Hospitality Specialist	Welding Fabrication
IT Systems Specialist	

Shared Programming (originating college shown after program)

Bio-Medical Electronics (Milwaukee Area Technical College)
Physical Therapist Assistant (Blackhawk Technical College)
Radiography (Milwaukee Area Technical College)

Comprehensive Annual **FINANCIAL REPORT**



Single Audit



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
Higher Ed

SINGLE AUDIT SECTION

The Single Audit Act Amendments of 1996 mandates independent financial and compliance audits of the federal award programs. The State of Wisconsin also stipulates that grantees who are required to have a federal single audit completed must include selected state award programs in the scope of the single audit. In addition to the required auditors' reports, the schedule of expenditures of federal and state awards and accompanying notes and schedule of findings and questioned costs are provided to support the requirements for compliance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Wisconsin *State Single Audit Guidelines*. The schedules provide more detailed financial information related to grant activity and other revenue.

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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*

Independent Auditors' Report

To the Board of Trustees
Waukesha County Area Technical College District
Pewaukee, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Waukesha County Area Technical College District (WCTC), as of and for the year ended June 30 2019, and the related notes to the financial statements, which collectively comprise WCTC's basic financial statements, and have issued our report thereon dated December 3, 2019.

Internal Control Over Financial Reporting

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

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

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

To the Board of Trustees
Waukesha County Area Technical College District

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
December 3, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

To the Board of Trustees
Waukesha County Area Technical College District
Pewaukee, Wisconsin

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

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of WCTC's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about WCTC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of WCTC's compliance.

To the Board of Trustees
Waukesha County Area Technical College District

Opinion on Each Major Federal and Major State Program

In our opinion, WCTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
December 3, 2019

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Federal Grantor Pass-Through Grantor Program Title/Program Title	CFDA Number (a)	Project Identification Number	Grant Period	Federal Grant Amount	Expenditures Federal	Match	Total Expenditures
Major Federal Financial Assistance Programs							
U.S. Department of Education:							
Student Financial Assistance Cluster							
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007	P007A164563	7/01/18 to 6/30/19	\$ 220,000	\$ 154,805	51,602	\$ 206,407
Federal Work Study Program (FWS)	84.033	P033A164563	7/01/18 to 6/30/19	108,200	58,455	14,818	73,273
Federal Pell Grant Program	84.063	P063P172632	7/01/18 to 6/30/19	(b)	4,064,856	-	4,064,856
Federal Direct Student Loans Program	84.268	(c)	7/01/18 to 6/30/19	(b)	7,438,261	-	7,438,261
Total Student Financial Assistance Cluster				<u>328,200</u>	<u>11,716,377</u>	<u>66,420</u>	<u>11,782,797</u>
Total Major Federal Financial Assistance Programs				<u>328,200</u>	<u>11,716,377</u>	<u>66,420</u>	<u>11,782,797</u>
Non Major Federal Financial Assistance Programs							
U.S. Department of Agriculture							
<i>Passed through Wisconsin Department of Public Instruction</i>							
Child and Adult Care Food Program							
Wisconsin Shares Program - Child Development Center	10.558	(67)76-8808	7/01/18 to 6/30/19	(b)	10,655	-	10,655
YoungStar Program - Child Development Center	10.558	(c)	7/01/18 to 6/30/19	(b)	3,570	-	3,570
Total 10.558				<u>-</u>	<u>14,225</u>	<u>-</u>	<u>14,225</u>
U.S. Department of Defense National Security Agency							
GenCyber Grants Program	12.903	H98230-18-1-0253	4/23/18 to 4/22/19	<u>30,600</u>	<u>30,600</u>	<u>-</u>	<u>30,600</u>
U.S. Department of Labor/American Apprenticeship Initiative Grant							
<i>Passed through Wisconsin Technical College Systems Board</i>							
H-1B Job Training Grants							
Mechatronics Apprenticeship Direct Training Aid	17.268	08-548-155-119	7/01/18 to 6/30/19	10,000	10,000	-	10,000
Maintenance Tech Apprenticeship	17.268	08-549-155-119	7/01/18 to 6/30/19	10,000	10,000	-	10,000
IT Service Desk Apprenticeship	17.268	08-550-155-119	7/01/18 to 6/30/19	3,010	3,010	-	3,010
Total 17.268				<u>23,010</u>	<u>23,010</u>	<u>-</u>	<u>23,010</u>
U.S. Department of Labor/Employment and Training Administration							
<i>Passed through Chippewa Valley Technical College</i>							
TAA CCCT4 - ACT for Healthcare	17.282	TC-26455-14-60-A-55	10/01/14 to 09/30/18	<u>9,806</u>	<u>9,806</u>	<u>-</u>	<u>9,806</u>
U.S. Department of Veteran Affairs							
Post - 9/11 Veterans Educational Assistance	64.028	N/A	7/01/18 to 6/30/19	<u>3,555</u>	<u>3,555</u>	<u>-</u>	<u>3,555</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Federal Grantor Pass-Through Grantor Program Title/Program Title	CFDA Number (a)	Project Identification Number	Grant Period	Federal Grant Amount	Expenditures Federal	Match	Total Expenditures
U.S. Department of Education							
<i>Passed through Wisconsin Technical College Systems Board</i>							
Adult Education - Basic Grants to States							
Comprehensive Adult Basic Education	84.002	08-504-146-120	7/01/18 to 6/30/19	\$ 803,504	\$ 229,515	\$ 573,989	\$ 803,504
Comprehensive Jail	84.002	08-524-146-110	7/01/18 to 6/30/19	58,501	16,710	41,791	58,501
Comprehensive ELL	84.002	08-523-146-160	7/01/18 to 6/30/19	18,646	5,326	13,320	18,646
Total 84.002				<u>880,651</u>	<u>251,551</u>	<u>629,100</u>	<u>880,651</u>
Career and Technical Education - Basic Grants to States (Perkins IV)							
Special Population Services:							
Supporting WCTC Student Success	84.048	08-503-150-239	7/01/18 to 6/30/19	537,701	343,901	193,800	537,701
Waukesha County Career Prep	84.048	08-500-150-219	7/01/18 to 6/30/19	41,256	39,945	-	39,945
Strengthening Perkins NTO Programs	84.048	08-502-150-259	7/01/18 to 6/30/19	86,380	86,380	-	86,380
Enhancing NTO Participation	84.048	08-501-150-269	7/01/18 to 6/30/19	21,595	8,254	-	8,254
Total 84.048				<u>686,932</u>	<u>478,480</u>	<u>193,800</u>	<u>672,280</u>
U.S. Department of Health and Human Services							
<i>Passed through Wisconsin Department of Children and Families</i>							
CCDF Cluster							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund							
Community Child Care Benefits - W-2	93.596	(c)	7/01/18 to 6/30/19	(b)	14,109	-	14,109
U.S. Department of Homeland Security - FEMA							
<i>Passed through Wisconsin Technical College Systems Board</i>							
Assistance to Firefighters Grant	97.044	08-531-153-119	7/01/18 to 8/27/19	33,661	24,805	3,721	28,526
Total Nonmajor Federal Financial Assistance Programs				<u>1,668,215</u>	<u>850,141</u>	<u>826,621</u>	<u>1,676,762</u>
Total Federal Financial Assistance Programs				<u>\$ 1,996,415</u>	<u>\$ 12,566,518</u>	<u>\$ 893,041</u>	<u>\$ 13,459,559</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

State Grantor Pass-Through Grantor Program Title/Program Title	State Identification Number (d)	Project Identification Number	Grant Period	State Grant Amount	Expenditures		Total Expenditures	
					State	Match		
Major State Financial Assistance Programs								
Wisconsin Higher Education Board								
Wisconsin Higher Education Grant (WHEG)	235.102	(c)	7/01/18 to 6/30/19	(b)	\$ 904,279	\$ -	\$ 904,279	
Technical Excellence Scholarship	235.119	(c)	7/01/18 to 6/30/19	(b)	78,834	-	78,834	
Total				-	983,113	-	983,113	
Wisconsin Technical College System Board								
State Aids for Vocational, Technical and Adult Education	292.105	(c)	7/01/18 to 6/30/19	2,100,000	2,148,715	-	2,148,715	
Performance Based State Aids	292.105	(c)	7/01/18 to 6/30/19	1,900,000	1,821,354	-	1,821,354	
State aid - prior years	292.105	(c)	7/01/18 to 6/30/19	-	13,512	-	13,512	
Total 292.105				4,000,000	3,983,581	-	3,983,581	
State of Wisconsin								
Property Tax Relief Aid	292.162	(c)	7/01/18 to 6/30/19	43,219,314	43,219,314	-	43,219,314	
Wisconsin Department of Workforce Development								
Local Youth Apprenticeship Grant FY18/19	445.112	3706	7/01/18 to 6/30/19	291,600	283,306	14,312	297,618	
Total Major State Financial Assistance Programs					47,510,914	48,469,314	14,312	48,483,626
Non Major State Financial Assistance Programs								
Wisconsin Higher Education Board								
Remission of Fees for Veterans and Dependents	235.105	20.235	7/01/18 to 6/30/19	(b)	80,441	-	80,441	
Minority Undergraduate Retention Grant	235.107	(c)	7/01/18 to 6/30/19	(b)	35,085	-	35,085	
WI Covenant Scholars Grant	235.108	(c)	7/01/18 to 6/30/19	(b)	1,000	-	1,000	
Wisconsin Handicap Grant	235.112	(c)	7/01/18 to 6/30/19	(b)	1,800	-	1,800	
Talent Incentive Program (TIP)	235.114	(c)	7/01/18 to 6/30/19	(b)	5,400	-	5,400	
WI Nursing Loan	235.117	(c)	7/01/18 to 6/30/19	(b)	3,000	-	3,000	
WI Indian Grant	252.132	(c)	7/01/18 to 6/30/19	(b)	478	-	478	
Total				-	127,204	-	127,204	

See accompanying notes to the schedule of expenditures of federal and state awards.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

State Grantor Pass-Through Grantor Program Title/Program Title	State Identification Number (d)	Project Identification Number	Grant Period	State Grant Amount	Expenditures State	Match	Total Expenditures
Non Major State Financial Assistance Programs							
Wisconsin Department of Transportation:							
Beginning Motorcycle Driver's Education I 2018	20.395(4)(aq)	(c)	7/01/18 to 12/31/18	\$ 116,477	\$ 15,407	\$ 36,669	\$ 52,076
Beginning Motorcycle Driver's Education II 2018	20.395(4)(aq)	(c)	7/01/18 to 12/31/18	2,607	1,075	757	1,832
UBB Motorcycle Driver's Education 2018	20.395(4)(aq)	(c)	7/01/18 to 12/31/18	2,058	278	1,059	1,337
Beginning Motorcycle Driver's Education I 2019	20.395(4)(aq)	(c)	1/01/19 to 6/30/19	69,696	23,441	13,241	36,682
Beginning Motorcycle Driver's Education II 2019	20.395(4)(aq)	(c)	1/01/19 to 6/30/19	1,767	169	227	396
UBB Motorcycle Driver's Education 2019	20.395(4)(aq)	(c)	1/01/19 to 6/30/19	2,115	130	687	817
Total 20.395				<u>194,720</u>	<u>40,500</u>	<u>52,640</u>	<u>93,140</u>
Wisconsin Department of Public Instruction							
Career Discovery Camp Year 2	255.903	768808-PCS-310	7/01/18 to 6/30/19	7,630	7,630	-	7,630
Wisconsin Technical College System Board							
WCTC Emergency Assistance Grant	292.104	08-417-104-118	7/01/17 to 6/30/18	2,200	2,200	-	2,200
WCTC Emergency Assistance Grant	292.104	08-512-104-119	7/01/18 to 6/30/19	12,068	10,422	-	10,422
Total 292.104				<u>14,268</u>	<u>12,622</u>	<u>-</u>	<u>12,622</u>
District Board Grants							
Redesign Medical Assistant Program	292.124	08-509-124-139	7/01/18 to 6/30/19	90,152	75,984	-	75,984
WAT Continuous Improvement	292.124	08-510-124-179	7/01/18 to 6/30/19	115,296	88,658	-	88,658
Master Aesthetician	292.124	08-511-124-149	7/01/18 to 6/30/19	129,196	115,807	-	115,807
Optimizing People & Resources	292.124	08-513-124-159	7/01/18 to 6/30/19	82,710	43,681	21,841	65,522
Successful Post Secondary Course Completion	292.124	08-514-124-169	7/01/18 to 6/30/19	225,000	222,383	74,128	296,511
Leadership Development	292.124	08-520-124-179	7/01/18 to 6/30/19	42,033	42,033	-	42,033
Diversity, Equity & Inclusion	292.124	08-526-127-199	7/01/18 to 6/30/19	5,000	4,969	-	4,969
Industrial Electrician Apprentice	292.124	08-538-124-119	7/01/18 to 6/30/19	10,800	10,800	-	10,800
Maintenance Millwright Apprenticeship	292.124	08-539-124-119	7/01/18 to 6/30/19	10,800	10,800	-	10,800
ABC Plumbing Apprenticeship	292.124	08-540-124-119	7/01/18 to 6/30/19	13,500	13,500	-	13,500
ABC Electrician Apprenticeship	292.124	08-541-124-119	7/01/18 to 6/30/19	13,500	13,500	-	13,500
WAT Continuous Improvement	292.124	08-421-124-178	7/01/17 to 8/31/18	55,548	6,357	-	6,357
WAT Leadership Development	292.124	08-422-124-178	7/01/17 to 8/31/18	55,397	4,408	-	4,408
Captioning Initiative	292.124	08-434-124-198	1/10/18 to 2/15/19	8,677	9,238	-	9,238
Helping Students Remain on the Path	292.124	08-442-124-198	5/08/18 to 4/01/19	20,000	18,045	-	18,045
Passed through Gateway Technical College							
AMN Leadership Grant	292.124	08-422-124-178	7/01/18 to 6/30/19	6,192	4,252	-	4,252
Total 292.124				<u>883,801</u>	<u>684,415</u>	<u>95,969</u>	<u>780,384</u>
Truck Driver Training	292.128	08-522-128-119	7/01/18 to 6/30/19	147,261	147,261	-	147,261

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

State Grantor Pass-Through Grantor Program Title/Program Title	State Identification Number (d)	Project Identification Number	Grant Period	State Grant Amount	Expenditures State	Match	Total Expenditures
Non Major State Financial Assistance Programs							
Wisconsin Technical College System Board							
Early Support for Struggling Students	292.132	08-530-132-119	7/01/17 to 8/31/18	\$ 4,625	\$ 4,625	\$ -	\$ 4,625
Fire Fighter Training 2%	292.137	(c)	7/01/18 to 6/30/19	40,000	37,388	-	37,388
Wisconsin Department of Natural Resources							
Payments in lieu of taxes	370.503	(c)	7/01/18 to 6/30/19	35,000	16,607	-	16,607
Wisconsin Department of Workforce Development							
High School Teacher Credentials	445.109	EFF181DE10004	6/01/19 to 6/30/20	148,663	21,889	-	21,889
Building Trades/Protective Services Dual Enrollment Academy	445.109	EFF182HS10011	9/5/18 to 8/31/19	97,437	75,599	-	75,599
Total				246,100	97,488	-	97,488
Wisconsin Department of Justice							
Law Enforcement Training Fund - Local Assistance Program							
Specialized Unit Tactical Response	455.231	2019-LE-01-14303	10/9/18 to 10/17/18	10,100	10,100	-	10,100
Personal & Professional Breakthroughs	455.231	2019-LE-01-14805	5/20/19 to 5/20/19	1,800	1,800	-	1,800
Officer Involved Shooting Debrief	455.231	2019-LE-01-14806	5/21/19 to 5/21/19	1,546	840	-	840
The Bulletproof Mind	455.231	2019-LE-01-14807	5/22/19 to 5/22/19	5,350	5,000	-	5,000
Professional Protector	455.231	2019-LE-01-14809	5/23/19 to 5/23/19	1,800	1,500	-	1,500
Total 455.231				20,596	19,240	-	19,240
Wisconsin Department of Revenue							
State aid - personal property tax	835.103	(c)	7/01/18 to 6/30/19	(b)	138,768	-	138,768
Wisconsin Department of Revenue							
State aid in lieu of computer taxes	835.109	(c)	7/01/18 to 6/30/19	(b)	112,889	-	112,889
Total Non Major State Financial Assistance Programs				1,594,001	1,446,637	148,609	1,595,246
Total State Financial Assistance Programs				49,104,915	49,915,951	162,921	50,078,872
Total Federal and State Assistance				\$ 51,101,330	\$ 62,482,469	\$ 1,055,962	\$ 63,538,431

- (a). Catalog of Federal Domestic Assistance (CFDA #)
(b). Contract is sum sufficient.
(c). Program has not been assigned a grant identification number.
(d). Catalog of Wisconsin State ID Numbers

(concluded)

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2019

A. Scope of Review

The Waukesha County Area Technical College District Board oversees the operation of Waukesha County Area Technical College (WCTC) under the provisions of Chapter 38 of the Wisconsin statutes. WCTC includes the majority of Waukesha County and portions of Jefferson, Dodge and Racine Counties and the local municipalities located therein. Activities of WCTC are subject to the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Guidelines.

Programs Subject to Single Audit

Federal awards received by WCTC (either directly from the federal government or passed through the State of Wisconsin) and awards received from the State of Wisconsin have been included in the schedule of expenditures of federal and state awards.

B. Summary of Significant Accounting Policies

In the accompanying schedule of expenditures of federal and state awards, expenditures are presented in conformity with generally accepted accounting principles.

C. Schedule of Subrecipient Awards

There were no federal and state awards which were passed through to subrecipients for the year ended June 30, 2019.

D. Indirect Cost Rate

WCTC has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2019

E. Reconciliation of federal and state awards to the basic financial statements

	Federal Awards	State Awards
Revenues reported on the schedule of federal and state awards	\$ 12,566,519	\$ 49,915,951
Revenues related to Federal Direct Student Loan Program	(7,438,261)	-
Current year (adjustments) for receipts for 2017 - 2018 grant expenditures	4	18,662
Revenues reported in the basic financial statements	\$ 5,128,262	\$ 49,934,613
State grants and contracts	\$ -	\$ 2,267,454
Federal grants and contracts	5,128,262	-
State appropriations	-	47,588,988
Federal and state appropriations for capital-related grants	-	78,171
Total state and federal grants and contracts on the Statement of Revenues, Expenditures, and Changes in Net Position	\$ 5,128,262	\$ 49,934,613

F. Status of prior year findings

No findings of noncompliance were reported in WCTC's Single Audit Report for the year ended June 30, 2018.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2019

SECTION I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal or State Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

_____ yes X no

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

84.007

Student Financial Assistance Cluster -
Federal Supplemental Education
Opportunity Grants Program
Federal Work Study Program
Federal Pell Grant Program
Federal Direct Student Loans Program

84.033

84.063

84.268

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	State
<u>\$ 750,000</u>	<u>\$ 250,000</u>

Auditee qualified as low-risk auditee?

Federal programs _____ X yes _____ no

State programs _____ X yes _____ no

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2019

SECTION I - Summary of Auditors' Results (continued)

Identification of major state programs:

<u>Identification Number</u>	<u>Name of State Program</u>
235.102	Wisconsin Higher Education Grant
235.119	Technical Excellence Scholarship
292.105	State Aids for Technical Colleges
292.162	Property Tax Relief Aid
445.112	Local Youth Apprenticeship Grant

SECTION II - Financial Statement Findings

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

SECTION III - Federal and State Award Findings and Questioned Costs

There were no findings required to be reported related to federal and state awards.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SECTION IV - Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? ___ yes X no

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

- Technical College Systems Board ___ yes X no
Higher Educational Aids Board ___ yes X no
Department of Transportation ___ yes X no
Department of Public Instruction ___ yes X no
Department of Workforce Development ___ yes X no
Department of Justice ___ yes X no
Department of Revenue ___ yes X no
Department of Natural Resources ___ yes X no

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X yes ___ no

Handwritten signature of Paul Frantz

4. Name and signature of partner

Paul Frantz, Partner

5. Date of report

December 3, 2019



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
Higher Ed

800 Main Street, Pewaukee, WI 53072

WCTC prohibits discrimination or harassment based on any status protected by applicable state or federal law.

8456/19