

Comprehensive Annual **FINANCIAL REPORT**



Fiscal Years Ending
June 30, 2020 and 2019



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
Higher Ed

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT
Pewaukee, WI**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

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Report Prepared By

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**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

TABLE OF CONTENTS
As of and for the Years Ended June 30, 2020 and 2019

INTRODUCTORY SECTION	<u>Page</u>
Transmittal Letter	1 - 9
Map of Taxing District	10
Organizational Chart	11
Board Membership and Structure	12
Executive Administrators of the Management Team	13
Certificate of Achievement for Excellence in Financial Reporting	14
Management's Statement of Responsibility	15
 FINANCIAL SECTION	
Independent Auditors' Report	16 - 18
Management's Discussion and Analysis (Required Supplementary Information)	19 – 34
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	35
Statements of Revenues, Expenses and Changes in Net Position	36
Statements of Cash Flows	37 – 38
Statements of Fiduciary Net Position	39
Statements of Changes in Fiduciary Net Position	40
Notes to Basic Financial Statements	41 - 95
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of WCTC's Proportionate Share of the Net Pension Liability (Asset) and Contributions – Wisconsin Retirement System	96
Schedule of Changes in the OPEB Liability and Related Ratios	97
Schedule of Employer Contributions and Investment Returns – OPEB	98
Notes to Required Supplementary Information	99

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

TABLE OF CONTENTS
As of and for the Years Ended June 30, 2020 and 2019

FINANCIAL SECTION (Continued)

SUPPLEMENTARY INFORMATION

	<u>Page</u>
Governmental Funds	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	100
Special Revenue Fund- Operating	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	101
Special Revenue Fund- Non-Aidable	
Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	103
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	104
Capital Projects Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	105
Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	106
Proprietary Funds	
Enterprise Funds	
Combining Balance Sheet	107
Enterprise Funds	
Combining Schedule of Revenues, Expenses and Changes in Net Position	108
Enterprise Funds	
Combining Schedule of Cash Flows	109

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

TABLE OF CONTENTS
As of and for the Years Ended June 30, 2020 and 2019

FINANCIAL SECTION (Continued)	<u>Page</u>
SUPPLEMENTARY INFORMATION (Continued)	
Proprietary Funds (Continued)	
Enterprise Funds	
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Non GAAP Budgetary Basis)	110
Internal Service Fund	
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Non GAAP Budgetary Basis)	111
Fiduciary Funds	
Agency Funds	
Combining Schedule of Changes in Assets and Liabilities	112
Schedule of Capital Assets – By Sources	113
Schedule of Indebtedness and Retirements	114 – 115
Schedule to Reconcile Balance Sheet to Statement of Net Position	117
Schedule to Reconcile Budget (Non-GAAP Budgetary) Basis Financial Statements to Statement of Revenues, Expenses and Changes In Net Position	116 – 118
STATISTICAL SECTION	
Net Position by Component	119
Changes in Net Position	120
Equalized Value of Taxable Property	121
Direct and Overlapping Property Tax Rates	122
Principal Taxpayers	123
Property Tax Levied and Collections	124
Ratio of Net Debt to Equalized Value and Debt per Capita	125
Legal Debt Margin Information	126
Computation of Direct and Overlapping Debt	127 – 128

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

TABLE OF CONTENTS
As of and for the Years Ended June 30, 2020 and 2019

STATISTICAL SECTION (Continued)	<u>Page</u>
Demographic and Economic Statistics	129
Ten Largest Employers	130
Budgeted Positions by Employee Group – Headcount Basis	131
Miscellaneous Operating Indicators	132 – 133
Capital Asset Statistics	134
Statutory Mission and Vision Statements	135
Degree/Diploma Program Offerings	136 – 137

Comprehensive Annual **FINANCIAL REPORT**



Introductory Section



WAUKESHA
COUNTY TECHNICAL
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December 2, 2020

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, 2020, 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 96 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.

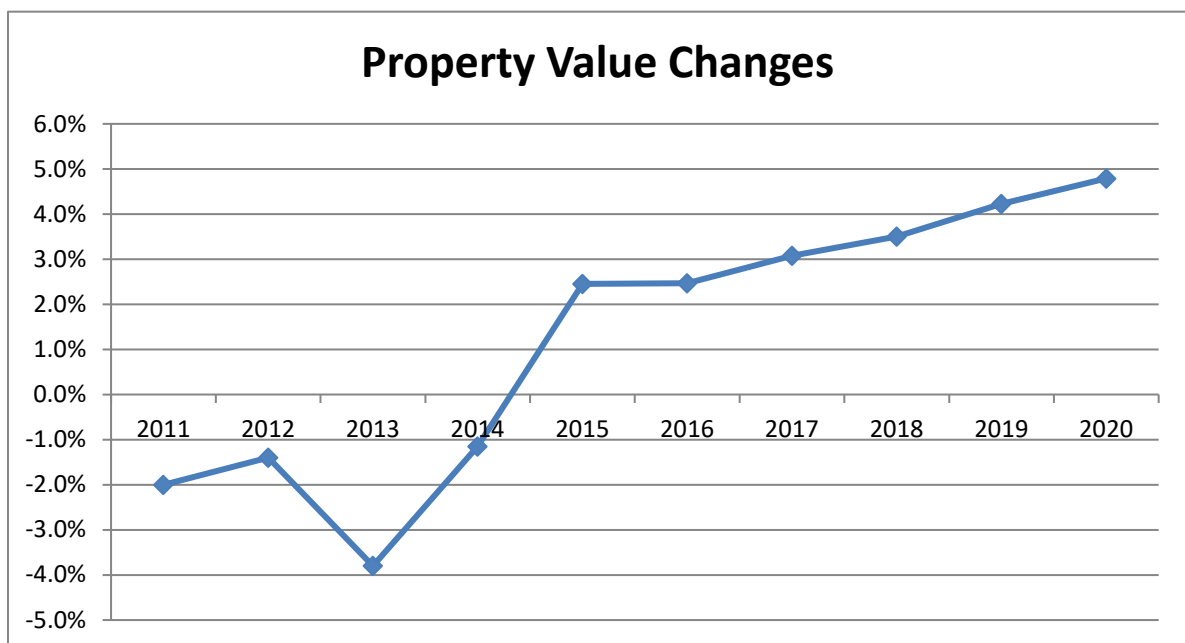
- ◆ In 1996, seven of the sixteen technical college districts formed an insurance trust for the purpose of reducing the cost of their risk insurance coverage while increasing their coverage. Effective July 1997, new insurance policies were entered into under this trust effort. This trust, which grew 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 significant cost savings.
- ◆ 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:

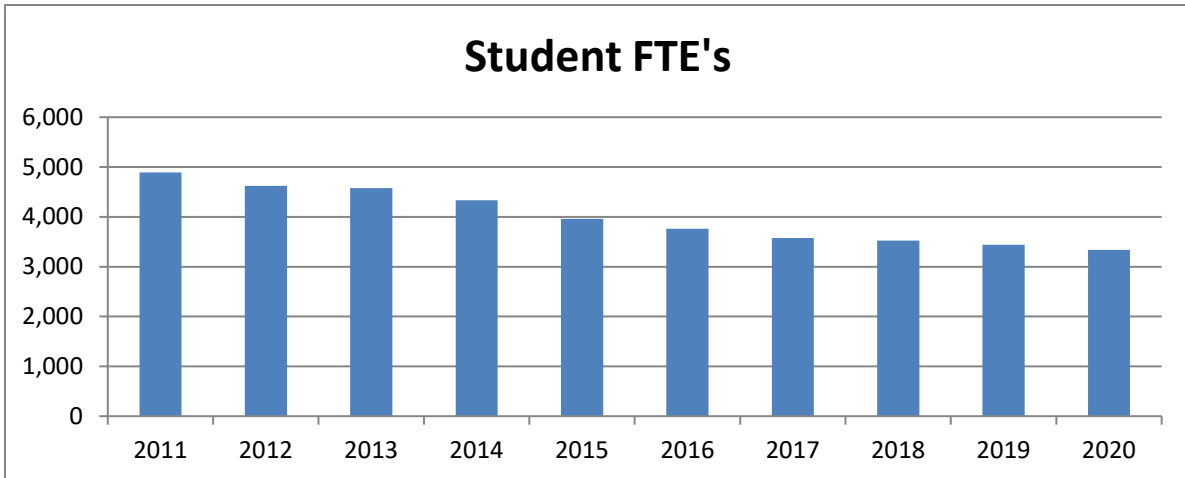
- ◆ **Local economy** – Across the nation, the economy experienced a recession around 2007-2008. Wisconsin and Waukesha County were impacted by this economic downturn. Businesses closed and/or reduced their workforce. Home values decreased and the number of foreclosures increased. During the past few 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 4.0% increase change to property values for 2020 when it created its budget. Actual was 4.8%.

- ◆ **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, 2019, or 2020.

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 health insurance premiums. 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.

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 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 was 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 has implemented Guided Pathways and an 8 week academic calendar, which further helps 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.

MAJOR INITIATIVES

WCTC is an organization where major initiatives flow from its vision and outcome-driven planning processes. Some of WCTC's major initiatives focused on this year include the following:

- ◆ **Enrollment/Retention/Completion (ERC):** Enrollment, retention, and completion of students has been established as WCTC's bullseye focus for the future. Student ERC is the reason WCTC exists and the focus on increasing ERC is critical to future success within the community. Initiatives focused on improving ERC take high priority as financial and human resources are allocated and reallocated.
- ◆ **Flexible Calendar:** To meet the needs of today's students, this initiative involves having classes available when students want to take them, to offer classes in multiple modalities, and at different frequencies to meet student needs throughout the calendar year. Year-round calendaring for class offerings will expand the way we utilize our existing semesters, offering accelerated/compressed mini-terms within semesters, and increasing the utilization of the summer term. In fiscal year 2020-21, WCTC will implement a new academic calendar to improve course success, increase retention, and expedite credential completion. This initiative impacts all staff and many processes and technology systems across campus.
- **Higher Education Regional Alliance (HERA):** WCTC joined with other postsecondary institutions to form HERA in the Southeast region of Wisconsin. HERA has three major goals:
 - ✓ Goal 1: Raise the region's college completion rate.
 - ✓ Goal 2: Increase program innovation, growth and alignment.

- ✓ Goal 3: Higher Education and Talent Needs Connection - Better connect employers with the talent coming out of the colleges
- **Engage WCTC:** WCTC partnered with Studer Education to intentionally work on cultural transformation and strategy execution to support attainment of WCTC's vision, strategic directives and goals contained within the strategic plan.
- **Diversity, Equity & Inclusion:** WCTC participates in the WTCS Affirmative Action Compliance Review Audit, holds a minority student panel to gain an understanding of their experiences, and obtains feedback from the Studer Employment Engagement Survey annually. Through these initiatives, WCTC is gathering feedback to clarify the focus on Diversity, Equity, and Inclusion (DEI). Guided Pathways supports DEI for students, and we are developing a DEI framework for employees. We are also following the 2019-24 Affirmative Action Plan to guide work in this area.

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 US, 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,

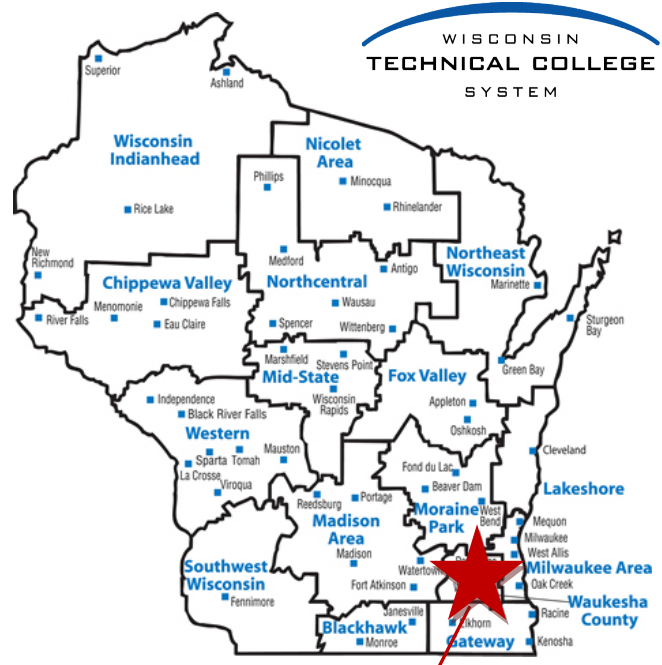


Kaylen M. Betzig
President

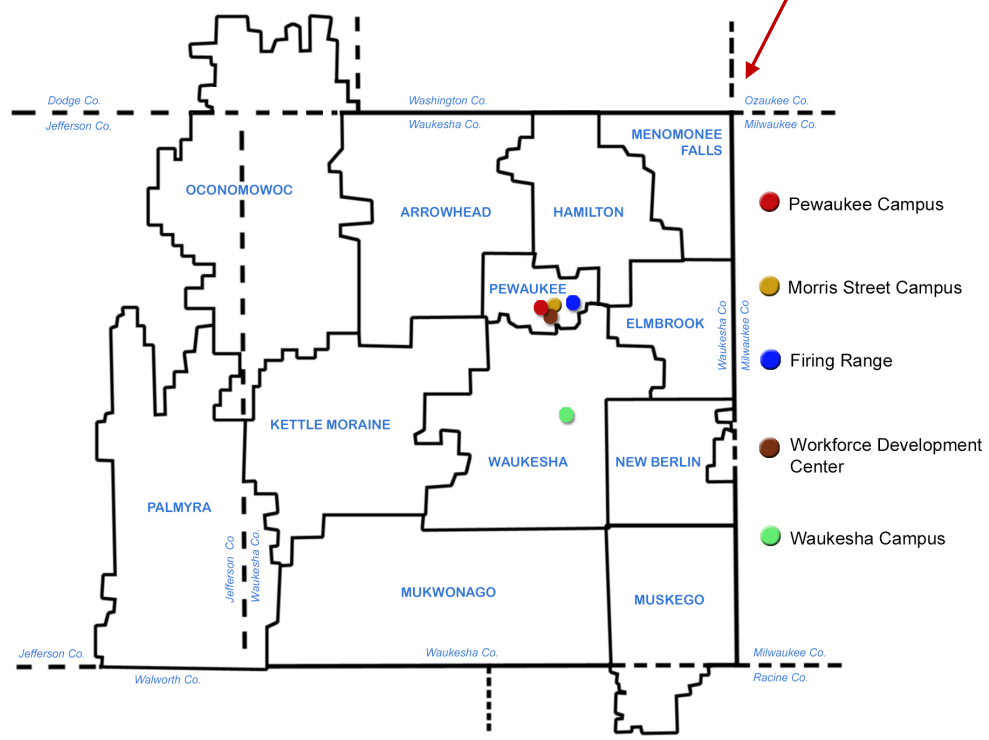
Dr. Jane L. Kittel, CPA
Vice President of Finance

WTCS Technical Colleges

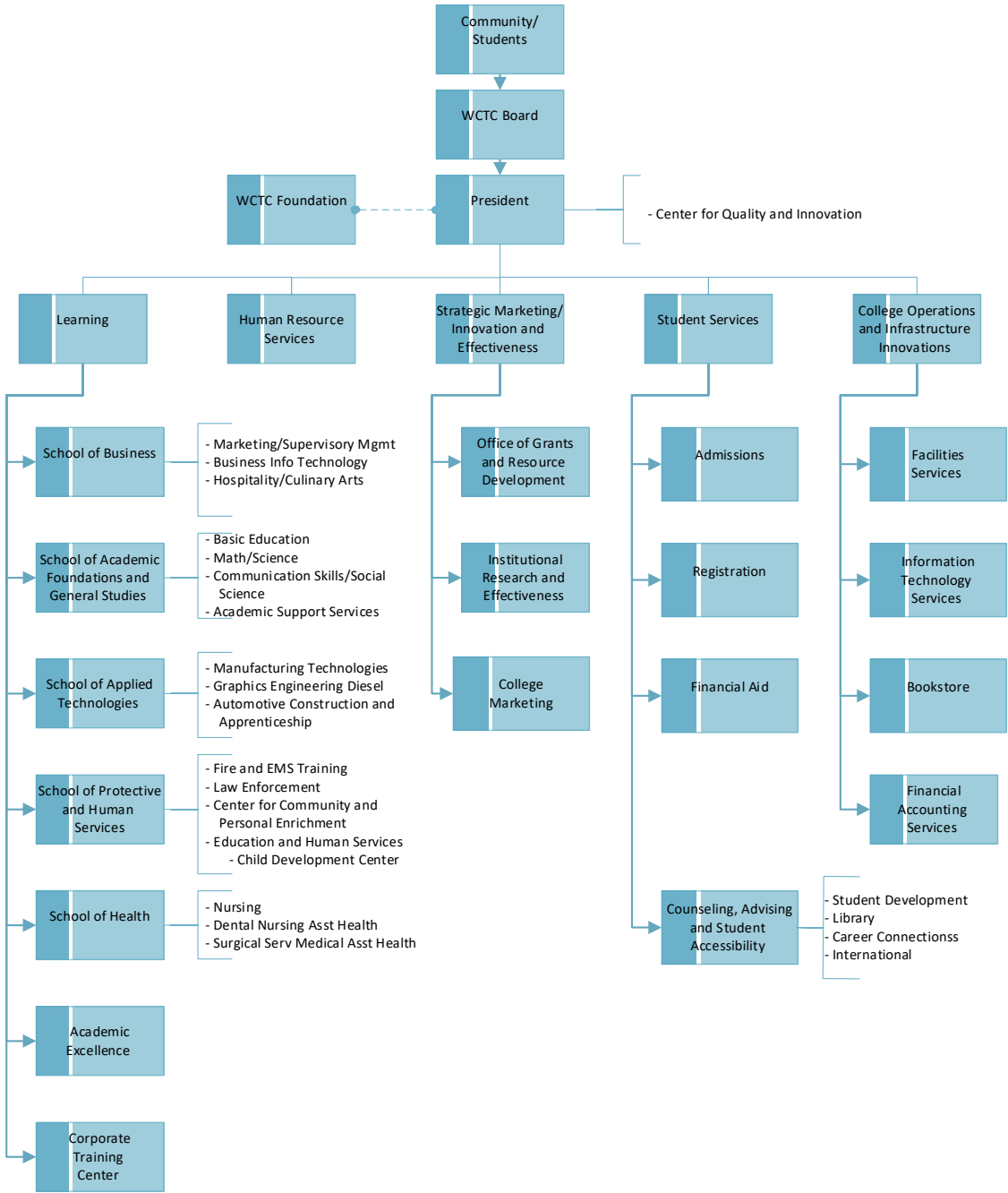
WCTC is one of sixteen technical colleges in Wisconsin. The technical college boundaries are determined by the K-12 school districts. WCTC's district is composed of twelve K-12 school districts.



WCTC District Map



WCTC Organizational Chart



BOARD MEMBERSHIP AND STRUCTURE (a)
For Year Ended June 30, 2020

Officers	Name (b)	Membership Type (a)	Municipality of Residence	Employer and Position
Member	Vacant	Elected Official		
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	Julie C. Valadez	Employee	City of Waukesha	Hispanic Collaborative Network President
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	12	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	5	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	14	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	Angela Arthur Frazier	<1	B.A. M.A.	Vice President of Student Success and Engagement, Dominican University, Rosary College of Arts & Sciences – various positions including Assistant Dean of Advising Services,
Vice President of Human Resources	David Brown	11	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, 2019

Christopher P. Morill

Executive Director/CEO



MANAGEMENT'S RESPONSIBILITY

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

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

David L. Lancaster
WCTC Board Chairperson

Michael M. Wiebe
WCTC Board Secretary/Treasurer

Comprehensive Annual **FINANCIAL REPORT**



Financial Section



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
Higher Ed

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, 2020 and 2019, 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, 2020 and 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States 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 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 as listed in the table of contents is fairly stated in all material respects, in relation to the basic financial statements as a whole.

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.

To the Board of Trustees
Waukesha County Area Technical College District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report 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 US, LLP

Baker Tilly US, LLP, (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
December 2, 2020

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 2020.

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.

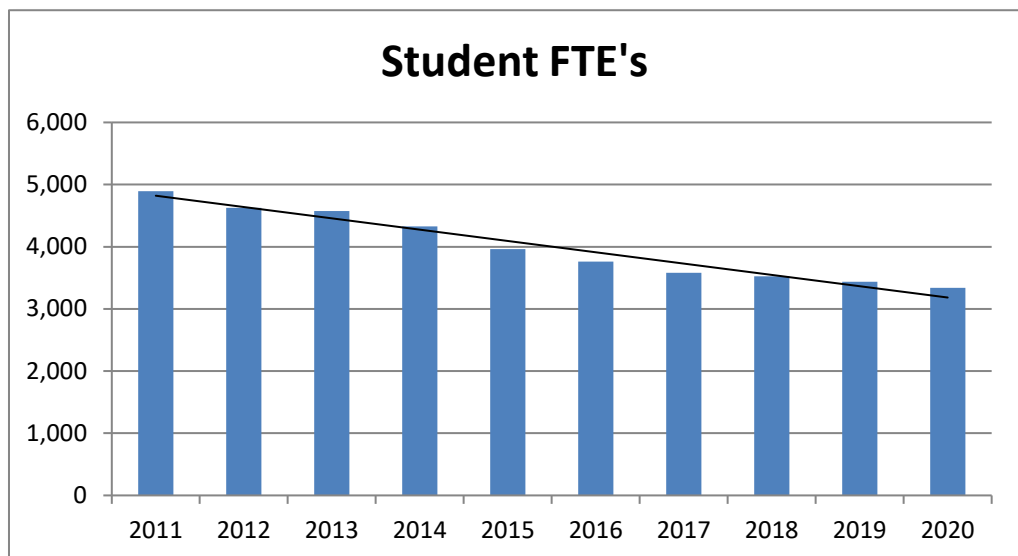
	2020	2019	Increase/(Decrease)		2018
			\$	%	
Operating Revenues					
Tuition & fees	\$ 11,017,540	\$ 11,089,732	\$ (72,192)	(0.7)	\$ 10,684,144
State & federal grants	7,899,865	7,395,716	504,149	6.8	8,109,551
Non-gov't grants & contracts	3,153,017	3,450,243	(297,226)	(8.6)	3,330,256
Auxiliary enterprise services	3,925,486	4,262,279	(336,793)	(7.9)	3,790,750
Operating revenues	<u>25,995,908</u>	<u>26,197,970</u>	<u>(202,062)</u>	<u>(0.8)</u>	<u>25,914,701</u>
Nonoperating Revenues					
State appropriations	47,727,907	47,588,988	138,919	0.3	47,552,558
Local property taxes	21,743,807	20,568,275	1,175,532	5.7	19,986,148
Investment income, net	1,549,848	1,647,084	(97,236)	(5.9)	492,293
Nonoperating revenues	<u>71,021,562</u>	<u>69,804,347</u>	<u>1,217,215</u>	<u>1.7</u>	<u>68,030,999</u>
Total Revenues	<u>97,017,470</u>	<u>96,002,317</u>	<u>1,015,153</u>	<u>1.1</u>	<u>93,945,700</u>
Operating Expenses					
Salaries	43,801,768	43,983,262	(181,494)	(0.4)	44,204,744
Benefits	10,856,530	15,294,710	(4,438,180)	(29.0)	10,480,216
Current expenses	25,781,024	27,791,292	(2,010,268)	(7.2)	28,228,524
Operating expenses	<u>80,439,322</u>	<u>87,069,264</u>	<u>(6,629,942)</u>	<u>(7.6)</u>	<u>82,913,484</u>
Nonoperating Expenses					
Loss on sale of capital assets	455,227	806,651	(351,424)	(43.6)	720,936
Interest on debt	557,391	518,992	38,399	7.4	466,781
Nonoperating expenses	<u>1,012,618</u>	<u>1,325,643</u>	<u>(313,025)</u>	<u>(23.6)</u>	<u>1,187,717</u>
Total Expenses	<u>81,451,940</u>	<u>88,394,907</u>	<u>(6,942,967)</u>	<u>(7.9)</u>	<u>84,101,201</u>
Income before Capital Contributions	<u>15,565,530</u>	<u>7,607,410</u>	<u>7,958,120</u>	<u>104.6</u>	<u>9,844,499</u>
Contribution Revenues					
Federal/state grants for capital	176,524	78,171	98,353	125.8	76,447
Donations	1,162,640	2,828,462	(1,665,822)	(58.9)	710,294
Contribution revenues	<u>1,339,164</u>	<u>2,906,633</u>	<u>(1,567,469)</u>	<u>(53.9)</u>	<u>786,741</u>
Change in net position	16,904,694	10,514,043	6,390,651	60.8	10,631,240
Net Position					
Beginning of year	<u>131,654,352</u>	<u>121,140,309</u>			<u>110,509,069</u>
End of year	<u>\$ 148,559,046</u>	<u>\$ 131,654,352</u>			<u>\$ 121,140,309</u>

Operating revenues are the charges for services offered by the college. Total operating revenues decreased \$202,062 or 0.8% for fiscal year 2020 compared to an increase of \$283,269 or 1.1% in fiscal year 2019. These changes are primarily due to the following:

- ◆ During 2020, the college generated \$11,017,540 for tuition and fees charged to students attending classes at WCTC compared to \$11,089,732 in 2019. This was a decrease of \$72,192 or 0.7% for fiscal year 2020 compared to an increase of \$405,588 or 2.3% in fiscal year 2019.

- ✓ Consistent with enrollment decreases, WCTC disbursement of financial aid to students in fiscal year 2020 also decreased. Financial aid disbursed to offset tuition and fees was \$3,614,153 in 2020 compared to \$3,591,387 in fiscal year 2019, which was \$22,766 or 0.6% less. In 2019 disbursement of financial aid decreased much more than enrollment, which contributed to the overall increase in the operating revenues.
- ✓ The state increased the tuition rates 1.7% in 2020 compared to 1.5% in 2019.
- ✓ WCTC experienced a 3.0% decrease in student FTE's (full-time equivalents) in 2020 compared to 2.4% in 2019.

In fiscal year 2011, WCTC's FTEs and enrollments were over 4,800. 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 2021 shows student FTEs are holding flat despite the challenges presented with the COVID-19 pandemic.



- ◆ WCTC receives funding from the federal and state governments for specific purposes, including financial aid payments to students. WCTC received \$7,899,865 from the federal and state governments in 2020 compared to \$7,395,716 in 2019. This is an increase of \$504,149 or 8.8% in 2020 compared to a decrease of \$713,835 or 8.8% in 2019.
 - ✓ State funding increased \$228,788 or 10.1% in 2020 compared to \$229,778 or 11.3% in 2019. 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 increased \$275,361 or 5.37% in 2020 compared to a decrease of \$943,613 or 15.5% in 2019. 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. During 2020 the WCTC received additional federal funding to aid in the District's response to the COVID-19 pandemic.

- ◆ 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 \$3,153,017 in 2020 compared to \$3,450,243 in 2019. This is a decrease of \$297,226 or 8.6% in 2020 compared to an increase of \$119,987 or 3.6% in 2019.
 - ✓ In 2020, WCTC served 3,333 high school students through the transcribed credit/dual enrollment programs compared to 3,598 in 2019. In 2020, the transcribed credit/dual enrollment programs generated \$2,129,697 in revenue compared to \$2,183,423 in 2019.
 - ✓ Contract training with business and industry generated \$509,667 in revenues in fiscal year 2020 compared to \$503,494 in 2019 or a \$6,173 or 1.2% increase.
 - ✓ Other non-governmental grants and contract revenues result from facility rentals, vending, and other charges for services. Other revenues were \$513,653 in 2020 and \$763,326 in 2019, which was a decrease of \$249,673 or 32.7%. During 2020 other revenues were significantly impacted by COVID-19 related closures.
- ◆ 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 \$3,925,486 for 2020 compared to \$4,262,279 for 2019 for these activities, which is a decrease of \$336,793 or 7.9% in 2020 compared to an increase of \$471,529 or 12.4% in 2019.
 - ✓ Bookstore sales decreased \$269,630 or 8.6% in 2020 compared to an increase of \$399,733 or 14.7% in 2019. While the bookstore remained open for online shopping during the COVID-19 related closures in 2020, sales and related revenues were negatively impacted due to the pandemic.
 - ✓ The Firing Range sales decreased \$39,188 or 22.7% in 2020 compared to an increase of \$19,570 or 12.8% in 2019. In March of 2020 the Firing range closed to external customers due to the pandemic, driving revenues down.
 - ✓ The Child Development Center sales decreased \$197,940 or 28.8% in 2020 compared to an increase of \$41,500 or 6.4% in 2019. The decrease in revenues was due to the pandemic, as the child care center closed in March of 2020, and did not reopen until after the end of the fiscal year.
- ◆ WCTC is self-insured for dental insurance. Net premium revenues were \$738,244 in 2020 compared to \$569,196 in 2019, which was an increase of \$169,048 or 29.7% in 2020 compared to an increase of \$66,531 or 13.2% in 2019. During 2020 the methodology used to segregate retiree costs and related revenues was reviewed and updated to more accurately reflect the split of activity. This impacted the operations within the self-insurance fund.

Operating expenses are costs for providing education, training, and services. Total expenses decreased \$6,629,942 or 7.6% in 2020 compared to \$4,155,780 or 5.0% in 2019. These changes are primarily due to the following:

- ◆ Employees received a 2.44% cost of living increase in 2020 compared to 2.13% in 2019, however expenses relating to salaries decreased \$181,494 or 0.4% in 2020 compared to a decrease of \$221,482 or 0.5% in 2019. The reduction in these expenses despite the cost of living increases in 2020 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 decreased \$4,438,180 or 29.0% in 2020 compared to an increased \$4,814,494 or 45.9%.
 - ✓ In 2007, WCTC established an OPEB Trust so it could begin funding its post-employment benefits. WCTC made annual contributions to the trust to fund this liability in subsequent years. As of June 30, 2017, WCTC had fully funded this liability. WCTC implemented GASB 74/75 in 2017 and annually completes an actuarial study to determine the OPEB liability/asset. In 2020 the impact of adjustments to the OPEB liability/asset resulted in a reduction of expenditures of \$3,553,147 as compared to a reduction of \$3,425,230 in 2019. These adjustments stem from an overall positive claims experience for both years, along with strong investment portfolio performances.

WCTC's loss ratio for healthcare claims in 2020 was 87.0% compared to 2019 was 83.8%. The positive claims loss ratios has allowed for healthcare premiums to remain relatively stable, with a no premium increase in 2020 and a 4.3% increase in 2019.
 - ✓ In 2020, WCTC's portion of the WRS net pension asset was \$8,454,420 compared to a liability of \$9,650,147 in 2019.
- ◆ Current expenses decreased \$2,010,268 or 7.2% in 2020 compared to a decrease of \$437,232 or 1.5% in 2019. 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 \$295,560 or 6.4% in 2020 compared to a decreased \$304,196 or 7.1% in 2019.
 - ✓ Contracted services increased \$508,598 or 6.8% in 2020 compared to an increase of \$1,295,221 or 14.9% in 2019. Based on the college's needs, contracted services can fluctuate between years. The increase in 2020 was driven by the College's need to implement new software for services to enable distance learning due to the ongoing pandemic. It is expected that this expense category will also increase in the future as these costs continue.
 - ✓ Costs associated with staff development (training and travel) decreased \$159,053 or 29.0% in 2020 compared to a decrease of \$26,728 or 4.6% in 2019. The decrease in 2020 was primarily due to cancelled travel arising from the pandemic.
 - ✓ Supplies costs decreased \$259,124 or 15.0% in 2020 compared with a decrease of \$45,868 or 2.6% in 2019. As the school shifted to remote work and virtual learning options due to the COVID-19 pandemic, efforts were made to reduce spending where possible. Supplies purchasing was reduced to help support the increased spending associated with responding to the pandemic.
 - ✓ Rental costs for facilities and equipment decreased \$384,984 in 2020 as compared to a decrease of \$29,145 in 2019. The significant decrease in 2020 was driven by the discontinuation of the lease of the workforce building, as the building was donated to the college during 2020.
 - ✓ Repairs, service, and maintenance costs decreased \$148,528 or 14.3% in 2020 as compared to an increase of \$97,490 or 10.4% in 2019. Much of this decrease during 2020 was due to the COVID related campus closure from March 2020 to June 2020.

- ✓ Utilities costs decreased by \$153,548 or 11.3% in 2020 as compared to an increase of \$82,921 or 6.5% in 2019. The decrease during 2020 was due to the COVID related campus closure from March 2020 to June 2020.
- ✓ Resale costs decreased \$462,913 or 16.4% in 2020 compared to a decreased of \$871,181 or 23.5% in 2019. The majority of resale costs relate to enterprise activities. As the COVID-19 pandemic forced changes in operations and closure of campus during 2020, many of these operations were temporarily suspended, and where possible the variable costs associated with running these operations were halted.
- ✓ Minor equipment decreased \$1,306,888 or 41.0% in 2020 compared to an increase of \$1,080,804 or 51.3% in 2019. Minor equipment needs fluctuate from year to year based on construction and building improvement projects.

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues increased \$1,217,215 or 1.7% in 2020 compared to \$1,773,348 or 2.6% in 2019. The most important components of this change were:

- ◆ State operating appropriations increased \$138,919 or 0.3% in 2020 compared to 36,430 or 0.1% in 2019.
- ◆ Property tax revenue increased \$1,175,532 or 5.7% in 2020 compared to \$582,127 or 2.9% in 2019. WCTC has had small increases in the amount levied for the past two years, however increases in equalized values have resulted in slight decreases in the mill rates. Additionally 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 decreased \$97,236 or 5.9% in 2020 compared to an increase of \$1,154,791 or 234.6% in 2019.

WCTC's long term investment rate, excluding cash equivalents, was 5.1% in 2020 compared to 5.0% in 2019, however the short term investment rate significantly decreased to .23% in 2020 as compared to 2.4% in 2019. Based on limitations within Wisconsin statutes, WCTC is invested in fixed income. The entity's fixed income investments continue to perform well in light of the economic uncertainties surrounding the ongoing pandemic.

During 2020, WCTC had a weighted average days to maturity of 964 days for its core portfolio and 80 days for its short-term portfolio compared to 999 days and 72 days respectively in 2019.

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 decreased \$1,567,469 or 53.9% in 2020 compared to an increase of \$2,119,892 or 269.5% in 2019. The most important components of this change were:

- ◆ Donated funds decreased \$1,665,822 or 58.9% in 2020 compared to an increase of \$2,118,168 or 298.2% in 2019.

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

- ◆ Funds from state and federal grants increased \$98,353 or 125.8% in 2020 compared to a decreased \$1,724 or 2.3% in 2019. The increase in 2020 relates to building improvements conducted in response to the pandemic which were eligible for federal funding.

Non-operating expenses decreased \$313,025 or 23.6% in 2020 compared to an increase of \$137,926 or 11.6% in 2019. This was due to the following:

- ◆ The loss on disposal of capital assets decreased \$351,424 or 43.6% in 2020 compared to an increase of \$85,711 or 11.9% in 2019 based on the capital assets sold or disposed of. A significant 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 2020 resulting in more sales and disposals of furniture and equipment.
- ◆ Interest paid on debt increased \$38,399 or 7.4% in 2020 compared to 52,211 or 11.2% in 2019. 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.

	2020	2019	Increase/(Decrease)		2018
			\$	%	
Cash used in operating activities	\$ (56,758,252)	\$ (54,236,248)	\$ (2,522,004)	(4.7)	\$ (55,370,390)
Cash provided by non-capital financing activities	69,332,223	67,872,081	1,460,142	2.2	67,441,094
Cash used in capital and related financing activities	(15,021,868)	(10,182,445)	(4,839,423)	(47.5)	(8,096,177)
Cash provided by (used in) investing activities	(912,358)	(3,862,097)	2,949,739	(76.4)	712,796
Net increase (decrease) in cash and cash equivalents	<u>\$ (3,360,255)</u>	<u>\$ (408,709)</u>	<u>\$ (2,951,546)</u>	<u>722.2</u>	<u>\$ 4,687,323</u>

The college used \$2,522,044 or 4.7% more cash for operating activities in 2020 compared to \$1,134,142 or 2.0% in 2019 due to the following:

- ◆ The college experienced an increase in cash received from students of \$205,421 in 2020 compared to 164,019 in 2019. This was due to timing of when students enrolled in classes, paid for their classes, and a smaller decline in enrollment.
- ◆ Cash received from business, industry, and school district contracts decreased \$540,896 in 2020 as compared to an increase of \$482,547 in 2019. During 2020 several contracts were cancelled during the year due to the pandemic.
- ◆ The college experienced an increase in payments to employees of \$3,144,666 in 2020 compared to an increase of \$2,785,190 in 2019.

- ✓ The college participates in the Wisconsin Retirement System. At the end of 2019, WCTC recorded a liability compared to recording an asset at the end of 2020. This resulted in an adjustment to employee benefits expense of \$534,418 in 2020 compared to \$3,859,805 in 2019.
- ✓ 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 \$3,553,147 in 2020 compared to \$3,425,030 in 2019.
- ✓ Accrued wages payable decreased \$3,606,343 in 2020 compared to an increase of 318,293 in 2019. This decrease was due to a change in instructional contract terms. Previously instructional contracts began in August and ended in May, however were paid out across 24 pay periods, which resulted in an accrual for wages due at year end. In 2020 all amounts due at June 30th were paid out before year end, as new contracts began July 1, 2020. This increased cash payments to employees.
- ◆ The college spent \$1,219,065 less in payments to vendors in 2020 compared to a decrease in payments to vendors of \$3,388,190 in 2019. This decrease primarily relates to the timing of payments for services.
- ◆ Cash from enterprise activities decreased \$357,050 in 2020 compared to an increase of \$326,219 in 2019.

In 2020 the decrease in cash activities relates to the closures and limitations on operations due to the ongoing pandemic. Many of the college's enterprise operations closed in March and were not re-opened until June or later.

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 provided by non-capital financing activities increased \$1,460,142 or 2.2% in 2020 compared to \$430,987 or 0.6% in 2019 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 \$4,836,423 or 47.5% in 2020 compared to an increase of \$2,086,268 or 25.8% in 2019.

- ◆ 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 decreased \$2,949,739 or 76.4% in 2020 compared to an increase of \$4,574,890 or 641.8% in 2019. During 2019 the college increased core investments by investing cash reserves and increasing investment balances, for 2020 overall balances were maintained.

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.

	2020	2019	Increase/(Decrease)		2018
			\$	%	
ASSETS					
Net capital assets	\$ 104,539,676	\$ 95,993,516	\$ 8,546,160	8.9	\$ 86,782,794
Other assets	<u>97,076,425</u>	<u>83,686,497</u>	<u>13,389,928</u>	<u>16.0</u>	<u>77,335,836</u>
Total Assets	<u>201,616,101</u>	<u>179,680,013</u>	<u>21,936,088</u>	<u>12.2</u>	<u>164,118,630</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	18,193,343	24,742,147	(6,548,804)	(26.5)	13,691,134
Deferred amounts related to post-employment benefits	<u>156,296</u>	<u>60,803</u>	<u>95,493</u>	<u>157</u>	<u>922,674</u>
Total Deferred Outflows of Resources	<u>18,349,639</u>	<u>24,802,950</u>	<u>(6,453,311)</u>	<u>(26.0)</u>	<u>14,613,808</u>
LIABILITIES					
Current liabilities	21,131,685	26,108,049	(4,976,364)	(19.1)	22,446,500
Long-term liabilities	<u>13,792,796</u>	<u>22,877,924</u>	<u>(9,085,128)</u>	<u>(39.7)</u>	<u>13,158,735</u>
Total Liabilities	<u>34,924,481</u>	<u>48,985,973</u>	<u>(14,061,492)</u>	<u>(28.7)</u>	<u>35,605,235</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to post-employment benefits	11,097,284	10,547,890	549,394	5.2	5,693,222
Deferred amounts related to pensions	<u>25,384,929</u>	<u>13,294,748</u>	<u>12,090,181</u>	<u>90.9</u>	<u>16,293,672</u>
Total Deferred Outflows of Resources	<u>36,482,213</u>	<u>23,842,638</u>	<u>12,639,575</u>	<u>53.0</u>	<u>21,986,894</u>
NET POSITION					
Net investment in capital assets	86,737,752	78,694,824	8,042,928	10.2	70,040,469
Restricted for					
Debt service	1,002,503	663,942	338,561	51.0	541,820
Student financial aid	138,586	125,255	13,331	10.6	130,879
Student organizations	482,035	446,837	35,198	7.9	415,917
Post-employment benefits	16,154,154	12,147,106	4,007,048	33.0	3,005,337
Pension	8,454,420	-	8,454,420	100.0	8,259,595
Unrestricted	<u>35,589,596</u>	<u>39,576,388</u>	<u>(3,986,792)</u>	<u>(10.1)</u>	<u>38,746,292</u>
Total Net Position	<u>\$ 148,559,046</u>	<u>\$ 131,654,352</u>	<u>\$ 16,904,694</u>	<u>12.8</u>	<u>\$ 121,140,309</u>

Total assets increased \$21,936,088 or 12.2% in 2020 compared to an increase of \$15,561,383 or 9.5% in 2019. Of these total assets, other assets increased \$13,389,928 or 16.0% in 2020 compared to an increase of \$6,350,661 or 8.2% in 2019. Net capital assets increased \$8,546,160 or 8.9% in 2020 compared to \$9,210,722 or 10.6% in 2019.

- ◆ Overall, WCTC's cash and investments decreased \$1,006,297 or 1.9% in 2020 compared to an increase of \$5,409,077 or 10.1% in 2019.

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 2020.

- ◆ Taxes receivable increased \$139,491 or 3.2% in 2020 compared to an increase of \$285,182 or 7.0% in 2019. This receivable was paid in full by the end of August 2020 and 2019 respectively. WCTC had increased its levy in 2020 and 2019, which resulted in a slight increases in outstanding receivable as of June 30.

- ◆ Accounts receivable increased \$10,139 or 0.1% in 2020 compared to a decrease of \$222,438 or 2.6% in 2019. While the pandemic has created some uncertainty in the 2020 economy, the small enrollment decline along with the positive affect the Wisconsin State Debt Collection (SDC) and Tax Refund Intercept Programs (TRIP) has had on collecting past-due balances continues to contribute to an overall decrease in this balance.
- ◆ WCTC recorded an OPEB asset of \$16,154,154 in 2020 compared to \$12,147,106 in 2019.

WCTC was 129.1% and 121.1% funded as of June 30, 2020 and 2019 respectively, WCTC's total OPEB liability as of June 30, 2020, was \$55,528,092 compared to \$57,594,827 June 30, 2019.

- ◆ WCTC recorded a pension asset of \$8,454,420 in 2020 compared to a liability of \$9,650,147 in 2019.

The college's deferred outflows of resources decreased \$6,453,311 or 26.0% in 2020 compared to an increase of \$10,189,142 or 69.7% in 2019.

- ◆ Due to implementing GASB 68 pension regulation, WCTC needed to record a deferred outflow of resources in the amount of \$18,193,343 in 2020 and \$24,742,147 in 2019.
- ◆ Due to implementing GASB 75 post-employment regulation, WCTC recorded a deferred outflow of resources in the amount of \$156,296 in 2020 compared to \$60,803 in 2019.

The college's current liabilities decreased \$4,976,364 or 19.1% in 2020 compared to an increase of \$3,661,549 or 16.3% in 2019.

- ◆ Accounts payable decreased \$1,120,781 or 18.3% in 2020 compared to an increase of \$3,367,118 or 122.6% in 2019. 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. During 2020 the pandemic caused the campus to be vacant at the end of the fiscal year. This allowed for construction contracts to be completed at an accelerated pace reducing the amount of accounts payable at year end.
- ◆ Wages and benefits payable decreased \$3,606,343 or 58.2% in 2020 compared to an increase of \$1,090,696 or 21.4% in 2019. As discussed earlier this decrease stemmed from the change in instructional contract terms.

The college's long-term liabilities decreased \$9,085,128 or 39.7% in 2020 compared to an increase of \$9,719,189 or 73.9% in 2019.

- ◆ WCTC's general obligation debt liability increased \$461,893 or 3.9 % in 2020 compared to \$107,939 or 0.9% in 2019. WCTC issued \$7,750,000 of general obligation promissory notes in both 2020 and 2019. 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 was required to recognize a net pension asset of \$8,454,420 in 2020 compared to a liability of \$9,650,147 in 2019.

The college's deferred inflows of resources increased \$12,639,575 or 53.0% in 2020 compared to \$1,855,744 or 8.4% in 2019.

- ◆ Due to implementing GASB Statement No. 68, WCTC recognized a deferred inflow of resources of \$25,384,929 2020 compared to \$13,294,748 in 2019 for pensions.
- ◆ Due to implementing GASB 75, WCTC recognized a deferred inflow of resources of \$11,097,284 in 2020 compared to \$10,547,890 in 2019 for post-employment benefits.

Net position increased \$16,904,694 or 12.8% in 2020 compared to \$10,514,043 or 8.7% in 2019.

- ◆ Net investment in capital assets increased \$8,042,928 or 10.2% in 2020 compared to \$8,654,355 or 12.4% in 2019. 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 \$778,076 in 2020 and \$1,811,308 in 2019 of unexpended debt proceeds for capital assets. Purchase orders outstanding to be financed from unexpended debt proceeds amount to \$2,331,164 in 2020 compared to \$3,343,915 in 2019. 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 \$338,561 or 51.0% in 2020 compared to an increase of \$122,122 or 22.5% in 2019 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 \$35,198 or 7.9% in 2020 compared to an increase of \$25,296, or 4.6% in 2019. 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 \$16,154,154 in 2020 and \$12,147,106 in 2019.
- ◆ Due to GASB Statement No. 68 WCTC recognized a pension asset and net position restricted for pension of \$8,454,420 in 2020. In 2019 there was a net pension liability.
- ◆ Unrestricted net position decreased \$3,986,791 or 10.1% in 2020 compared to an increase of \$830,096 or 2.1% in 2019. 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 – \$1,324,322 in 2020 compared to \$1,411,097 in 2019 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.

- ✓ Prepaid expenses and inventories – \$92,941 in 2020 and \$201,667 in 2019 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.
- ✓ Designated for state aid fluctuations - \$483,000 was set aside in 2020, while no funds were designated in 2019. Due to the ongoing pandemic WCTC set aside additional funds to provide cushion should there be fluctuations in state aid in the coming year. This category is limited to 5% of the district's total state aids, net of property tax relief.
- ✓ Operations – \$17,518,000 in 2020 and \$17,634,445 in 2019 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 – \$6,484,581 and \$4,574,000, 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. Funds designated in 2020 are expected to be utilized to help offset the expected increase in operating costs during 2021 as a result of the ongoing pandemic. 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 – \$1,469,889 in 2020 and \$1,366,762 in 2019 of net position were set aside to cover sick pay benefits that have vested with employees.
- ✓ Enterprise and internal service fund operations – \$3,223,586 in 2020 and \$3,051,422 in 2019 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.

Capital Assets and Debt Administration

WCTC's investment in capital assets as of June 30, 2020 was \$104,539,676 compared to \$95,993,516 in 2019. 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, 2020 WCTC had \$18,580,000 compared to \$19,110,000 in 2019 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. WCTC 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 the Wisconsin State Biennial 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 the 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 a 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 allow the colleges to increase property taxes by the amount of property tax relief aid that may decrease or not increase in the future. For 2020 and 2019, this amount remained the same.

WCTC levied taxes of \$20,953,491 in 2020 and had a mill rate of \$0.21 for operations. Property values increased 5.7% compared to a projected increase of 2.45% when the 2020 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 \$0.21164. As the equalized value growth was much greater than projected WCTC was able to increase the levy with a slight increase in the mill rate to \$0.21291, and utilize the additional funding for major initiatives including the flexible calendar.

The WCTC Board is very cognizant of the balance between tax levy and the needs of the community to be educated. The Board controls the budget by controlling the property tax levy.

- ◆ WCTC projected the debt service mill rate would be \$0.15039 when it adopted its budget. Due to higher-than-expected valuation increases, the debt service mill rate was \$0.14725 in 2020.
- ◆ The total mill rate decreased from \$0.36203 in 2019 to \$0.36016 in 2020.
- ◆ 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 3,337 in 2020 compared to 3,439 in 2019. WCTC has placed a high priority on looking at the factors impacting enrollment declines and finding solutions to increase. To date, 2021 enrollments are projected to be flat despite the challenges of the ongoing pandemic.

- ◆ 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 2017, WCTC had placed more than its required annual contribution into the trust to advance fund some of this liability. As of June 30, 2020, the actuarial study showed that WCTC had fully funded the liability and had an OPEB asset of \$16,154,154 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. 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 have been increasing. Values increased 4.79% in 2021 and 5.71% in 2020. WCTC conservatively projected an increase of 4.0% when it developed its 2021 budget. 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 2021 budget included an operational levy increase, the overall mill rate decreased from \$0.36016 to \$0.35134 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 2021 projections show a flat enrollment as compared to 2020. 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 2021 budget includes the following factors:

	2021	2020	Increase/(Decrease)	
	<u>Adopted</u>	<u>Adopted</u>	\$	%
Revenues				
Local government	\$ 21,506,565	\$ 20,956,491	\$ 550,074	2.6%
State funds	50,287,535	50,231,750	55,785	0.1%
Tuition and fees	14,005,290	14,812,790	(807,500)	-5.5%
Institutional	9,694,061	9,892,335	(198,274)	-2.0%
Federal funds	<u>5,795,075</u>	<u>5,737,718</u>	<u>57,357</u>	<u>1.0%</u>
Total revenue	<u>101,288,526</u>	<u>101,631,084</u>	<u>(342,558)</u>	<u>-0.3%</u>
Expenditures				
Instruction	49,615,506	52,157,381	(2,541,875)	-4.9%
Instructional resources	1,473,932	1,625,494	(151,562)	-9.3%
Student services	16,889,710	16,820,801	68,909	0.4%
General institution	15,317,563	15,586,952	(269,389)	-1.7%
Physical plant	21,737,644	22,298,320	(560,676)	-2.5%
Auxiliary	<u>5,302,982</u>	<u>5,454,515</u>	<u>(151,533)</u>	<u>-2.8%</u>
Total expenditures	<u>110,337,337</u>	<u>113,943,463</u>	<u>(3,606,126)</u>	<u>-3.2%</u>
Net revenue/(expenditure)	(9,048,811)	(12,312,379)	3,263,568	-26.5%
Proceeds from debt	<u>7,750,000</u>	<u>7,750,000</u>	<u>-</u>	<u>0.0%</u>
Net revenue/(expenditure)	(1,298,811)	(4,562,379)	3,263,568	-71.5%
Beginning fund balance	<u>40,342,644</u>	<u>40,342,644</u>	<u>-</u>	<u>0.0%</u>
Ending fund balance	39,043,833	35,780,265	3,263,568	9.1%
Reserve for debt service	(150,000)	-	(150,000)	0.0%
Reserve for capital outlay	(1,000,000)	(4,585,309)	3,585,309	-78.2%
Reserve for financial aid	(60,000)	-	(60,000)	100.0%
Retained earnings	<u>(88,811)</u>	<u>22,930</u>	<u>(111,741)</u>	<u>-487.3%</u>
Use of reserves	\$ (1,298,811)	\$ (4,562,379)	\$ 3,263,568	-71.5%

The revenue budget is \$101,228,526, which is a decrease of \$342,558 over the fiscal year 2020 adopted budget.

- ◆ Tuition and fees decreased \$807,500 or 5.5%. Historically 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 was expected that the ongoing pandemic may significantly impact overall enrollment levels in 2021.
- ◆ Federal funds increased \$57,357 due to an expected increase in federal grant funds.
- ◆ State funds are expected to increase \$55,785 due to second phase of increases for technical colleges that was included in the State Biennial budget.

The expense budget is \$110,337,337, which is a decrease of \$3,263,126 over the fiscal year 2020 adopted budget.

- ◆ Capital expenditures decreased \$3,565,309 based on the number and size of capital projects expected to be accomplished in 2021.
- ◆ A cost-of-living adjustment was not included in the budget for salary increases due to the ongoing pandemic situation.
- ◆ WCTC does not plan on placing funds into the OPEB Trust to continue funding post-employment benefits since it is fully funded.
- ◆ WCTC plans to issue \$7,750,000 in general obligation promissory notes in fiscal year 2021, which is the same amount as 2020.
- ◆ WCTC plans to utilize \$1,000,000 of its fund balance during 2021 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, 2020 and 2019

ASSETS	2020	2019
Current assets		
Cash	\$ 7,662,665	\$ 11,184,255
Short-term investments	3,000,248	2,838,913
Accounts receivable, net	8,283,307	8,273,168
Taxes receivable	4,503,684	4,364,193
Interest receivable	237,052	128,804
Inventories	566,995	432,908
Prepaid expenses and other assets	4,642,673	3,099,881
Total Current Assets	28,896,624	30,322,122
Non-current assets		
Long-term investments	19,583,644	16,145,581
Restricted Long-term investments	23,987,583	25,071,688
Restricted Net OPEB asset	16,154,154	12,147,106
Restricted Net pension asset	8,454,420	-
Capital assets, net of accumulated depreciation		
Land	641,345	641,345
Construction in progress	8,369,634	7,518,556
Other capital assets	95,528,697	87,833,615
Total Non-Current Assets	172,719,477	149,357,891
Total Assets	201,616,101	179,680,013
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	18,193,343	24,742,147
Deferred amounts related to OPEB	156,296	60,803
Total Deferred Outflows of Resources	18,349,639	24,802,950
LIABILITIES		
Current liabilities		
Accounts payable	4,992,897	6,113,678
Wages and benefit payables	2,586,753	6,193,096
Compensated absences	1,214,291	999,124
Interest payable	113,795	100,878
Unearned revenue	5,598,949	5,251,273
General obligation debt - current portion	6,625,000	7,450,000
Total Current Liabilities	21,131,685	26,108,049
Non-current liabilities		
Compensated absences	1,469,888	1,366,762
Net pension liability	-	9,650,147
General obligation debt	12,322,908	11,861,015
Total Non-Current Liabilities	13,792,796	22,877,924
Total Liabilities	34,924,481	48,985,973
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to OPEB	11,097,284	10,547,890
Deferred amounts related to pensions	25,384,929	13,294,748
Total Deferred Inflows of Resources	36,482,213	23,842,638
NET POSITION		
Net investment in capital assets	86,737,752	78,694,824
Restricted for		
Debt service	1,002,503	663,942
Student financial aid	138,586	125,255
Student organizations	482,035	446,837
OPEB	16,154,154	12,147,106
Pension	8,454,420	-
Unrestricted	35,589,596	39,576,388
TOTAL NET POSITION	\$ 148,559,046	\$ 131,654,352

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, 2020 and 2019

REVENUES	2020	2019
Operating revenues		
Tuition and fees		
Program fees (net of \$3,017,619 and \$2,967,275 scholarship allowances respectively)	\$ 9,213,942	\$ 9,171,678
Material fees (net of \$192,384 and \$192,243 scholarship allowances respectively)	581,311	590,653
Other student fees (net of \$404,150 and \$431,869 scholarship allowances respectively)	1,222,287	1,327,401
State grants and contracts	2,496,242	2,267,454
Federal grants and contracts	5,403,623	5,128,262
Non-governmental grants and contracts	3,153,017	3,450,243
Auxiliary enterprise services	3,925,486	4,262,279
Total Operating Revenues	25,995,908	26,197,970
 EXPENSES		
Operating expenses		
Educational		
Instruction	41,500,767	45,874,721
Instructional resources	1,332,296	1,410,168
Student services	10,600,499	11,064,330
General institutional	12,604,893	12,750,217
Physical plant	5,623,009	6,880,022
Depreciation	4,883,681	4,588,122
Auxiliary enterprise services	3,894,177	4,501,684
Total Operating Expenses	80,439,322	87,069,264
Operating Loss	(54,443,414)	(60,871,294)
 NONOPERATING REVENUES (EXPENSES)		
State appropriations	47,727,907	47,588,988
Local property taxes	21,743,807	20,568,275
Loss on sale of capital assets	(455,227)	(806,651)
Investment income (net of \$30,010 and \$22,690 investment expenses respectively)	1,549,848	1,647,084
Interest on capital asset-related debt	(557,391)	(518,992)
Total Nonoperating Revenues (Expenses)	70,008,944	68,478,704
 CAPITAL CONTRIBUTIONS		
Federal and state appropriations for capital-related grants	176,524	78,171
Donations	1,162,640	2,828,462
Total Capital Contributions	1,339,164	2,906,633
 Change in Net Position	16,904,694	10,514,043
 NET POSITION - BEGINNING OF YEAR	131,654,352	121,140,309
 NET POSITION - END OF YEAR	\$ 148,559,046	\$ 131,654,352

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, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Tuition and fees received	\$ 11,371,081	\$ 11,165,660
Federal and state grants received	7,532,943	7,436,821
Business, industry and school district contract revenues received	3,152,772	3,693,668
Payments to employees including related benefits	(60,965,077)	(57,820,411)
Payments to suppliers	(21,788,993)	(23,008,058)
Auxiliary enterprise revenues received	3,939,022	4,296,072
Net Cash Flows From Operating Activities	(56,758,252)	(54,236,248)
Cash flows from non-capital financing activities		
Local property taxes received	21,604,316	20,283,093
State appropriations received	47,727,907	47,588,988
Net Cash Flows From Non-Capital Financing Activities	69,332,223	67,872,081
Cash flows from capital and related financing activities		
Federal and state appropriations received for capital assets	176,524	78,171
Donations	1,500,267	2,490,835
Purchases of capital assets	(15,791,078)	(11,738,760)
Proceeds from issuance of capital debt	7,750,000	7,750,000
Net premium received (discount paid) on debt issuance	298,178	145,897
Principal paid on capital debt	(8,280,000)	(8,320,000)
Interest paid on capital debt	(675,759)	(588,588)
Net Cash Flows From Capital and Related Financing Activities	(15,021,868)	(10,182,445)
Cash flows from investing activities		
Investment income received	964,145	777,007
Purchase of investments	(61,704,751)	(71,999,659)
Proceeds on sale of investments	59,828,248	67,360,555
Net Cash Flows From Investing Activities	(912,358)	(3,862,097)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,360,255)	(408,709)
Cash and Cash Equivalents - Beginning of Year	14,023,168	14,431,877
Cash and Cash Equivalents - End of Year	\$ 10,662,913	\$ 14,023,168

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, 2020 and 2019

	2020	2019
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (54,443,414)	\$ (60,871,294)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	4,883,681	4,588,122
(Increase) Decrease in deferred outflows of resources	6,453,311	(10,189,142)
Increase in deferred inflows of resources	12,639,575	1,855,744
Change in assets and liabilities:		
Accounts receivable	(347,766)	560,065
Inventories	(134,087)	75,987
Prepaid expenses and other assets	(1,542,792)	(381,258)
Net pension liability (asset)	(18,104,567)	17,909,742
Accounts payable	785,229	500,383
Wages and benefit payable	(3,606,343)	1,090,696
Unearned revenue	347,676	(165,814)
Compensated absences	318,293	(67,710)
Net OPEB asset	(4,007,048)	(9,141,769)
Net Cash Flows From Operating Activities	<u>\$ (56,758,252)</u>	<u>\$ (54,236,248)</u>
Reconciliation of cash and cash equivalents to Statement of Net Position:		
Cash	\$ 7,662,665	\$ 11,184,255
Short-term investments	3,000,248	2,838,913
	<u>\$ 10,662,913</u>	<u>\$ 14,023,168</u>
Noncash capital financing activities		
Donation of Capital Assets	<u>\$ 912,259</u>	<u>\$ -</u>

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, 2020 and 2019

ASSETS	2020	2019
Current assets		
Cash equivalents	\$ 2,317,690	\$ 4,763,744
Interest receivable	352,688	342,317
Contributions receivable	540,773	-
Total Current Assets	3,211,151	5,106,061
Non-current assets		
Long-term investments		
Equity Mutual Funds	5,781,241	-
Corporate bonds	25,192,489	26,207,946
Asset-backed securities	7,137,246	6,995,543
Supra Nationals	1,598,388	4,562,994
Federal Agency Collateral Mortgage Obligations	5,799,607	5,712,677
Federal Agency Mortgage Backed Securities	432,129	766,486
U.S. Treasuries	22,529,995	16,598,524
U.S. Instrumentalities	-	4,188,457
Total Non-Current Assets	68,471,095	65,032,627
Total Assets	71,682,246	70,138,688
LIABILITIES		
Current liabilities		
Accounts payable	-	396,755
Total Current Liabilities	-	396,755
Total Liabilities	-	396,755
NET POSITION		
Restricted for		
Post-employment benefits	71,682,246	69,741,933
TOTAL NET POSITION	\$ 71,682,246	\$ 69,741,933

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, 2020 and 2019

ADDITIONS	<u>2020</u>	<u>2019</u>
Contributions WCTC	<u>\$ 1,017,737</u>	<u>\$ -</u>
Investment income		
Interest	1,910,978	1,777,366
Investment expense	(62,197)	(53,781)
Unrealized gain/(loss)	<u>2,088,163</u>	<u>2,686,980</u>
Net investment income	<u>3,936,944</u>	<u>4,410,565</u>
Total additions	<u>4,954,681</u>	<u>4,410,565</u>
DEDUCTIONS		
Retiree benefits	3,009,368	3,462,846
Administrative expenses	<u>5,000</u>	<u>5,144</u>
Total Deductions	<u>3,014,368</u>	<u>3,467,990</u>
Change in Net Position	1,940,313	942,575
NET POSITION RESTRICTED FOR POST-EMPLOYMENT BENEFITS:		
BEGINNING OF YEAR	<u>69,741,933</u>	<u>68,799,358</u>
END OF YEAR	<u>\$ 71,682,246</u>	<u>\$ 69,741,933</u>

The accompanying notes are an integral part of these statements.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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, 2020 and 2019

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

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.

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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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

B. JOINT VENTURES (CONTINUED)

The following is a summary of financial information for WISPALS as of June 30, 2020 and 2019 (balance sheet dates):

	2020		2019	
	Total WISPALS	WCTC's Share	Total WISPALS	WCTC's Share
Total assets	\$ 301,222	\$ 27,384	\$ 70,646	\$ 6,422
Total liabilities	19,750	1,795	31,090	2,826
Total net position	281,472	25,588	39,556	3,596
Total revenues	856,886	77,899	600,301	54,573
Total expenses	614,970	55,906	595,709	54,155

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, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019 amounted to \$625,979 and \$394,845, 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, 2020 and 2019, the total unused accumulated sick leave for all employees amounted to \$8,937,793 and \$8,564,236, 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, 2020 and 2019 totaled \$575,078 and \$589,309, respectively, and is recorded as compensated absences in the current liabilities. The remaining portion of the liability, \$1,469,888 and \$1,366,762 at June 30, 2020 and 2019, 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, 2020 and 2019

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.

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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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)

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	424
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>104</u>
Total	<u>528</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, 2020 and 2019

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 (Im) 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 2020 was 6.57%. 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, 2020, 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, 2020, are:

Total OPEB Liability	\$ 55,528,092
Plan Fiduciary Net Position	<u>71,682,246</u>
Net OPEB Liability (Asset)	\$ (16,154,154)
Plan Fiduciary Net Position as a percent of total OPEB Liability	129.09%

A negative OPEB expense of \$3,553,147 was recognized for the fiscal year ending June 30, 2020.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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, 2029 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-2019.

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, 2020 and 2019

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	\$ 13,540	\$ 13,394	
	60-64	\$ 17,367	\$ 15,693	
Medicare Advantage Plan				\$ 3,795
PPO Plan				\$ 6,497
Dental	All ages	\$ 691	\$ 691	

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	9.0%	5.0%	5.0%
1	8.5%	5.0%	5.0%
2	8.0%	5.0%	5.0%
3	7.5%	5.0%	5.0%
4	7.0%	5.0%	5.0%
5	6.5%	5.0%	5.0%
6	6.0%	5.0%	5.0%
7	5.5%	5.0%	5.0%
8	5.5%	5.0%	5.0%
9+	5.0%	5.0%	5.0%

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2019, to June 30, 2020.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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	<u>\$ 57,594,827</u>	<u>\$ 69,741,933</u>	<u>\$ (12,147,106)</u>
Changes for the year			
Service cost	219,434	-	219,434
Interest	1,957,198	-	1,957,198
Differences between expected and actual experience	1,133,147	-	1,133,147
Changes in assumptions	(2,367,146)	-	(2,367,146)
Contributions - employer	-	1,017,737	(1,017,737)
Contributions - employee	-	-	-
Net investment income (loss)	-	3,936,944	(3,936,944)
Benefit payments	(3,009,368)	(3,009,368)	-
Administrative expense	-	(5,000)	5,000
Net changes	<u>(2,066,735)</u>	<u>1,940,313</u>	<u>(4,007,048)</u>
Balance at June 30, 2019	<u>\$ 55,528,092</u>	<u>\$ 71,682,246</u>	<u>\$ (16,154,154)</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	\$ 60,793,954	\$ 55,528,092	\$ 51,040,427
Plan Fiduciary Net Position	<u>71,682,246</u>	<u>71,682,246</u>	<u>71,682,246</u>
Net OPEB Liability (Asset)	<u>\$ (10,888,292)</u>	<u>\$ (16,154,154)</u>	<u>\$ (20,641,819)</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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	\$ 51,293,850	\$ 55,528,092	\$ 60,413,836
Plan Fiduciary Net Position	<u>71,682,246</u>	<u>71,682,246</u>	<u>71,682,246</u>
Net OPEB Liability (Asset)	<u>\$ (20,388,396)</u>	<u>\$ (16,154,154)</u>	<u>\$ (11,268,410)</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, 2020, 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	\$ 156,296	\$ -
Change of assumptions	-	(326,503)
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>(10,770,781)</u>
Total	<u>\$ 156,296</u>	<u>\$ (11,097,284)</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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	\$ (3,924,468)
2021	(3,084,852)
2022	(2,649,293)
2023	(1,282,375)
2024	-
Thereafter	-
Total	<u>\$ (10,940,988)</u>

Payable to the Plan

At June 30, 2020, WCTC had \$540,773 of outstanding contributions to the WCTC OPEB Trust for the year ended June 30, 2020.

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 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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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 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.

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%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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 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		69,741,933
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 \$3,425,230 was recognized for the fiscal year ending June 30, 2019.

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, 2020 and 2019

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				\$ 3,629
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, 2020 and 2019

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

Year	Medical		Dental -
	Under 65	Over 65	All Ages
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.

Changes in the 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	(8,199,194)	942,575	(9,141,769)
Balance at June 30, 2019	\$ 57,594,827	\$ 69,741,933	\$ (12,147,106)

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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	\$ 63,379,846	\$ 57,594,827	\$ 52,689,751
Plan Fiduciary Net Position	69,741,933	69,741,933	69,741,933
Net OPEB Liability (Asset)	\$ (6,362,087)	\$ (12,147,106)	\$ (17,052,182)

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	\$ 52,929,761	\$ 57,594,827	\$ 63,008,668
Plan Fiduciary Net Position	69,741,933	69,741,933	69,741,933
Net OPEB Liability (Asset)	\$ (16,812,172)	\$ (12,147,106)	\$ (6,733,265)

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, 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	-	(8,113,176)
Total	\$ 60,803	\$ (10,547,890)

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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>	
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.

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, 2020 and 2019

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, 2020 and 2019 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, 2020 and 2019 were \$0.15 and \$0.15 respectively. The total mill rate for the fiscal years ending June 30, 2020 and 2019 were \$0.36 and \$0.36 respectively.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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 \$11,176 and \$12,021 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019

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>2020</u>	<u>2019</u>
Unpaid claims at beginning of year	\$ 56,486	\$ 45,000
Incurred claims and claim adjustments for current year	<u>667,532</u>	<u>806,011</u>
Total incurred claims	724,018	851,011
Claims paid during the year	<u>676,298</u>	<u>794,525</u>
Total unpaid claims and claims adjustment at end of year	<u>\$ 47,720</u>	<u>\$ 56,486</u>

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

W. RECLASSIFICATIONS

Certain amounts presented in the 2019 financial statements have been reclassified to conform to the 2020 financial statement presentation.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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:

	2020	2019	Risks
Cash			
Non-interest-bearing demand deposits (overdraft)	\$ 6,641,722	\$ 6,282,669	Custodial
Repurchase agreements	1,020,782	4,901,428	Custodial, credit, interest rate and concentration of credit
Investment in WI LGIP	161	158	Credit
Total Cash	<u>7,662,665</u>	<u>11,184,255</u>	
Short-term Investments			
Repurchase agreements	<u>3,000,248</u>	<u>2,838,913</u>	Custodial, credit, interest rate and concentration of credit
Long-term Investments			
Corporate Bonds	7,378,307	5,986,252	Custodial, credit, interest rate and concentration of credit
Commercial Paper	1,999,112	9,394,573	Custodial, credit, interest rate and concentration of credit
Supra National Agency Asset-backed Security/ Collateralized Mortgage Obligations	1,674,780	2,792,037	Custodial, credit, interest rate and concentration of credit
U.S. Treasuries	805,585	1,133,564	Custodial, credit, interest rate and concentration of credit
U.S. Instrumentalities	31,713,443	19,890,844	Custodial and interest rate
U.S. Instrumentalities	-	2,019,999	Custodial, credit, interest rate and concentration of credit
Total Long-term Investments	<u>43,571,227</u>	<u>41,217,269</u>	
Total Cash and Investments	<u>\$54,234,140</u>	<u>\$55,240,437</u>	

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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:

	2020	2019	Risks
Cash equivalents			
Non-interest-bearing demand deposits (overdraft)	\$ 2,317,589	\$ 4,763,644	Custodial
Investment in WI Local Government Investment Pool	<u>101</u>	<u>100</u>	Credit
Total Cash	<u>2,317,690</u>	<u>4,763,744</u>	
Long-term Investments			
Equity Mutual Funds	5,781,241	-	Custodial
Corporate Bonds	25,192,489	26,207,946	Custodial, credit, interest rate and concentration of credit
U.S. Treasuries	22,529,995	16,598,524	Custodial and interest rate
Supra Nationals	1,598,388	4,562,994	Custodial, credit, interest rate and concentration of credit
Asset-backed Security/ Collateralized Mortgage Obligations	7,137,246	6,995,543	Custodial, credit, interest rate and concentration of credit
Federal Agency Mortgage-backed Securities	432,129	766,486	Custodial, credit, interest rate and concentration of credit
Federal Agency Collateralized Mortgage Obligations	5,799,607	5,712,677	Custodial, credit, interest rate and concentration of credit
U.S. Instrumentalities	<u>-</u>	<u>4,188,457</u>	Custodial, credit, interest rate and concentration of credit
Total Long-term Investments	<u>68,471,095</u>	<u>65,032,627</u>	
Total Cash and Investments	<u>\$ 70,788,785</u>	<u>\$ 69,796,371</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, 2020, 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, 2020 and 2019

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, 2020 and 2019

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 and 881.01. Investments in equity mutual funds, exchange traded funds, and other investments permitted by Wisconsin statute 881.01 are targeted at 10% of the total portfolio.

The cash and investments are classified as follows at June 30, 2020 and 2019:

	2020	2019
Restricted for		
Capital projects	\$ 22,846,885	\$24,306,868
Debt service	1,140,698	764,820
Total restricted	23,987,583	25,071,688
Unrestricted	30,246,557	30,168,749
Total Cash and Investments	\$ 54,234,140	\$55,240,437
Restricted for		
Post-Employment Benefits Trust	\$ 70,788,785	\$69,796,371

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 \$6,641,722 at June 30, 2020 and \$6,282,669 at June 30, 2019 and the bank's carrying values were \$7,232,600 and \$415,571, 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 \$8,967,372 as of June 30, 2020 and \$7,740,341 as of June 30, 2019.

For the WCTC Post-Employment Benefits Trust, the Trust's carrying value for non-interest bearing demand deposits was \$2,317,589 at June 30, 2020, and \$4,736,644 at June 30, 2019, and the bank's carrying values were \$2,317,589 and \$5,238,315 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, 2020 and 2019

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, 2020</u>	Fair Value	Investment Maturities (in years)		
		Less than 1	1 - 3	4 - 7
Repurchase agreements	\$ 4,021,030	\$ 4,021,030	\$ -	\$ -
Commercial Paper	1,999,112	1,999,112	-	-
US Treasuries	31,713,443	23,778,920	7,934,523	-
Supra Nationals	1,674,780	709,979	964,801	-
Asset-based Sec/Coll	805,585	-	264,402	541,183
Corporate Bonds	7,378,307	1,270,783	2,268,381	3,839,143
Total investments	<u>\$ 47,592,257</u>	<u>\$ 31,779,824</u>	<u>\$ 11,432,107</u>	<u>\$ 4,380,326</u>

<u>June 30, 2019</u>	Fair Value	Investment Maturities (in years)		
		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>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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, 2020</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 - 3</u>	<u>4 - 7</u>	<u>8+</u>
Corporate Bonds	\$ 25,192,489	\$ 1,880,827	\$ 9,769,529	\$ 10,536,645	\$ 3,005,488
U.S. Treasury Bills	22,529,995	-	8,057,826	14,472,169	-
Asset-backed Securities	7,137,246	-	-	7,137,246	-
Federal Agency Mortgage Obligations	432,129	-	-	432,129	-
Federal Agency Collateralized Mortgage Obligations	5,799,607	-	-	649,966	5,149,641
Supra Nationals	<u>1,598,388</u>	<u>-</u>	<u>1,598,388</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 62,689,854</u>	<u>\$ 1,880,827</u>	<u>\$ 19,425,743</u>	<u>\$ 33,228,155</u>	<u>\$ 8,155,129</u>

<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</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	<u>4,562,994</u>	<u>-</u>	<u>1,497,221</u>	<u>3,065,773</u>	<u>-</u>
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>

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, 2020 and 2019 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+, 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, 2020 and 2019 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, 2020 and 2019

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, 2020 and 2019 WCTC's investment portfolio included the following concentrations over 5%:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
		2020	2019
Toyota Motor Credit	Commercial Paper	0%	7%
Repurchase agreements	Repurchase agreements	7%	16%
Treasury Notes	U.S. Treasury	58%	40%

At June 30, 2020 and 2019 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>	
		2020	2019
Freddie Mac	Federal Agency Collateralized Mortgage Obligation	8%	7%
Treasury Notes	U.S. Treasury	32%	24%

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, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasuries	\$ 31,713,443	\$ -	\$ -	\$ 31,713,443
Corporate Bonds	-	7,378,307	-	7,378,307
Supra Nationals	-	1,674,780	-	1,674,780
Asset-backed Sec/Coll Mortgage Oblig	-	805,585	-	805,585
Commercial Paper	-	1,999,112	-	1,999,112
Repurchase agreements	-	-	4,021,030	4,021,030
Total	<u>\$ 31,713,443</u>	<u>\$ 11,857,784</u>	<u>\$ 4,021,030</u>	<u>\$ 47,592,257</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 2 - CASH AND INVESTMENTS (continued)

Investment Type	June 30, 2019			
	Level 1	Level 2	Level 3	Total
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	<u>\$ 19,890,844</u>	<u>\$ 21,326,425</u>	<u>\$ 7,740,341</u>	<u>\$ 48,957,610</u>

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, 2020			
	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 5,781,241	\$ -	\$ -	\$ 5,781,241
U.S. Treasuries	22,529,995	-	-	22,529,995
Corporate Bonds	-	25,192,489	-	25,192,489
Supra Nationals	-	1,598,388	-	1,598,388
Federal Agency Mortgage Backed Sec	-	432,129	-	432,129
Federal Agency Coll Mortgage Oblig	-	5,799,607	-	5,799,607
Asset Backed Sec/Coll Mortgage Oblig	-	7,137,246	-	7,137,246
Total	<u>\$ 28,311,236</u>	<u>\$ 40,159,859</u>	<u>\$ -</u>	<u>\$ 68,471,095</u>

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	<u>\$ 16,598,524</u>	<u>\$ 48,434,103</u>	<u>\$ -</u>	<u>\$ 65,032,627</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 3 - CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance <u>7/1/2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2020</u>
Capital assets not being depreciated				
Land	\$ 641,345	\$ -	\$ -	\$ 641,345
Construction in progress	<u>7,518,556</u>	<u>8,142,252</u>	<u>7,291,174</u>	<u>8,369,634</u>
Total capital assets not being depreciated	<u>8,159,901</u>	<u>8,142,252</u>	<u>7,291,174</u>	<u>9,010,979</u>
Capital assets being depreciated				
Land improvements	9,529,914	2,952,833	-	12,482,747
Buildings	34,814,821	1,346,265	273,003	35,888,083
Building improvements	46,636,117	3,558,633	-	50,194,750
Movable equipment	44,532,949	4,778,240	751,167	48,560,022
Leasehold improvements	2,337,665	-	35,205	2,302,460
Fixed equipment	<u>6,210,021</u>	<u>398,019</u>	<u>-</u>	<u>6,608,040</u>
Total capital assets being depreciated	<u>144,061,487</u>	<u>13,033,990</u>	<u>1,059,375</u>	<u>156,036,102</u>
Less accumulated depreciation for				
Land improvements	3,291,983	214,715	-	3,506,698
Buildings	12,658,988	792,985	169,766	13,282,207
Building improvements	8,976,152	1,054,121	-	10,030,273
Movable equipment	29,237,360	2,552,201	424,555	31,365,006
Leasehold improvements	300,387	48,367	9,827	338,927
Fixed equipment	<u>1,763,002</u>	<u>221,292</u>	<u>-</u>	<u>1,984,294</u>
Total accumulated depreciation	<u>56,227,872</u>	<u>4,883,681</u>	<u>604,148</u>	<u>60,507,405</u>
Total capital assets being depreciated - net	<u>87,833,615</u>	<u>8,150,309</u>	<u>455,227</u>	<u>95,528,697</u>
Total net capital assets	95,993,516	<u>\$ 16,292,561</u>	<u>\$ 7,746,401</u>	104,539,676
Less general obligation debt, net of unspent proceeds	<u>(17,298,692)</u>			<u>(17,801,924)</u>
Net investment in capital assets	<u>\$ 78,694,824</u>			<u>\$ 86,737,752</u>
Total general obligation debt	\$ (19,110,000)			\$ (18,580,000)
Unspent proceeds	<u>1,811,308</u>			<u>778,076</u>
General obligation debt, net	<u>\$ (17,298,692)</u>			<u>\$ (17,801,924)</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 3 - CHANGES IN CAPITAL ASSETS (continued)

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, 2020 and 2019

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>6/30/2019</u>	<u>Additions</u>	<u>Decreases</u>	<u>6/30/2020</u>	<u>Due within one year</u>
Notes payable	\$ 19,110,000	\$ 7,750,000	\$ 8,280,000	\$ 18,580,000	\$ 6,625,000
Add deferral of premium	<u>201,015</u>	<u>298,178</u>	<u>131,285</u>	<u>367,908</u>	<u>-</u>
Net notes payable	19,311,015	8,048,178	8,411,285	18,947,908	6,625,000
Compensated absences	<u>2,433,596</u>	<u>1,551,119</u>	<u>1,300,536</u>	<u>2,684,179</u>	<u>1,214,291</u>
Total	<u>\$ 21,744,611</u>	<u>\$ 9,599,297</u>	<u>\$ 9,711,821</u>	<u>\$ 21,632,087</u>	<u>\$ 7,839,291</u>

	<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>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 4 - LONG TERM OBLIGATIONS (continued)

Outstanding general obligation notes consisted of the following at June 30, 2020 and 2019:

	2020	2019
2013 general obligation promissory notes with interest of 1.00%, varying amounts due annually on April 1, final maturity in 2020	(a) \$ -	\$ 160,000
2013 general obligation promissory notes with interest of 1.255% - 2%, varying amounts due annually on April 1, final maturity in 2020	(b) -	515,000
2015 general obligation promissory notes with interest of 0.75% - 1.4%, varying amounts due annually on April 1, final maturity in 2020	(c) -	310,000
2015 general obligation promissory notes with interest of 1.00% - 2.00%, varying amounts due annually on April 1, final maturity in 2020	(d) -	1,000,000
2016 general obligation promissory notes with interest of 1.00% - 2.00%, varying amounts due annually on April 1, final maturity in 2020	(e) -	485,000
2016 general obligation promissory notes with interest of 1.00% - 2.50%, varying amounts due annually on April 1, final maturity in 2021	(f) 1,180,000	2,340,000
2017 general obligation promissory notes with interest of 1.00% - 2.00%, varying amounts due annually on April 1, final maturity in 2021	(g) 560,000	1,105,000
2018 general obligation promissory notes with interest of 1.50% - 1.75%, varying amounts due annually on April 1, final maturity in 2022	(h) 1,700,000	2,530,000
2018 general obligation promissory notes with interest of 2.00% - 2.50%, varying amounts due annually on April 1, final maturity in 2023	(i) 1,485,000	1,950,000
2018 general obligation promissory notes with interest of 2.00% - 2.25%, varying amounts due annually on April 1, final maturity in 2023	(j) 930,000	1,220,000
2018 general obligation promissory notes with interest of 2.00% - 3.00%, varying amounts due annually on April 1, final maturity in 2023	(k) 4,055,000	5,345,000

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 4 - LONG TERM OBLIGATIONS (continued)

	<u>2020</u>	<u>2019</u>
2019 general obligation promissory notes with interest of 2.25% - 2.50%, varying amounts due annually on April 1, final maturity in 2024	(l) \$ 1,750,000	\$ 2,150,000
2019 general obligation promissory notes with interest of 2.00% - 3.0%, varying amounts due annually on April 1, final maturity in 2024	(m) 4,020,000	-
2020 general obligation promissory notes with interest of 2.00% - 3.0%, varying amounts due annually on April 1, final maturity in 2025	(n) <u>2,900,000</u>	<u>-</u>
Total General Obligation Notes	<u>\$ 18,580,000</u>	<u>\$ 19,110,000</u>

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 4 - LONG TERM OBLIGATIONS (continued)

- (g) 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.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) 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.
- (l) 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.
- (m) The General Obligation Promissory Notes dated September 4, 2019, were issued for \$4,850,000 to finance building improvement projects, site improvements, and capital equipment. Semi-annual payments are made on October 1 and April 1 of each year. The notes are payable to HSE & Co.
- (n) The General Obligation Promissory Notes dated March 3, 2020, were issued for \$2,900,000 to finance 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 BNY Mellon Capital Markets, LLC.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 4 - LONG TERM OBLIGATIONS (continued)

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

Year	Principal	Interest	Total
2021	\$ 6,625,000	\$ 449,539	\$ 7,074,539
2022	4,990,000	309,912	5,299,912
2023	4,260,000	190,575	4,450,575
2024	2,095,000	72,850	2,167,850
2025	610,000	15,250	625,250
	<u>\$18,580,000</u>	<u>\$1,038,126</u>	<u>\$19,618,126</u>

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, 2020, the 5% limitation was \$2,985,724,686 and WCTC's outstanding general obligation debt of \$18,580,000, net of resources available of \$1,002,503 to pay principal, was \$17,577,497.

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, 2020, the 2% limitation was \$1,194,289,874 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, 2020 and 2019

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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	-1.3%	22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%

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 \$2,640,789 in contributions from WCTC.

Contribution rates for the plan year as of June 30, 2020, are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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, 2020, WCTC reported an asset of \$8,454,420 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2019. 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, 2019, WCTC's proportion was 0.26219676%, which was a decrease of 0.00905107% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, WCTC recognized pension expense of \$3,218,314.

At June 30, 2020, 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	\$ 16,048,422	\$ 8,031,161
Changes in assumptions	658,822	-
Net differences between projected and actual earnings on pension plan instruments	-	17,283,841
Changes in proportion and differences between employer contribution and proportionate share of contributions	82,269	69,927
Employer contribution subsequent to the measurement date	1,403,830	-
Total	\$ 18,193,343	\$ 25,384,929

The \$1,403,830 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2021. 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>	
2021	\$ 3,648,205
2022	957,198
2023	1,605,411
2024	3,870,605
2025	-
Thereafter	-

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 5 - RETIREMENT PLAN (continued)

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

Actuarial assumptions: The total pension asset in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Valuation Date	December 31, 2018
Liability (Asset)	December 31, 2019
Actuarial Cost Method	Entry Age Normal
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. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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 percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<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	49.0%	8.0%	5.1%
Fixed Income	24.5%	4.9%	2.1%
Inflation-sensitive Assets	15.5%	4.0%	1.2%
Real Estate	9.0%	6.3%	3.5%
Private Equity/Debt	8.0%	10.6%	7.6%
Multi-Asset	4.0%	6.9%	4.0%
Total Core fund	110.0%	7.5%	4.6%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE 5 - RETIREMENT PLAN (continued)

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

<u>Variable FundAsset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	70.0%	7.5%	4.6%
International Equities	30.0%	8.2%	5.3%
Total Variable Fund	100.0%	7.8%	4.9%

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 for the current and 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 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% 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 Discount Rate (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% increase to Discount Rate (8.0%)</u>
WCTC proportionate share of the net pension liability (asset)	\$21,771,643	\$ (8,454,420)	\$ (31,051,879)

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, 2020 and 2019

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, 2020 and 2019

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>
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 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, 2020 and 2019

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, 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, 2020 and 2019

NOTE 5 - RETIREMENT PLAN (continued)

C. WISCONSIN RETIREMENT SYSTEM - PRIOR 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 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 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, 2020 and 2019

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%	7.6%	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, 2020 and 2019

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.

Effective during fiscal year ending 2020 the Workforce Development Center lease was terminated and the building was donated to WCTC.

Total lease expenses for the years ended June 30, 2020 and 2019, amounted to \$238,975 and \$297,014 respectively, plus operating costs.

Total future minimum lease payments are as follows:

<u>June 30</u>	<u>Amount</u>
2021	\$ 129,292
2022	109,940
2023	<u>84,348</u>
	<u>\$ 323,580</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 \$2,106,731 related to construction in progress at year end. It is anticipated that the construction will be completed during the 2021 fiscal year.

D. NET POSITION

WCTC has designated approximately \$1,000,000 of restricted net position to finance expenses for fiscal year 2021. 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, 2020 and 2019

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, 2020 and 2019

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 \$837,000 reported at June 30, 2020, 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:

	2020	2019
Unpaid claims at beginning of year	\$ 1,197,000	\$ 902,000
Incurred claims and claim adjustments for current year	9,149,069	10,583,069
Total incurred claims	10,346,069	11,485,069
Claims paid during the year	9,509,069	10,288,069
Total unpaid claims and claims adjustment at end of year	\$ 837,000	\$ 1,197,000

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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, 2020 and 2019:

	2020	2019
Salaries and wages	\$ 43,801,768	\$ 43,983,262
Benefits	10,856,530	15,294,710
Staff development	389,972	549,025
Supplies	1,466,191	1,725,315
Contracted services	7,903,147	7,394,549
Rentals - facilities and equipment	307,706	672,690
Marketing/promotions	640,051	689,798
Periodicals/publications	241,292	246,896
Student activities	387,333	396,829
Insurance	592,928	640,188
Repairs, service and maintenance	887,842	1,036,370
Utilities	1,209,562	1,363,110
Minor equipment	1,880,745	3,187,633
Depreciation	4,883,682	4,588,122
Student financial aid	1,880,106	1,840,564
Resale	2,364,475	2,827,388
Other expenses	745,992	632,815
Total operating expenses	\$ 80,439,322	\$ 87,069,264

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:

	2020	2019
Student tuition and fees receivable	\$ 6,687,912	\$ 6,643,777
Grant funds receivable	1,014,482	985,187
Business and industry contract receivable	437,614	437,369
Miscellaneous receivable	1,018,299	1,031,835
Allowance for uncollectible amounts	(875,000)	(825,000)
	8,283,307	8,273,168
Taxes receivable	4,503,684	4,364,193
Interest receivable	237,052	128,804
Total receivables	\$13,024,043	\$12,766,165

The student tuition and fees receivable includes \$3,843,569 and \$3,744,502 respectively for the fall 2020 and 2019 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, 2020 and 2019

NOTE 10 - SUBSEQUENT EVENT

At the August 2020, WCTC Board meeting, the WCTC Board approved the sale of \$4,500,000 general obligation promissory notes to pay for fiscal year 2021 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. 87, Leases
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus
- Statement No. 93, Replacement of Interbank Offered Rates
- Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- Statement No. 96, Subscription-Based Information Technology Arrangements
- Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, Postponement of Effective Dates of Certain Authoritative Guidance, with the exception of Statement No. 87 which was postponed by one and a half years. 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%
6/30/2020	12/31/2019	0.26219676%	(8,454,420)	40,328,803	20.96%	102.96%

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%
6/30/2020	2,679,960	2,679,960	-	40,280,386	6.65%

* 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, 2020

	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 328,158	\$ 293,151	\$ 265,600	\$ 219,434
Interest	2,755,981	2,327,259	2,242,015	1,957,198
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(10,756,748)	(3,862,716)	184,890	1,133,147
Changes of assumptions	942,101	2,068,129	(7,403,517)	(2,367,146)
Benefit payments	<u>(3,498,083)</u>	<u>(3,545,531)</u>	<u>(3,488,182)</u>	<u>(3,009,368)</u>
Net Change in Total OPEB Liability	<u>(10,228,591)</u>	<u>(2,719,708)</u>	<u>(8,199,194)</u>	<u>(2,066,735)</u>
Total OPEB Liability - Beginning	<u>78,742,320</u>	<u>68,513,729</u>	<u>65,794,021</u>	<u>57,594,827</u>
Total OPEB Liability - Ending (a)	<u>\$ 68,513,729</u>	<u>\$ 65,794,021</u>	<u>\$ 57,594,827</u>	<u>\$ 55,528,092</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 3,651,451	\$ -	\$ -	\$ 1,017,737
Net investment income	821,353	(297,518)	4,410,565	3,936,944
Benefit payments	(3,498,083)	(3,545,531)	(3,462,846)	(3,009,368)
Administrative expenses	<u>(5,238)</u>	<u>(5,075)</u>	<u>(5,144)</u>	<u>(5,000)</u>
Net Change in Plan Fiduciary Net Position	969,483	(3,848,124)	942,575	1,940,313
Plan Fiduciary Net Position - Beginning	<u>71,677,999</u>	<u>72,647,482</u>	<u>68,799,358</u>	<u>69,741,933</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 72,647,482</u>	<u>\$ 68,799,358</u>	<u>\$ 69,741,933</u>	<u>\$ 71,682,246</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (4,133,753)</u>	<u>\$ (3,005,337)</u>	<u>\$ (12,147,106)</u>	<u>\$ (16,154,154)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	106.03%	104.57%	121.09%	129.09%
Covered-employee payroll	\$ 12,747,437	\$ 10,908,274	\$ 10,895,877	\$ 8,930,356
Net OPEB liability (asset) as a percentage of covered-employee payroll	-32.43%	-27.55%	-111.48%	-180.89%
Total OPEB liability as a percentage of covered-employee payroll	537.47%	603.16%	528.59%	621.79%

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, 2020

	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 1,421,561	\$ 905,013	\$ 483,848	\$ 434,959	\$ 350,649
Contributions in relation to the actuarially determined contribution	<u>7,847,237</u>	<u>3,651,451</u>	-	-	<u>1,017,737</u>
Contribution deficiency (excess)	<u>\$ (6,425,676)</u>	<u>\$ (2,746,438)</u>	<u>\$ 483,848</u>	<u>\$ 434,959</u>	<u>\$ (667,088)</u>
Covered-employee payroll	\$ 13,508,381	\$ 12,747,437	\$ 10,908,274	\$ 10,895,877	\$ 8,930,356
Contributions as a percentage of covered-employee payroll	58.09%	28.64%	0.00%	0.00%	11.40%
Annual rate of return on fair market value of assets, net of investment expense	1.54%	1.21%	-0.36%	6.90%	6.57%

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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Years Ended June 30, 2020 and 2019

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

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.

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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020		Actual On a Budgetary Basis	Variance with Final Budget	2019 Actual (Budgetary Basis)
	Original Budget	Final Budget			
REVENUES					
Local government	\$ 11,048,797	\$11,601,871	\$ 11,836,113	\$ 234,242	\$ 10,712,511
Intergovernmental revenue					
State	47,588,730	47,905,760	47,727,907	(177,853)	47,588,988
Federal	-	-	9,340	9,340	10,370
Tuition and fees					
Statutory program fees	12,152,940	12,152,940	12,143,918	(9,022)	12,087,549
Materials fees	770,800	770,800	772,265	1,465	783,124
Other student fees	1,150,550	1,150,550	981,953	(168,597)	1,090,484
Institutional fees	3,911,890	3,951,890	3,602,985	(348,905)	3,986,368
Total Revenues	<u>76,623,707</u>	<u>77,533,811</u>	<u>77,074,481</u>	<u>(459,330)</u>	<u>76,259,394</u>
EXPENDITURES					
Current					
Instruction	46,484,961	46,984,961	41,463,499	5,521,462	43,559,051
Instructional resources	1,541,420	1,541,420	1,419,651	121,769	1,411,095
Student services	8,814,963	9,014,963	7,860,900	1,154,063	7,687,293
General institutional	14,148,052	14,098,156	13,440,018	658,138	12,481,056
Physical plant	5,634,311	5,894,311	5,887,955	6,356	6,397,630
Total Expenditures	<u>76,623,707</u>	<u>77,533,811</u>	<u>70,072,023</u>	<u>7,461,788</u>	<u>71,536,125</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>7,002,458</u>	<u>7,002,458</u>	<u>4,723,269</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	20,000	20,000	-	(20,000)	20,000
Transfer out	(20,000)	(4,594,000)	(4,574,000)	20,000	(4,190,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,574,000)</u>	<u>(4,574,000)</u>	<u>-</u>	<u>(4,170,000)</u>
Net Change in Fund Balance	-	(4,574,000)	2,428,458	7,002,458	553,269
FUND BALANCE - BEGINNING OF YEAR	<u>19,909,188</u>	<u>24,026,330</u>	<u>24,026,330</u>	<u>-</u>	<u>23,473,061</u>
FUND BALANCE - END OF YEAR	<u>\$ 19,909,188</u>	<u>\$19,452,330</u>	<u>\$ 26,454,788</u>	<u>\$ 7,002,458</u>	<u>\$ 24,026,330</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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020				2019 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ 963,400	\$ 963,400	\$ 963,400	\$ -	\$ 925,470
Intergovernmental revenue					
State	1,350,800	1,350,800	1,280,439	(70,361)	997,104
Federal	689,900	1,039,900	921,642	(118,258)	801,997
Tuition and fees					
Materials fees	5,700	5,700	1,955	(3,745)	-
Other student fees	107,800	107,800	58,164	(49,636)	52,641
Institutional fees	30,000	30,000	240,080	210,080	240,868
Total Revenues	<u>3,147,600</u>	<u>3,497,600</u>	<u>3,465,680</u>	<u>(31,920)</u>	<u>3,018,080</u>
EXPENDITURES					
Current					
Instruction	2,149,400	2,274,400	2,267,978	6,422	1,971,545
Student services	890,300	940,300	939,245	1,055	956,457
General institutional	107,900	245,400	240,737	4,663	94,576
Physical plant	-	37,500	32,328	5,172	-
Total Expenditures	<u>3,147,600</u>	<u>3,497,600</u>	<u>3,480,288</u>	<u>17,312</u>	<u>3,022,578</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(14,608)</u>	<u>(14,608)</u>	<u>(4,498)</u>
Net Change in Fund Balance	-	-	(14,608)	(14,608)	(4,498)
FUND BALANCE - BEGINNING OF YEAR	<u>426,978</u>	<u>551,820</u>	<u>551,820</u>	<u>-</u>	<u>556,318</u>
FUND BALANCE - END OF YEAR	<u>\$ 426,978</u>	<u>\$ 551,820</u>	<u>\$ 537,212</u>	<u>\$ (14,608)</u>	<u>\$ 551,820</u>

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

COMBINING BALANCE SHEET
As of June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	Grantor Agencies	Student Financial Aid Fund	Other Student Activities Fund	Totals	
				2020	2019
ASSETS					
Cash	\$ -	\$ -	\$ 500	\$ 500	\$ 500
Accounts receivable	254,469	71,224	-	325,693	13,121
Due from other funds	-	74,151	634,442	708,593	792,708
TOTAL ASSETS	\$ 254,469	\$ 145,375	\$ 634,942	\$ 1,034,786	\$ 806,329
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 209	\$ 209	\$ 3,804
Due to other funds	254,469	-	-	254,469	-
Wages payable	-	-	-	-	100
Compensated absences	-	-	2,623	2,623	1,647
Unearned revenue	-	6,789	150,075	156,864	228,686
Total Liabilities	254,469	6,789	152,907	414,165	234,237
FUND BALANCE					
Restricted for student organizations	-	-	482,035	482,035	446,837
Restricted for student financial assistance	-	138,586	-	138,586	125,255
Total Fund Balance	-	138,586	482,035	620,621	572,092
TOTAL LIABILITIES AND FUND BALANCE	\$ 254,469	\$ 145,375	\$ 634,942	\$ 1,034,786	\$ 806,329

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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	Grantor Agencies	Student Financial Aid Fund	Other Student Activities Fund	Totals	
				2020	2019
REVENUES					
Local government – tax levy	\$ -	\$ 151,500	\$ -	\$ 151,500	\$ 137,500
Intergovernmental revenue					
State	266,619	949,184	-	1,215,803	1,251,688
Federal	17,818	4,426,546	-	4,444,364	4,287,560
Student activities	-	-	586,320	586,320	616,145
Other	-	1,800	12,405	14,205	13,802
Total Revenues	<u>284,437</u>	<u>5,529,030</u>	<u>598,725</u>	<u>6,412,192</u>	<u>6,306,695</u>
EXPENDITURES					
Current					
Instruction					
Grants	29,968	-	-	29,968	-
Student Services					
Grants	254,469	5,515,699	-	5,770,168	5,702,372
Other	-	-	563,527	563,527	599,027
Total Expenditures	<u>284,437</u>	<u>5,515,699</u>	<u>563,527</u>	<u>6,363,663</u>	<u>6,301,399</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>13,331</u>	<u>35,198</u>	<u>48,529</u>	<u>5,296</u>
OTHER FINANCING SOURCES					
Transfer in	-	-	-	-	20,000
Net Change in Fund Balance	<u>-</u>	<u>13,331</u>	<u>35,198</u>	<u>48,529</u>	<u>25,296</u>
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>125,255</u>	<u>446,837</u>	<u>572,092</u>	<u>546,796</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 138,586</u>	<u>\$ 482,035</u>	<u>\$ 620,621</u>	<u>\$ 572,092</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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020				2019 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ 151,500	\$ 151,500	\$ 151,500	\$ -	\$ 137,500
Intergovernmental revenue					
State	1,292,220	1,292,220	1,215,803	(76,417)	1,251,688
Federal	5,007,818	5,507,818	4,444,364	(1,063,454)	4,287,560
Tuition and fees					
Other student fees	625,000	625,000	586,320	(38,680)	616,145
Institutional fees	13,000	13,000	14,205	1,205	13,802
Total Revenues	<u>7,089,538</u>	<u>7,589,538</u>	<u>6,412,192</u>	<u>(1,177,346)</u>	<u>6,306,695</u>
EXPENDITURES					
Current					
Instruction	-	30,000	29,968	32	-
Student services	7,109,538	7,619,538	6,333,695	1,285,843	6,301,399
Total Expenditures	<u>7,109,538</u>	<u>7,649,538</u>	<u>6,363,663</u>	<u>1,285,875</u>	<u>6,301,399</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20,000)</u>	<u>(60,000)</u>	<u>48,529</u>	<u>108,529</u>	<u>5,296</u>
OTHER FINANCING SOURCES					
Transfer in	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>20,000</u>
Net Change in Fund Balance	<u>-</u>	<u>(40,000)</u>	<u>48,529</u>	<u>88,529</u>	<u>25,296</u>
FUND BALANCE - BEGINNING OF YEAR	<u>662,640</u>	<u>572,092</u>	<u>572,092</u>	<u>-</u>	<u>546,796</u>
FUND BALANCE - END OF YEAR	<u>\$ 662,640</u>	<u>\$ 532,092</u>	<u>\$ 620,621</u>	<u>\$ 88,529</u>	<u>\$ 572,092</u>

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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020				2019 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Intergovernmental revenue					
State	\$ -	\$ 69,000	\$ 82,000	\$ 13,000	\$ 78,171
Federal	-	100,000	94,524	(5,476)	-
Institutional fees	380,000	380,000	1,725,778	1,345,778	3,534,191
Total Revenues	<u>380,000</u>	<u>549,000</u>	<u>1,902,302</u>	<u>1,353,302</u>	<u>3,612,362</u>
EXPENDITURES					
Capital outlay					
Instruction	3,523,020	3,702,020	3,180,597	521,423	3,405,553
Instructional resources	84,074	84,074	37,058	47,016	190,682
Student services	6,000	31,000	27,132	3,868	-
General institutional	1,331,000	1,506,000	1,265,008	240,992	274,967
Physical plant	7,771,215	8,606,215	8,601,328	4,887	10,317,577
Total Expenditures	<u>12,715,309</u>	<u>13,929,309</u>	<u>13,111,123</u>	<u>818,186</u>	<u>14,188,779</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,335,309)</u>	<u>(13,380,309)</u>	<u>(11,208,821)</u>	<u>2,171,488</u>	<u>(10,576,417)</u>
OTHER FINANCING SOURCES					
Transfer in	-	4,574,000	4,574,000	-	4,170,000
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>12,324,000</u>	<u>12,324,000</u>	<u>-</u>	<u>11,920,000</u>
Net Change in Fund Balance	(4,585,309)	(1,056,309)	1,115,179	2,171,488	1,343,583
FUND BALANCE - BEGINNING OF YEAR	<u>15,263,939</u>	<u>17,007,787</u>	<u>17,007,787</u>	<u>-</u>	<u>15,664,204</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,678,630</u>	<u>\$ 15,951,478</u>	<u>\$18,122,966</u>	<u>\$ 2,171,488</u>	<u>\$ 17,007,787</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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020				2019 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ 8,792,794	\$8,792,794	\$8,792,794	\$ -	\$8,792,794
Institutional fees	100,000	100,000	383,158	283,158	168,320
Total Revenues	<u>8,892,794</u>	<u>8,892,794</u>	<u>9,175,952</u>	<u>283,158</u>	<u>8,961,114</u>
EXPENDITURES - Debt Service					
Physical Plant	<u>8,892,794</u>	<u>8,892,794</u>	<u>8,824,474</u>	<u>68,320</u>	<u>8,825,630</u>
Total Expenditures	<u>8,892,794</u>	<u>8,892,794</u>	<u>8,824,474</u>	<u>68,320</u>	<u>8,825,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>351,478</u>	<u>351,478</u>	<u>135,484</u>
FUND BALANCE - BEGINNING OF YEAR	<u>756,001</u>	<u>764,820</u>	<u>764,820</u>	<u>-</u>	<u>629,336</u>
FUND BALANCE - END OF YEAR	<u>\$ 756,001</u>	<u>\$ 764,820</u>	<u>\$1,116,298</u>	<u>\$ 351,478</u>	<u>\$ 764,820</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, 2020

(with comparative totals for the year ended June 30, 2019)

	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
ASSETS																		
Accounts receivable	\$ -	\$ -	\$ 109,834	\$ 90,021	1,756	\$ 17,895	\$ 4,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,345	\$ 107,916
Due from other funds	31,934	99,828	-	-	25,557	6,741	7,480	24,273	10,701	51,649	21,294	39,695	-	-	14,986	66,343	111,952	288,529
Prepays	-	-	204	426	-	-	-	-	-	-	-	-	3,183	3,121	-	-	3,387	3,547
Inventories	5,161	6,883	498,304	358,280	-	-	8,571	8,705	11,180	11,521	-	-	7,029	7,467	-	-	530,245	392,856
Total Current Assets	<u>37,095</u>	<u>106,711</u>	<u>608,342</u>	<u>448,727</u>	<u>27,313</u>	<u>24,636</u>	<u>20,806</u>	<u>32,978</u>	<u>21,881</u>	<u>63,170</u>	<u>21,294</u>	<u>39,695</u>	<u>10,212</u>	<u>10,588</u>	<u>14,986</u>	<u>66,343</u>	<u>761,929</u>	<u>792,848</u>
Capital assets																		
Building	-	-	302,439	302,439	-	-	-	-	-	-	-	-	-	-	-	-	302,439	302,439
Equipment	-	-	217,940	217,940	4,236	4,236	-	-	-	-	-	-	-	-	-	-	222,176	222,176
Less: accumulated depreciation	-	-	(46,872)	(29,652)	(4,236)	(4,236)	-	-	-	-	-	-	-	-	-	-	(51,108)	(33,888)
Capital Assets, Net	<u>-</u>	<u>-</u>	<u>473,507</u>	<u>490,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473,507</u>	<u>490,727</u>
TOTAL ASSETS	<u>\$ 37,095</u>	<u>\$106,711</u>	<u>\$ 1,081,849</u>	<u>\$ 939,454</u>	<u>27,313</u>	<u>\$ 24,636</u>	<u>\$ 20,806</u>	<u>\$ 32,978</u>	<u>\$ 21,881</u>	<u>\$ 63,170</u>	<u>\$ 21,294</u>	<u>\$ 39,695</u>	<u>\$ 10,212</u>	<u>\$ 10,588</u>	<u>\$ 14,986</u>	<u>\$ 66,343</u>	<u>\$ 1,235,436</u>	<u>\$ 1,283,575</u>
LIABILITIES AND NET POSITION																		
Current liabilities																		
Accounts payable	\$ -	\$ -	\$ 30,022	\$ 30,392	2,141	\$ 2,957	\$ 89	\$ 861	\$ -	\$ -	\$ -	\$ -	\$ 4,129	\$ 7,180	\$ -	\$ 38,998	\$ 36,381	\$ 80,388
Compensated absences	-	-	17,137	9,263	6,361	5,009	-	-	-	-	-	-	-	-	-	-	23,498	14,272
Due to other funds	-	-	101,889	88,402	-	-	-	-	-	-	-	-	6,083	3,408	-	-	107,972	91,810
Due to student groups	14,925	12,022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,925	12,022
Unearned revenue	25	25	410,477	268,188	18,811	10,813	120	130	-	-	-	-	-	-	14,986	26,504	444,419	305,660
Total Current Liabilities	<u>14,950</u>	<u>12,047</u>	<u>559,525</u>	<u>396,245</u>	<u>27,313</u>	<u>18,779</u>	<u>209</u>	<u>991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,212</u>	<u>10,588</u>	<u>14,986</u>	<u>65,502</u>	<u>627,195</u>	<u>504,152</u>
NET POSITION																		
Net investment in capital assets	-	-	473,507	490,727	-	-	-	-	-	-	-	-	-	-	-	-	473,507	490,727
Unrestricted	22,145	94,664	48,817	52,482	-	5,857	20,597	31,987	21,881	63,170	21,294	39,695	-	-	841	134,734	288,696	
Total Net Position	<u>22,145</u>	<u>94,664</u>	<u>522,324</u>	<u>543,209</u>	<u>-</u>	<u>5,857</u>	<u>20,597</u>	<u>31,987</u>	<u>21,881</u>	<u>63,170</u>	<u>21,294</u>	<u>39,695</u>	<u>-</u>	<u>-</u>	<u>841</u>	<u>608,241</u>	<u>779,423</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 37,095</u>	<u>\$106,711</u>	<u>\$ 1,081,849</u>	<u>\$ 939,454</u>	<u>27,313</u>	<u>\$ 24,636</u>	<u>\$ 20,806</u>	<u>\$ 32,978</u>	<u>\$ 21,881</u>	<u>\$ 63,170</u>	<u>\$ 21,294</u>	<u>\$ 39,695</u>	<u>\$ 10,212</u>	<u>\$ 10,588</u>	<u>\$ 14,986</u>	<u>\$ 66,343</u>	<u>\$ 1,235,436</u>	<u>\$ 1,283,575</u>

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, 2020

(with comparative totals for the year ended June 30, 2019)

	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals		
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
OPERATING REVENUES																			
Federal funding	\$ -	\$ -	\$ -	\$ -	\$ 28,277	\$ 28,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,277	\$ 28,335	
User charges	39,589	49,898	2,853,947	3,123,577	461,709	659,591	67,719	69,655	10,288	11,716	21,245	19,549	133,145	172,333	71,236	72,647	3,658,878	4,178,966	
Total Operating Revenues	<u>39,589</u>	<u>49,898</u>	<u>2,853,947</u>	<u>3,123,577</u>	<u>\$ 489,986</u>	<u>\$ 687,926</u>	<u>67,719</u>	<u>69,655</u>	<u>10,288</u>	<u>11,716</u>	<u>21,245</u>	<u>19,549</u>	<u>133,145.00</u>	<u>172,333</u>	<u>71,236</u>	<u>72,647</u>	<u>3,687,155</u>	<u>4,207,301</u>	
OPERATING EXPENSES																			
Materials	23,228	23,562	2,261,797	2,451,832	30,366	42,324	76,370	61,583	9,045	10,136	12,198	1,944	16,136	26,557	-	-	2,429,140	2,617,938	
Salaries	-	15,005	340,586	333,440	418,056	489,759	-	-	-	-	-	10,866	91,788	126,716	-	-	850,430	975,786	
Benefits	-	7,662	136,424	127,500	154,410	178,611	-	-	-	-	-	5,482	7,186	9,959	-	-	298,020	329,214	
Repairs and service	1,305	1,232	379	478	-	-	-	-	-	45,241	-	-	-	-	-	-	1,684	46,951	
Depreciation	-	-	17,220	22,690	-	-	-	-	-	-	-	-	-	-	-	-	17,220	22,690	
Other	3,575	2,437	118,426	120,278	4,355	6,311	2,739	2,774	2,185	1,316	2,148	1,298	63,932	92,325	64,483	72,647	261,843	299,386	
Total Operating Expenses	<u>28,108</u>	<u>49,898</u>	<u>2,874,832</u>	<u>3,056,218</u>	<u>607,187</u>	<u>717,005</u>	<u>79,109</u>	<u>64,357</u>	<u>11,230</u>	<u>56,693</u>	<u>14,346</u>	<u>19,590</u>	<u>179,042</u>	<u>255,557</u>	<u>64,483</u>	<u>72,647</u>	<u>3,858,337</u>	<u>4,291,965</u>	
Operating Income (Loss)	11,481	-	(20,885)	67,359	(117,201)	(29,079)	(11,390)	5,298	(942)	(44,977)	6,899	(41)	(45,897.00)	(83,224)	6,753	-	(171,182)	(84,664)	
NONOPERATING REVENUES (EXPENSES)																			
Loss on disposal of assets	-	-	-	(184,118)	-	-	-	-	-	-	-	-	-	-	-	-	-	(184,118)	
Income Before Capital Contributions and Transfers	11,481	-	(20,885)	(116,759)	(117,201)	(29,079)	(11,390)	5,298	(942)	(44,977)	6,899	(41)	(45,897)	(83,224)	6,753	-	(171,182)	(268,782)	
TRANSFER IN/(OUT)	(84,000)	-	-	(132,303)	111,344	29,079	-	-	(40,347)	-	(25,300)	-	45,897	83,224	(7,594)	-	-	(20,000)	
CAPITAL CONTRIBUTED	-	-	-	303,640	-	-	-	-	-	-	-	-	-	-	-	-	-	303,640	
Change in Net Position	(72,519)	-	(20,885)	54,578	(5,857)	-	(11,390)	5,298	(41,289)	(44,977)	(18,401)	(41)	-	-	(841)	-	(171,182)	14,858	
NET POSITION - BEGINNING OF YEAR	<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>	
NET POSITION - END OF YEAR	<u>\$ 22,145</u>	<u>\$ 94,664</u>	<u>\$ 522,324</u>	<u>\$ 543,209</u>	<u>\$ -</u>	<u>\$ 5,857</u>	<u>\$ 20,597</u>	<u>\$ 31,987</u>	<u>\$ 21,881</u>	<u>\$ 63,170</u>	<u>\$ 21,294</u>	<u>\$ 39,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 841</u>	<u>\$ 608,241</u>	<u>\$ 779,423</u>	

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Funds – Enterprise Funds

COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES																		
Operating income (loss)	\$ 11,481	\$ -	\$ (20,885)	\$ 67,359	\$ (117,201)	\$ (29,079)	\$ (11,390)	\$ 5,298	\$ (942)	\$ (44,977)	\$ 6,899	\$ (41)	\$ (45,897)	\$ (83,224)	\$ 6,753	\$ -	\$ (171,182)	\$ (84,664)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities																		
Depreciation	-	-	17,220	22,690	-	-	-	-	-	-	-	-	-	-	-	-	17,220	22,690
Changes in assets and liabilities																		
Accounts receivable	-	-	(19,813)	(20,825)	16,139	(5,503)	(4,755)	-	-	-	-	-	-	-	-	-	(8,429)	(26,328)
Prepaid expenditures	-	-	222	222	-	-	-	-	-	-	-	-	(62)	124	-	-	160	346
Inventories	1,722	(3,217)	(140,024)	66,506	-	-	134	(134)	341	(365)	-	-	438	3,080	-	-	(137,389)	65,870
Accounts payable	-	-	(370)	(32,087)	(816)	322	(772)	378	-	(151)	-	-	(3,051)	6,211	(38,998)	31,222	(44,007)	5,895
Compensated absences	-	-	7,874	523	1,352	3,509	-	-	-	-	-	-	-	-	-	-	9,226	4,032
Due to student groups	2,903	4,903	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,903	4,903
Deferred revenues	-	-	142,289	32,935	7,998	(9,821)	(10)	105	-	-	-	-	-	-	-	(11,518)	138,759	23,032
Total Adjustments	4,625	1,686	7,398	69,964	24,673	(11,493)	(5,403)	349	341	(516)	-	-	(2,675)	9,415	(50,516)	31,035	(21,557)	100,440
Net Cash Flows From Operating Activities	16,106	1,686	(13,487)	137,323	(92,528)	(40,572)	(16,793)	5,647	(601)	(45,493)	6,899	(41)	(48,572)	(73,809)	(43,763)	31,035	(192,739)	15,776
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES																		
Transfer in/(out)	(84,000)	-	-	(132,303)	111,344	29,079	-	-	(40,347)	-	(25,300)	-	45,897	83,224	(7,594)	-	-	(20,000)
Due from/(to) other funds	67,894	(1,686)	13,487	155,403	(18,816)	11,493	16,793	(5,647)	40,948	45,493	18,401	41	2,675	(9,415)	51,357	(31,035)	192,739	164,647
Net Cash Flows From Non-Capital Financing Activities	(16,106)	(1,686)	13,487	23,100	92,528	40,572	16,793	(5,647)	601	45,493	(6,899)	41	48,572	73,809	43,763	(31,035)	192,739	144,647
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES																		
Acquisition of equipment/buildings	-	-	-	(160,423)	-	-	-	-	-	-	-	-	-	-	-	-	-	(160,423)
Capital Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flows From Capital Financing Activities	-	-	-	(160,423)	-	-	-	-	-	-	-	-	-	-	-	-	-	(160,423)
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020				2019 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	\$ 28,277	\$ (21,723)	\$ 28,335
Institutional fees	<u>4,517,710</u>	<u>4,517,710</u>	<u>3,658,878</u>	<u>(858,832)</u>	<u>4,178,966</u>
Total Revenues	<u>4,567,710</u>	<u>4,567,710</u>	<u>3,687,155</u>	<u>(880,555)</u>	<u>4,207,301</u>
OPERATING EXPENSES					
Auxiliary services	<u>4,572,886</u>	<u>4,572,886</u>	<u>3,858,337</u>	<u>714,549</u>	<u>4,476,083</u>
Operating Income (Loss)	(5,176)	(5,176)	(171,182)	(166,006)	(268,782)
OPERATING TRANSFERS					
Transfer in	-	-	-	-	303,640
Transfer out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>	<u>(20,000)</u>
Change in Net Position	(25,176)	(25,176)	(171,182)	(146,006)	14,858
NET POSITION - BEGINNING OF YEAR	<u>1,086,000</u>	<u>779,423</u>	<u>779,423</u>	<u>-</u>	<u>764,565</u>
NET POSITION - END OF YEAR	<u>\$ 1,060,824</u>	<u>\$ 754,247</u>	<u>\$ 608,241</u>	<u>\$ (146,006)</u>	<u>\$ 779,423</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, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	2020			2019 Actual (Budgetary Basis)	
	Original Budget	Final Budget	Actual On a Budgetary Basis		Variance with Final Budget
OPERATING REVENUES					
Institutional fees	\$ 1,072,000	\$ 1,072,000	\$ 804,436	\$ (267,564)	\$ 643,466
OPERATING EXPENSES					
Auxiliary services	1,132,672	1,132,672	495,178	637,494	775,509
Change in Net Position	(60,672)	(60,672)	309,258	369,930	(132,043)
NET POSITION - BEGINNING OF YEAR	2,711,106	2,762,726	2,762,726	-	2,894,769
NET POSITION - END OF YEAR	<u>\$ 2,650,434</u>	<u>\$ 2,702,054</u>	<u>\$ 3,071,984</u>	<u>\$ 369,930</u>	<u>\$ 2,762,726</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, 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, 2020

	Balance 7/1/19	Additions	Deductions	Balance 6/30/20
STUDENT CLUBS				
ASSETS				
Cash	\$ 500	\$ -	\$ -	\$ 500
Accounts receivable	106	8	106	8
Due from other funds	235,213	161,170	158,057	238,326
TOTAL ASSETS	\$ 235,819	\$ 161,178	\$ 158,163	\$ 238,834
LIABILITIES				
Accounts payable	\$ -	\$ 93,083	\$ 93,019	64
Due to student groups	235,819	445,344	442,393	238,770
TOTAL LIABILITIES	\$ 235,819	\$ 538,427	\$ 535,412	\$ 238,834
GRANTOR AGENCIES				
ASSETS				
Accounts receivable	\$ -	\$ 8,264,506	\$ 8,264,506	\$ -
TOTAL ASSETS	\$ -	\$ 8,264,506	\$ 8,264,506	\$ -
LIABILITIES				
Accounts payable	\$ -	\$ 8,264,506	\$ 8,264,506	\$ -
TOTAL LIABILITIES	\$ -	\$ 8,264,506	\$ 8,264,506	\$ -
WORKFORCE DEVELOPMENT CENTER				
ASSETS				
Accounts receivable	\$ 100	\$ -	\$ 100	\$ -
Due from other funds	18,684	824	19,508	-
TOTAL ASSETS	\$ 18,784	\$ 824	\$ 19,608	\$ -
LIABILITIES				
Accounts payable	\$ 12,351	\$ -	\$ 12,351	\$ -
Unearned revenue	6,433	-	6,433	-
Due to grantor agencies	-	-	-	-
TOTAL LIABILITIES	\$ 18,784	\$ -	\$ 18,784	\$ -
WECAN CONSORTIUM				
ASSETS				
Accounts receivable	\$ 28,294	\$ 10,403	\$ 37,958	\$ 739
Due from other funds	41,486	45,240	17,685	69,041
TOTAL ASSETS	\$ 69,780	\$ 55,643	\$ 55,643	\$ 69,780
LIABILITIES				
Accounts payable	\$ -	\$ 737	\$ 737	\$ -
Due to grantor agencies	69,780	-	-	69,780
TOTAL LIABILITIES	\$ 69,780	\$ 737	\$ 737	\$ 69,780
TOTAL AGENCY FUNDS				
ASSETS				
Cash	\$ 500	\$ -	\$ -	\$ 500
Accounts receivable	28,500	8,274,917	8,302,670	747
Due from other funds	295,383	207,234	195,250	307,367
TOTAL ASSETS	\$ 324,383	\$ 8,482,151	\$ 8,497,920	\$ 308,614
LIABILITIES				
Accounts payable	\$ 12,351	\$ 8,358,326	\$ 8,370,613	\$ 64
Unearned revenue	6,433	-	6,433	-
Due to other funds	-	-	-	-
Due to grantor agencies	69,780	-	-	69,780
Due to student groups	235,819	445,344	442,393	238,770
TOTAL LIABILITIES	\$ 324,383	\$ 8,803,670	\$ 8,819,439	\$ 308,614

SCHEDULE OF CAPITAL ASSETS - BY SOURCES

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF CAPITAL ASSETS – BY SOURCES As of June 30, 2020

Capital assets (a)	
Land	\$ 641,345
Land improvements	12,482,747
Buildings	35,888,083
Building improvements	50,194,750
Movable equipment	48,560,022
Fixed equipment	6,608,040
Leasehold improvement	2,302,460
Construction in progress	<u>8,369,634</u>
TOTAL	<u>\$ 165,047,081</u>
Investment in capital assets from	
Capital projects	
Debt proceeds	\$ 148,078,431
Federal grants	882,231
Donations	3,877,000
Investment income	10,185,510
State grants	1,499,295
Auxiliary enterprises	<u>524,614</u>
TOTAL	<u>\$ 165,047,081</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, 2020

Issue	Principal				Retirement Schedule			
	Borrowed	Previously Retired	Retired in Current Year	Outstanding June 30, 2020	Year Ended June 30	Principal	Interest	Total
General Obligation Promissory Notes (2013A)	\$ 1,050,000	\$ 890,000	\$ 160,000	\$ -	2020	\$ -	\$ -	\$ -
						-	-	-
General Obligation Promissory Notes (2013B)	4,750,000	4,235,000	515,000	-	2020	-	-	-
						-	-	-
General Obligation Promissory Notes (2015B)	1,500,000	1,190,000	310,000	-	2020	-	-	-
						-	-	-
General Obligation Promissory Notes (2015C)	5,900,000	4,900,000	1,000,000	-	2020	-	-	-
						-	-	-
General Obligation Promissory Notes (2016A)	1,850,000	1,365,000	485,000	-	2020	-	-	-
						-	-	-
General Obligation Promissory Notes (2016B)	5,600,000	3,260,000	1,160,000	1,180,000	2021	1,180,000	17,700	1,197,700
						1,180,000	17,700	1,197,700
General Obligation Promissory Notes (2017A)	2,150,000	1,045,000	545,000	560,000	2021	560,000	11,200	571,200
						560,000	11,200	571,200
General Obligation Promissory Notes (2017B)	3,850,000	1,320,000	830,000	1,700,000	2021	845,000	29,750	874,750
					2022	855,000	14,962	869,962
						1,700,000	44,712	1,744,712
General Obligation Promissory Notes (2018A)	2,400,000	450,000	465,000	1,485,000	2021	480,000	35,325	515,325
					2022	495,000	25,125	520,125
					2023	510,000	12,750	522,750
						1,485,000	73,200	1,558,200

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF INDEBTEDNESS AND RETIREMENTS
For the Year Ended June 30, 2020

Issue	Principal				Year Ended June 30	Retirement Schedule		
	Borrowed	Previously Retired	Retired in Current Year	Outstanding June 30, 2020		Principal	Interest	Total
General Obligation Promissory Notes (2018B)	1,500,000	280,000	290,000	930,000	2021	300,000	20,925	320,925
					2022	310,000	14,175	324,175
					2023	320,000	7,200	327,200
						<u>930,000</u>	<u>42,300</u>	<u>972,300</u>
General Obligation Promissory Notes (2018C)	5,600,000	255,000	1,290,000	4,055,000	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>4,055,000</u>	<u>235,500</u>	<u>4,290,500</u>
General Obligation Promissory Notes (2018C)	2,150,000	-	400,000	1,750,000	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>1,750,000</u>	<u>110,875</u>	<u>1,860,875</u>					
General Obligation Promissory Notes (2019B)	4,850,000	-	830,000	4,020,000	2021	970,000	101,000	1,071,000
					2022	990,000	81,600	1,071,600
					2023	1,015,000	61,800	1,076,800
					2024	1,045,000	31,350	1,076,350
	<u>4,020,000</u>	<u>275,750</u>	<u>4,295,750</u>					
General Obligation Promissory Notes (2020A)	2,900,000	-	-	2,900,000	2021	550,000	78,139	628,139
					2022	565,000	58,750	623,750
					2023	580,000	44,625	624,625
					2024	595,000	30,125	625,125
					2025	610,000	15,250	625,250
	<u>2,900,000</u>	<u>226,889</u>	<u>3,126,889</u>					
TOTAL	\$ 46,050,000	\$ 19,190,000	\$ 8,280,000	\$ 18,580,000		\$ 18,580,000	\$ 1,038,126	\$ 19,618,126

(Concluded)

**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, 2020

	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	\$ 27,377,853	\$ -	\$ 500	\$ 22,846,885	\$ 1,140,698	\$ -	\$ 2,867,704	\$ 500	\$ 54,234,140	\$ -	\$ 54,234,140
Receivables											
Taxes	4,503,684	-	-	-	-	-	-	-	4,503,684	-	4,503,684
Accounts	7,145,388	688,789	325,693	6,345	-	116,345	-	747	8,283,307	-	8,283,307
Accrued interest	237,052	-	-	-	-	-	-	-	237,052	-	237,052
Due from other funds	-	277,559	708,593	-	-	111,952	-	307,367	1,405,471	(1,405,471)	-
Inventories	36,750	-	-	-	-	530,245	-	-	566,995	-	566,995
Prepaid items and other assets	16,865	39,326	-	2,143	-	3,387	252,000	-	313,721	4,328,952	4,642,673
Net other post-employment benefits assets	-	-	-	-	-	-	-	-	-	16,154,154	16,154,154
Net pension asset	-	-	-	-	-	-	-	-	-	8,454,420	8,454,420
Capital assets	-	-	-	-	-	524,615	-	-	524,615	164,522,466	165,047,081
Accumulated depreciation	-	-	-	-	-	(51,108)	-	-	(51,108)	(60,456,297)	(60,507,405)
Total Assets	<u>39,317,592</u>	<u>1,005,674</u>	<u>1,034,786</u>	<u>22,855,373</u>	<u>1,140,698</u>	<u>1,235,436</u>	<u>3,119,704</u>	<u>308,614</u>	<u>70,017,877</u>	<u>131,598,224</u>	<u>201,616,101</u>
DEFERRED OUTFLOWS OF RESOURCES											
Deferred amount related to OPEB	-	-	-	-	-	-	-	-	-	156,296	156,296
Deferred amount related to pensions	-	-	-	-	-	-	-	-	-	18,193,343	18,193,343
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	18,349,639	18,349,639
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 39,317,592	\$ 1,005,674	\$ 1,034,786	\$ 22,855,373	\$ 1,140,698	\$ 1,235,436	\$ 3,119,704	\$ 308,614	\$ 70,017,877	\$ 149,947,863	\$ 219,965,740
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION											
LIABILITIES											
Accounts payable	\$ 2,140,464	\$ 65,374	\$ 209	\$ 2,371,678	\$ 24,400	\$ 19,513	\$ 47,720	\$ 64	\$ 4,669,422	\$ 323,475	\$ 4,992,897
Due to student groups and grantor agencies	-	-	-	-	-	14,925	-	308,550	323,475	(323,475)	-
Accrued liabilities											
Wages	357,215	9,336	-	-	-	-	-	-	366,551	2,220,202	2,586,753
Payroll taxes, retirement and insurance	2,219,019	1,183	-	-	-	-	-	-	2,220,202	(2,220,202)	-
Compensated absences	1,163,535	24,635	2,623	-	-	23,498	-	-	1,214,291	1,469,888	2,684,179
Interest	-	-	-	-	-	-	-	-	-	113,795	113,795
Due to other funds	1,043,030	-	254,469	-	-	107,972	-	-	1,405,471	(1,405,471)	-
Unearned revenues	5,060,922	367,934	156,864	29,565	-	444,419	-	-	6,059,704	(460,755)	5,598,949
Net pension liability	-	-	-	-	-	-	-	-	-	-	-
General obligation debt	-	-	-	-	-	-	-	-	-	18,947,908	18,947,908
Total Liabilities	<u>11,984,185</u>	<u>468,462</u>	<u>414,165</u>	<u>2,401,243</u>	<u>24,400</u>	<u>610,327</u>	<u>47,720</u>	<u>308,614</u>	<u>16,259,116</u>	<u>18,665,365</u>	<u>34,924,481</u>
DEFERRED INFLOWS OF RESOURCES											
Deferred amount related to OPEB	-	-	-	-	-	-	-	-	-	11,097,284	11,097,284
Deferred amount related to pensions	-	-	-	-	-	-	-	-	-	25,384,929	25,384,929
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	36,482,213	36,482,213
NET POSITION											
Net investment in capital assets	-	-	-	-	-	473,507	-	-	473,507	86,264,245	86,737,752
Net position	-	-	-	-	-	151,602	3,071,984	-	3,223,586	(3,223,586)	-
Fund balances											
Restricted for capital projects	-	-	-	18,122,966	-	-	-	-	18,122,966	(18,122,966)	-
Restricted for debt service	-	-	-	-	1,116,298	-	-	-	1,116,298	(113,795)	1,002,503
Restricted for encumbrances	1,324,322	-	-	2,331,164	-	-	-	-	3,655,486	(3,655,486)	-
Restricted for prepaid expenditures and inventories	53,615	39,326	-	-	-	-	-	-	92,941	(92,941)	-
Restricted for student organizations	-	-	482,035	-	-	-	-	-	482,035	-	482,035
Restricted for student financial assistance	-	-	138,586	-	-	-	-	-	138,586	-	138,586
Restricted for sick pay benefits	1,469,889	-	-	-	-	-	-	-	1,469,889	(1,469,889)	-
Restricted for OPEB	-	-	-	-	-	-	-	-	-	16,154,154	16,154,154
Restricted for Pension	-	-	-	-	-	-	-	-	-	8,454,420	8,454,420
Unrestricted											
Designated for state aid fluctuations	483,000	-	-	-	-	-	-	-	483,000	(483,000)	-
Designated for operations	17,518,000	497,886	-	-	-	-	-	-	18,015,886	17,573,710	35,589,596
Designated for subsequent year budgeted expenditures	6,484,581	-	-	-	-	-	-	-	6,484,581	(6,484,581)	-
Total Fund Balances / Net Position	<u>27,333,407</u>	<u>537,212</u>	<u>620,621</u>	<u>20,454,130</u>	<u>1,116,298</u>	<u>625,109</u>	<u>3,071,984</u>	<u>-</u>	<u>53,758,761</u>	<u>94,800,285</u>	<u>148,559,046</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 39,317,592	\$ 1,005,674	\$ 1,034,786	\$ 22,855,373	\$ 1,140,698	\$ 1,235,436	\$ 3,119,704	\$ 308,614	\$ 70,017,877	\$ 149,947,863	\$ 219,965,740

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, 2020

	Governmental Funds					Proprietary Funds		Total	Reconciling Items	Statement of Revenues, Expenses and Changes in Net Position
	General	Special Revenue		Capital Project	Debt Service	Enterprise	Internal Service			
		Operating	Non-Aidable							
REVENUES										
Local government – tax levy	\$ 11,836,113	\$ 963,400	\$ 151,500	\$ -	\$ 8,792,794	\$ -	\$ -	\$ 21,743,807	\$ -	\$ 21,743,807
Intergovernmental revenue										
State	47,727,907	1,280,439	1,215,803	82,000	-	-	-	50,306,149	-	50,306,149 (a)
Federal	9,340	921,642	4,444,364	94,524	-	28,277	-	5,498,147	-	5,498,147 (a)
Tuition and fees										
Statutory program fees	12,143,918	-	-	-	-	-	-	12,143,918	(2,929,976)	9,213,942
Materials fees	772,265	1,955	-	-	-	-	-	774,220	(192,909)	581,311
Other student fees	981,953	58,164	586,320	-	-	-	-	1,626,437	(404,150)	1,222,287
Institutional fees										
Investment income	658,922	-	-	608,469	383,158	-	66,192	1,716,741	(166,893)	1,549,848
Other	2,944,063	240,080	14,205	1,117,309	-	3,658,878	738,244	8,712,779	(471,636)	8,241,143 (b)
Total Revenues	<u>77,074,481</u>	<u>3,465,680</u>	<u>6,412,192</u>	<u>1,902,302</u>	<u>9,175,952</u>	<u>3,687,155</u>	<u>804,436</u>	<u>102,522,198</u>	<u>(4,165,564)</u>	<u>98,356,634</u>
EXPENDITURES										
Current										
Instruction	41,463,499	2,267,978	29,968	-	-	-	-	43,761,445	(2,260,678)	41,500,767
Instructional resources	1,419,651	-	-	-	-	-	-	1,419,651	(87,355)	1,332,296
Student services	7,860,900	939,245	6,333,695	-	-	-	-	15,133,840	(4,533,341)	10,600,499
General institutional	13,440,018	240,737	-	-	-	-	-	13,680,755	(1,075,862)	12,604,893
Physical plant	5,887,955	32,328	-	-	-	-	-	5,920,283	(297,274)	5,623,009
Auxiliary services	-	-	-	-	-	3,858,337	495,178	4,353,515	(459,338)	3,894,177
Capital outlay	-	-	-	13,111,123	-	-	-	13,111,123	(13,111,123)	-
Depreciation	-	-	-	-	-	-	-	-	4,883,681	4,883,681
Debt service										
Principal	-	-	-	-	8,280,000	-	-	8,280,000	(8,280,000)	-
Interest and other expenditures	-	-	-	-	544,474	-	-	544,474	12,917	557,391
Total Expenditures	<u>70,072,023</u>	<u>3,480,288</u>	<u>6,363,663</u>	<u>13,111,123</u>	<u>8,824,474</u>	<u>3,858,337</u>	<u>495,178</u>	<u>106,205,086</u>	<u>(25,208,373)</u>	<u>80,996,713</u>
Excess (Deficiency) of Revenues Over Expenditures	7,002,458	(14,608)	48,529	(11,208,821)	351,478	(171,182)	309,258	(3,682,888)	21,042,809	17,359,921
OTHER FINANCING SOURCES (USES)										
Transfer in	-	-	-	4,574,000	-	-	-	4,574,000	(4,574,000)	-
Transfer out	(4,574,000)	-	-	-	-	-	-	(4,574,000)	4,574,000	-
Gain/(loss) on sale/disposal of capital assets	-	-	-	-	-	-	-	-	(455,227)	(455,227)
Long-term debt issued	-	-	-	7,750,000	-	-	-	7,750,000	(7,750,000)	-
Net Change in Fund Balances/Net Position	2,428,458	(14,608)	48,529	1,115,179	351,478	(171,182)	309,258	4,067,112	12,837,582	16,904,694
FUND BALANCES / NET POSITION - BEGINNING OF YEAR	<u>24,026,330</u>	<u>551,820</u>	<u>572,092</u>	<u>17,007,787</u>	<u>764,820</u>	<u>779,423</u>	<u>2,762,726</u>	<u>46,464,998</u>	<u>85,189,354</u>	<u>131,654,352</u>
FUND BALANCES / NET POSITION - END OF YEAR, BUDGETARY BASIS	26,454,788	537,212	620,621	18,122,966	1,116,298	608,241	3,071,984	50,532,110	98,026,936	148,559,046 (c)
Adjustment for Encumbrances	878,619	-	-	2,331,164	-	16,868	-	3,226,651	(3,226,651)	-
FUND BALANCES / NET POSITION - END OF YEAR	<u>\$ 27,333,407</u>	<u>\$ 537,212</u>	<u>\$ 620,621</u>	<u>\$ 20,454,130</u>	<u>\$ 1,116,298</u>	<u>\$ 625,109</u>	<u>\$ 3,071,984</u>	<u>\$ 53,758,761</u>	<u>\$ 94,800,285</u>	<u>\$ 148,559,046</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, 2020

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

Operating	\$ 2,496,242
Non-operating	
State appropriations	47,727,907
State appropriations for capital-related grants	<u>82,000</u>
	<u>\$ 50,306,149</u>

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

Operating	\$ 5,403,623
Non-operating	
Federal appropriations for capital-related grants	<u>94,524</u>
	<u>\$ 5,498,147</u>

Federal and state appropriations for capital-related grants

State	\$ 82,000
Federal	<u>94,524</u>
	<u>\$ 176,524</u>

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

Non-governmental grants and contracts	\$ 3,153,017
Auxiliary enterprises	3,925,486
Donations	<u>1,162,640</u>
	<u>\$ 8,241,143</u>

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

Budgetary basis fund balance	\$ <u>50,532,110</u>
Capital assets capitalized - at cost	164,522,466
Accumulated depreciation on capital assets	(60,456,297)
General obligation notes payable	(18,580,000)
Long-term portion of post-employment sick pay	(1,469,888)
Accrued interest on notes payable	(113,795)
Summer school tuition earned	460,755
Unamortized premiums/discounts on notes payable	(367,908)
Net pension asset/(liability)	8,454,420
Net OPEB asset/(liability)	16,154,154
WTCEBC Consortium	4,328,952
Encumbrances outstanding at year end	3,226,651
Deferred outflow amount related to OPEB	156,296
Deferred inflow amount related to OPEB	(11,097,284)
Deferred outflow amount related to pensions	18,193,343
Deferred inflow amount related to pensions	<u>(25,384,929)</u>
	<u>98,026,936</u>
Net position per basic financial statements	<u>\$ 148,559,046</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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NET POSITION										
Net investment in capital assets	\$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	\$ 86,737,752
Restricted	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	26,231,698
Unrestricted	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	35,589,596
Total Net Position	\$79,851,462	\$87,125,746	\$89,461,907	\$99,929,297	\$121,645,923	\$128,622,464	\$ 110,509,069	\$ 121,140,309	\$ 131,654,352	\$ 148,559,046

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXPENSES										
Instruction	\$ 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	\$ 41,500,767
Instructional resources	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	1,332,296
Student services	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	10,600,499
General institution	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	12,604,893
Physical plant	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	5,623,009
Depreciation	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	4,883,681
Auxiliary services	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	3,894,177
Total operating expenses	\$ 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	\$ 80,439,322
PROGRAM REVENUES										
Tuition and fees, net of scholarship allowances	\$ 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	\$ 11,017,540
State grants and contracts	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	2,496,242
Federal grants and contracts	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	5,403,623
Non-governmental grants and contracts	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	3,153,017
Auxiliary enterprise services	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	3,925,486
Total program revenues	\$ 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	\$ 25,995,908
Total primary government net expense	\$ (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)	\$ (54,443,414)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
State appropriations	\$ 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	\$ 47,727,907
Local property taxes	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	21,743,807
Gain (loss) on sale of fixed assets	(923,656)	(914,205)	(209,841)	(504,349)	(226,782)	(340,235)	(134,038)	(720,936)	(806,651)	(455,227)
Investment income (net of expense)	349,612	295,264	518,347	611,813	383,051	482,919	322,512	492,293	1,647,084	1,549,848
Interest on capital asset-related debt	(1,067,811)	(876,145)	(744,030)	(608,381)	(545,588)	(495,557)	(454,567)	(466,781)	(518,992)	(557,391)
Total non-operating revenues/(expenses)	\$ 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	\$ 70,008,944
CAPITAL CONTRIBUTIONS										
Capital federal and state appropriations	\$ 54,543	\$ 157,239	\$ 123,265	\$ 317,025	\$ 185,067	\$ 282,646	\$ 78,190	\$ 76,447	\$ 78,171	\$ 176,524
Donations	413,937	128,207	268,823	804,232	147,482	3,508,824	338,649	710,294	2,828,462	1,162,640
Total capital contributions	\$ 468,480	\$ 285,446	\$ 392,088	\$ 1,121,257	\$ 332,549	\$ 3,791,470	\$ 416,839	\$ 786,741	\$ 2,906,633	\$ 1,339,164
Change in net position	\$ 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	\$ 16,904,694
Cumulative effect of change in accounting principal (1)	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	\$ 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	\$ 16,904,694

(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					
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	(1,323,678,400)	55,212,959,400 97.74%	56,491,051,260	0.36
2019	45,119,300,700	11,689,761,900	1,553,375,100	306,662,500	871,812,400	(1,181,992,100)	58,358,920,500 97.73%	59,714,493,716	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			Other School Districts	Local (b)	Overlapping Rates (c)		Gross Total	State Tax Relief	Net tax Rate
	Operational	Debt Service	Total			County	State			
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
2020	0.21	0.15	0.36	8.74	4.78	2.04	0.20	16.12	(1.73)	14.39

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	2019 Equalized Valuation	2019 Rank	2019 Percentage of Total Equalized Valuation	2010 Equalized Valuation	2010 Rank	2010 Percentage of Total Equalized Valuation
Fiduciary Real Estate Development	\$ 230,410,300	1	0.39%			
The Corners of Brookfield	203,759,700	2	0.35%			
Brookfield Square	172,996,400	3	0.30%	\$ 160,134,100	2	0.32%
Wimmer Brothers	166,988,500	4	0.29%			
Individual	147,023,800	5	0.25%	171,372,200	1	0.34%
Pro Health Care	143,907,468	6	0.25%	122,635,100	6	0.24%
Kohl's	142,661,500	7	0.24%	117,790,800	8	0.23%
Aurora	129,576,270	8	0.22%	135,676,900	3	0.27%
Target Corporation	116,691,064	9	0.20%	135,549,500	4	0.27%
Wal-Mart	100,371,200	10	0.17%			
TOTAL	\$ 1,554,386,202		2.66%	\$ 843,158,600		1.68%
TOTAL WAUKESHA COUNTY EQUALIZED VALUATION	\$ 58,358,920,500			\$ 50,288,874,200		

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, 2020	
		Amount Collected	Percent Collected	Amount Collected (a)	Percent Collected
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	20,451,561	16,087,368	79%	20,451,561	100%
2020 (b)	21,506,565	17,002,881	79%	17,002,881	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 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, 2020.

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
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	29,282,988	54,199,833,643	19,818,076	629,336	19,188,740	0.07%	0.04%	46.12
2019	420,620	N/A	56,491,051,260	19,311,015	764,820	18,546,195	N/A	0.03%	44.09
2020	N/A	N/A	59,714,493,716	18,947,908	1,116,298	17,831,610	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>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>	<u>2020</u>
Equalized value of real and personal property	\$ 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	\$ 59,714,494
Debt limit, 5% of equalized valuation (Wisconsin statutory limitation)	\$ 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	\$ 2,985,725
Gross indebtedness applicable to debt limit										
General obligation promissory notes	25,610	23,860	23,445	23,195	21,885	20,940	20,320	19,680	19,110	18,580
Less debt service funds available	(1,395)	(1,282)	(1,263)	(1,498)	(764)	(559)	(612)	(629)	(765)	(1,116)
Total amount of debt applicable to debt margin	24,215	22,578	22,182	21,697	21,121	20,381	19,708	19,051	18,345	17,464
Legal debt margin (Debt capacity)	\$ 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	\$ 2,968,261
Percent of debt capacity used	0.96%	0.91%	0.92%	0.91%	0.86%	0.81%	0.76%	0.70%	0.65%	0.58%
Debt limit, 2% of equalized valuation (Wisconsin statutory limitation)	\$ 1,012,251	\$ 997,800	\$ 960,022	\$ 949,009	\$ 987,458	\$ 1,011,847	\$ 1,043,028	\$ 1,083,997	\$ 1,129,821	\$ 1,194,290
Legal debt margin (Debt capacity)	\$ 1,012,251	\$ 997,800	\$ 960,022	\$ 949,009	\$ 987,458	\$ 1,011,847	\$ 1,043,028	\$ 1,083,997	\$ 1,129,821	\$ 1,194,290
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, 2020

JURISDICTION	Net Debt Outstanding	Percentage Applicable to WCTC	Amount Applicable to WCTC
DIRECT DEBT			
WCTC	\$ 17,831,610	100 %	\$ 17,831,610
TOTAL DIRECT DEBT			\$ 17,831,610
OVERLAPPING DEBT			
County of			
Dodge	24,395,000	2	487,900
Jefferson	19,922,779	10	1,992,278
Racine	166,669,759	2	3,333,395
Waukesha	77,320,713	99	76,547,506
Total All Counties			\$ 82,361,079
City of			
Brookfield	96,468,027	100	96,468,027
Delafield	16,993,790	100	16,993,790
Muskego	40,720,533	100	40,720,533
New Berlin	48,009,759	93	44,649,076
Oconomowoc	28,179,632	100	28,179,632
Pewaukee	6,983,610	100	6,983,610
Waukesha	341,460,931	100	341,460,931
Total All Cities			\$ 575,455,599
Town of			
Ashippun	209,920	68	142,746
Brookfield	2,741,087	100	2,741,087
Cold Spring	-	1	-
Concord	195,826	31	60,706
Delafield	3,224,930	100	3,224,930
Eagle	482,799	100	482,799
Genesee	89,244	100	89,244
Ixonia	773,000	72	556,560
Lebanon	193,859	4	7,754
Lisbon	11,960,539	100	11,960,539
Merton	1,365,407	100	1,365,407
Mukwonago	3,473,745	100	3,473,745
Norway	747,892	58	433,777
Oconomowoc	6,174,944	100	6,174,944
Ottawa	-	100	-
Palmyra	121,262	98	118,837
Sullivan	429,694	47	201,956
Vernon	918,258	100	918,258
Waukesha	6,000	100	6,000
Total All Towns			\$ 31,959,289

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	\$ -	100 %	\$ -
Butler	5,916,551	100	5,916,551
Chenequa	-	100	-
Dousman	8,664,456	100	8,664,456
Eagle	10,000	100	10,000
Elm Grove	7,695,503	100	7,695,503
Hartland	20,798,786	100	20,798,786
Lac La Belle - Jefferson County	4,094	100	4,094
Lac La Belle - Waukesha County	1,316,516	100	1,316,516
Lannon	1,507,499	100	1,507,499
Menomonee Falls	82,016,106	100	82,016,106
Merton	3,288,895	100	3,288,895
Mukwonago	28,815,423	100	28,815,423
Nashotah	232,642	100	232,642
North Prairie	343,182	100	343,182
Oconomowoc Lake	402,768	100	402,768
Palmyra	1,008,132	100	1,008,132
Pewaukee	16,570,824	100	16,570,824
Summit	11,061,300	100	11,061,300
Sussex	61,080,447	100	61,080,447
Wales	5,432,122	100	5,432,122
Total All Villages			<u>\$ 256,165,246</u>
School district of			
Arrowhead	532,474	100	532,474
Elmbrook	44,015,000	100	44,015,000
Hamilton	55,400,000	100	55,400,000
Kettle Moraine	30,041,804	100	30,041,804
Menomonee Falls	42,050,000	100	42,050,000
Mukwonago	38,080,554	100	38,080,554
Muskego – Norway	40,805,000	100	40,805,000
New Berlin	40,765,000	100	40,765,000
Oconomowoc	81,560,000	100	81,560,000
Palmyra-Eagle	13,260,000	100	13,260,000
Pewaukee	51,545,000	100	51,545,000
Waukesha	47,275,335	100	47,275,335
Total All School Districts			<u>\$ 485,330,167</u>
TOTAL OVERLAPPING DEBT			<u>\$ 1,431,271,380</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 1,449,102,990</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	29,282,988	72,650	158,368	86,968	73,824	5,008	2.7%
2019	420,620	N/A	N/A	160,635	90,458	73,618	5,009	2.9%
2020	N/A	N/A	N/A	N/A	N/A	73,068	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	2019			2009		
		Approximate Employees	Percent of Total	Rank	Approximate Employees	Percent of Total	Rank
Kohl's Department Stores	Retail distribution/headquarters	5,722	19%	1	5,220	19%	2
Pro Health Care	Health services	4,741	16%	2	5,885	21%	1
Froedtert	Health services	3,772	12%	3			
Quad Graphics	Printing/headquarters	3,423	11%	4	2,848	10%	5
Aurora Health Care	Health services	2,767	9%	5			
Roundy's (subsidiary of Kroger)	Food wholesale/retail	2,473	8%	6	3,081	11%	4
GE Healthcare	Medical equipment/training	2,369	8%	7	3,400	12%	3
Target Corporation	Retail/Distribution Center	1,830	6%	8	1,369	5%	10
Wal-Mart Corporation	Retail	1,647	5%	9			
Waukesha School District	Education	1,610	5%	10	1,840	7%	6
Eaton Cooper Power Systems	Manufacturing		0%				
Waukesha County	Government		0%		1,384	5%	8
Ascension (formerly Wheaton Franciscan Healthcare)	Health services		0%				
Generac	Manufacturing		0%				
Elmbrook School District	Education		0%				
The District	Higher Education		0%		1,378	5%	9
United Postal Services	Freight		0%				
Harley Davidson	Manufacturing		0%				
Community Memorial Hospital	Health services		-		1,441	5%	7
TOTAL		<u>30,354</u>	<u>100.00%</u>		<u>27,846</u>	<u>100.00%</u>	

Note:

Source: Waukesha County Department of Administration – Finance Office February 2020 and February 2010 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>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>	<u>2020</u>
Employee Groups:										
Faculty										
Full-time faculty	185	186	186	187	174	195	187	187	185	191
Faculty associates	33	28	30	29	25	22	24	27	27	24
Adjunct faculty	713	717	705	588	596	561	569	522	496	276
Faculty support professionals	23	24	27	24	32	33	30	26	37	39
Professionals	10	10	10	11	13	18	18	21	24	40
Administrators/Management	71	75	77	76	91	84	80	76	71	78
Support Associates	216	214	218	216	204	193	194	175	163	162
Total	1,251	1,254	1,253	1,131	1,135	1,106	1,102	1,034	1,003	810

*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>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>	<u>2020</u>
Students served (a)										
Associate degree	8,446	8,183	8,359	7,816	6,994	6,450	6,321	6,056	6,153	6,018
Technical diploma	1,669	1,719	1,601	1,513	1,520	1,351	1,201	1,171	1,147	1,073
Apprentices	272	227	262	279	346	371	419	482	566	656
Vocational adult	10,113	10,448	9,934	10,067	10,044	8,058	6,904	6,579	6,445	5,236
Non-post secondary (e)	1,880	1,677	1,690	1,529	1,278	1,179	1,260	1,067	930	829
Community service (e)	1,564	1,237	1,587	1,551	1,004	1,761	1,938	1,536	1,306	690
Subtotal	23,944	23,491	23,433	22,755	21,186	19,170	18,043	16,891	16,547	14,502
Transcripted credit (c)	3,744	4,053	4,320	4,723	4,933	3,536	3,258	3,207	3,598	3,333
Total students	27,688	27,544	27,753	27,478	26,119	22,706	21,301	20,098	20,145	17,835
Student enrollments (a)										
Associate degree	39,200	37,127	36,626	34,698	31,509	30,299	29,178	28,629	28,169	27,813
Technical diploma	6,322	6,273	6,028	5,611	5,375	5,287	5,052	4,990	4,626	4,676
Apprentices	728	591	783	871	1,360	1,325	1,496	1,784	2,395	2,668
Vocational adult	18,640	18,048	17,195	17,003	16,619	13,683	11,286	11,086	10,828	8,881
Non-post secondary (e)	9,692	8,608	9,432	8,547	7,489	6,582	6,567	6,065	6,209	5,722
Community service (e)	3,393	3,078	3,979	3,923	2,434	3,475	3,900	3,117	2,778	1,359
Subtotal	77,975	73,725	74,043	70,653	64,786	60,651	57,479	55,671	55,005	51,119
Transcripted credit (c)	3,871	4,184	4,442	4,856	5,077	3,661	3,394	3,322	4,101	3,838
Total enrollments	81,846	77,909	78,485	75,509	69,863	64,312	60,873	58,993	59,106	54,957
Full-time equivalent enrollments (b)										
Associate degree	3,810	3,582	3,500	3,319	3,038	2,877	2,752	2,707	2,633	2,572
Technical diploma	486	473	469	432	408	423	389	390	377	364
Apprentices	43	39	50	58	68	72	82	92	109	126
Vocational adult	202	219	215	213	182	141	116	116	114	90
Non-post secondary (e)	314	277	304	274	239	209	204	186	179	171
Community service (e)	38	35	37	34	25	38	37	31	27	14
Total full-time equivalent enrollments	4,893	4,625	4,575	4,330	3,960	3,760	3,580	3,522	3,439	3,337

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

MISCELLANEOUS OPERATING INDICATORS
LAST TEN FISCAL YEARS
(continued)

	<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>	<u>2020</u>
Graduate follow-up statistics (d)										
Number of graduates	1,863	1,810	1,786	1,814	1,894	1,918	2136	2,039	1,800	N/A
Number of respondents	859	912	825	1,044	1,142	895	982	939	829	N/A
Percent employed in related occupation	73%	79%	76%	79%	79%	83%	80%	81%	84%	N/A
Mean annual salary	\$ 32,444	\$ 33,000	\$ 36,450	\$ 37,440	\$ 36,372	\$ 38,508	\$ 42,088	\$ 42,000	\$ 47,803	N/A
Percent residing in district	70%	68%	69%	67%	69%	66%	65%	68%	63%	N/A
Percent employed in district	61%	57%	56%	56%	51%	53%	58%	55%	56%	N/A
Percent employed in Metro Milwaukee	91%	89%	90%	88%	88%	87%	87%	89%	86%	N/A
Cost per full-time equivalent student	\$ 14,550	\$ 15,048	\$ 15,666	\$ 16,715	\$ 18,469	\$ 17,015	\$ 18,079	\$ 17,927	\$ 18,362	N/A
Average age of postsecondary students	27.0	26.8	26.4	26.3	25.7	24.8	25.2	25.4	25.0	24.6
Age range of postsecondary students	12 - 81	14 - 79	13 - 74	13 - 76	13 - 78	14 - 84	14 - 84	14 - 77	13 - 80	9-76

- (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, 2020 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>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>	<u>2020</u>	
Square footage											
Pewaukee	682,306	682,306	687,606	687,606	687,606	710,308	710,308	710,308	710,308	738,447	
Waukesha	44,850	44,850	44,850	44,850	44,850	45,010	45,010	45,010	45,010	45,010	
Menomonee Falls	2,282	-	-	-	-	-	-	-	-	-	(a)
Sky Plaza	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	-	-	-	-	-	-	-	-	-	(a)
Indoor Firing Range	-	-	19,800	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, 2020

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 Resources
Administrative Professional	Human Services Associate
Architectural Drafting/Construction Technology	Information Technology – Computer Support Specialist
Automation Systems Technology	Information Technology – Database Specialist
Automotive Technology	Information Technology – Network Security Specialist
Automotive Technology – GM ASEP	Information Technology – Network Specialist
Baking and Pastry Management	Information Technology – Web and Software Developer
Business Management	Interior Design
Construction Management Technology	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 – Journeyworker
Graphic Design	Web and Digital Media Design
Health Information Technology	
Hospitality Management	

Technical Diplomas

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



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.

8773/20