WAUKESHA COUNTY TECHNICAL COLLEGE
KEY FINANCIAL INDICATORS
For the Fiscal Years Ending 2011 – 2016

Introduction

The following indicators have been identified as good indicators to measure the fiscal health of governmental entities. Since the measurement focus for governmental entities is different than for private industry, the measures used for monitoring purposes needs to be different as well.

- Total revenues per capita
- Percent of Intergovernmental revenues to total revenues
- Percent of property tax levy to total revenues
- Total expenditures per capita
- Percent of operating surplus/deficit to total operating revenues
- Percentage of unreserved fund balance to total expenditures
- Percent of long-term debt to valuations
- Percent of post-employment benefit assets to unfunded liability

Measuring fiscal health is important in order to determine the entity's ability to:

- Maintain existing service levels
- Withstand economic disruptions
- Meet the demands of growth and decline

The above indicators help the college to address the following:

- Cash solvency – ability to pay obligations in the next 30 to 60 days
- Budgetary solvency – ability to generate revenues to pay expenses within the budgetary period
- Long-run solvency – ability to pay all long-term costs of operations when due

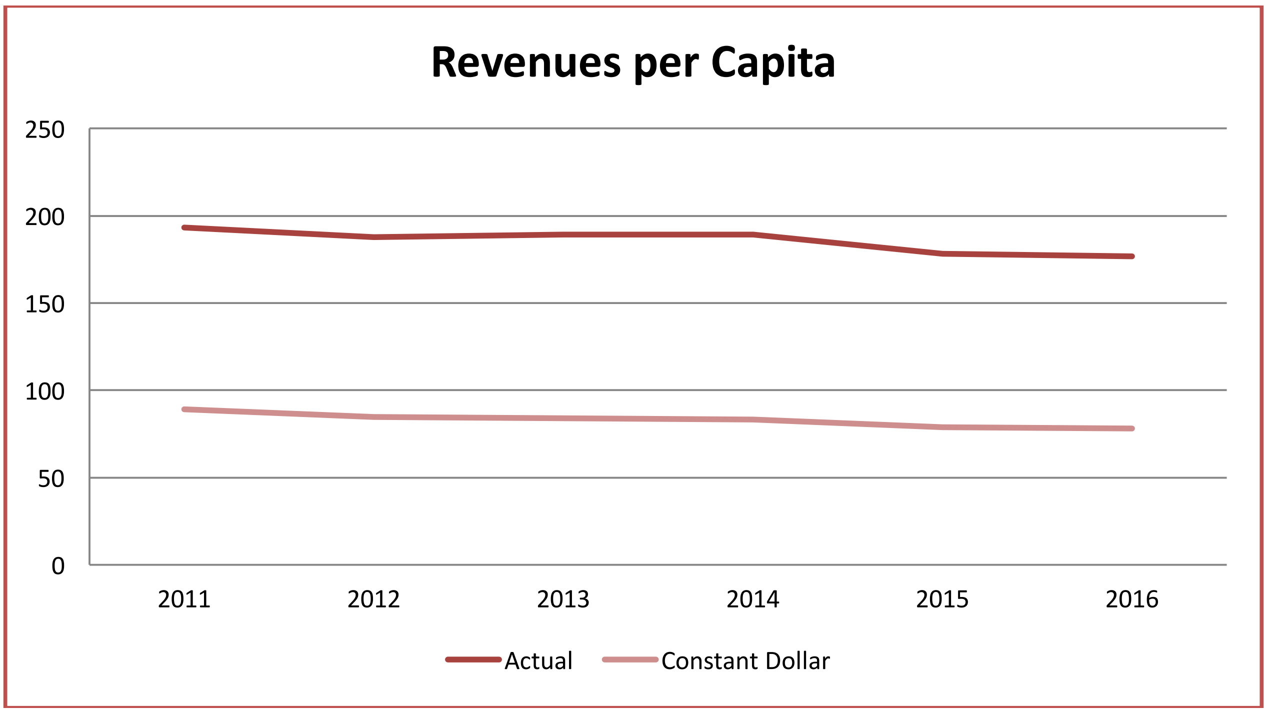
This document will look at each of these indicators in more depth by providing some trend data and narrative explanations related to those trends.

Operating Revenues per Capita

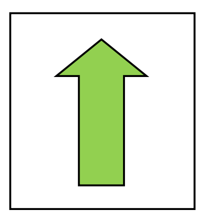
This indicator compares revenues in the general fund to population.

- The trend should be upward sloping to be healthy.
- Downward trends indicate the need for analysis and corrective action.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Revenue per capita - actual	$193.28	$187.60	$189.12	$189.25	$178.23	$176.72
Revenues per capita – constant dollar	$89.10	$84.85	$84.01	$83.08	$78.65	$77.99



FY 12 decrease was impacted by a 30% reduction in state aid along with enrollment declines as the economy began to improve. Corresponding decrease was also seen in expenditure levels as WCTC holds the tax levy flat. FY 15 decline was also due staff turnover due to retirements.

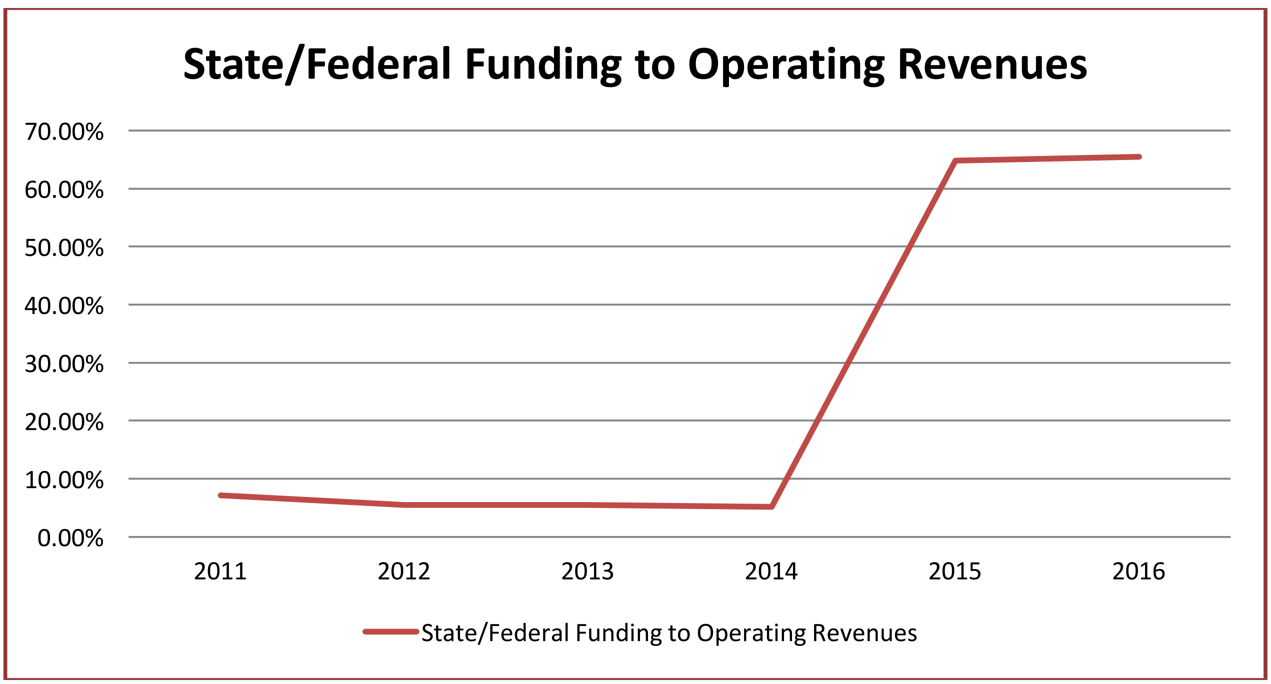


Percent State/Federal Funding to Operating Revenues

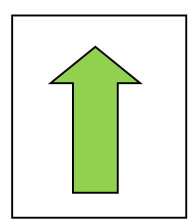
This indicator compares state and federal revenues in the general fund to total general fund revenues in order to show how dependent the college is on this type of revenue.

- The higher this percent is, the more dependent the college is on funding from other governmental entities.
- When funding decisions are made by other levels of government, the best interest of local stakeholders are not always considered in the decision and the level of services provided could be impacted as a result.
- A downward trend indicates less reliance on state and federal funds and/or fewer funds available.
- If the trend is upward, the college will need to monitor the trend and determine the reliance on this level of funding to the overall operations of the college.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
State/federal funding to operating revenues	7.14%	5.50%	5.51%	5.19%	64.81%	$65.49



WCTC received a 30% reduction in state aids in 2012. In FY 15 the legislature made a funding shift from property tax levy to state funding that significantly increased this percentage in FY 15 reporting.

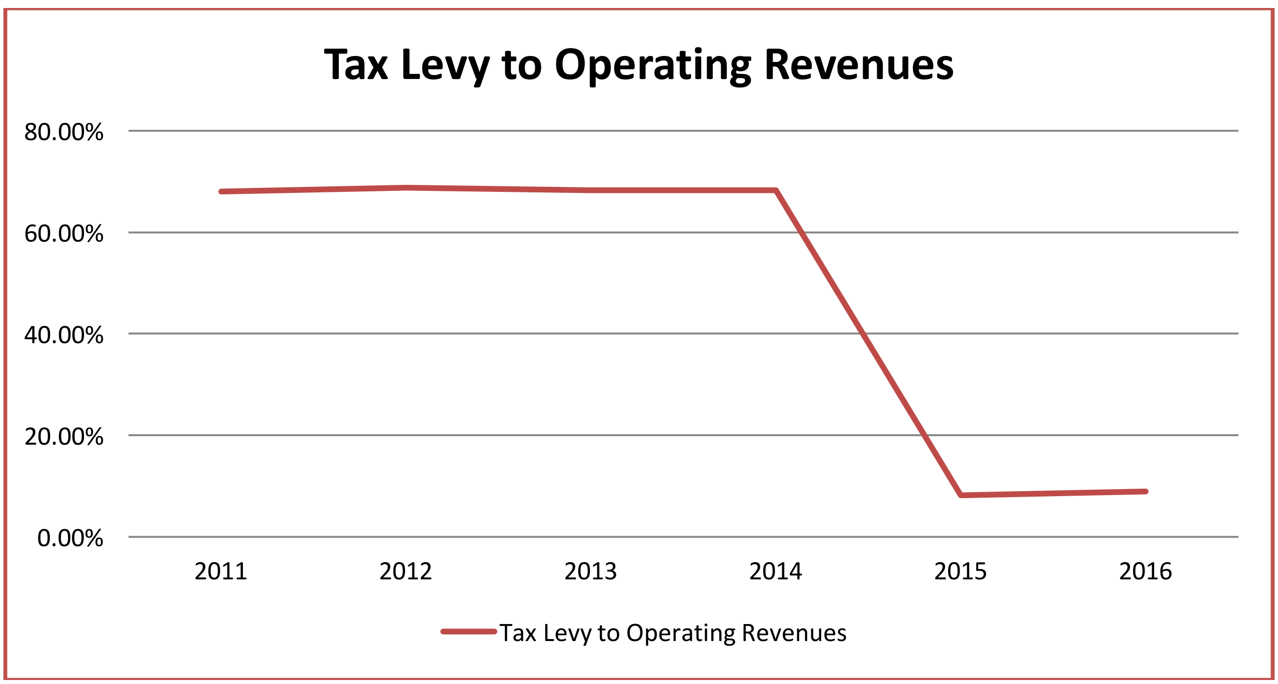


Percent Tax Levy to Operating Revenues

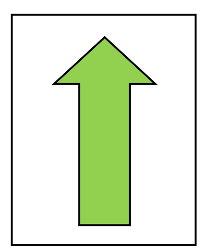
This indicator compares tax levy in the general fund to total general fund revenues in order to show how dependent the college is on this type of revenue.

- The higher this percent is, the more dependent the college is on funding from local taxpayers.
- A downward trend indicates less reliance on property tax funding.
- This is the college's most stable revenue source
- If the level of tax levy funding gets too high, taxpayers may place pressure on the college to reduce taxes, especially in difficult economic times.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Tax levy to operating revenues	68.08%	68.81%	68.22%	68.25%	8.15%	8.91%



Levy percent is relatively constant in relation to other revenue sources. For FY 15 the legislature made a funding shift from property tax levy to state funding which significantly changed this trend.

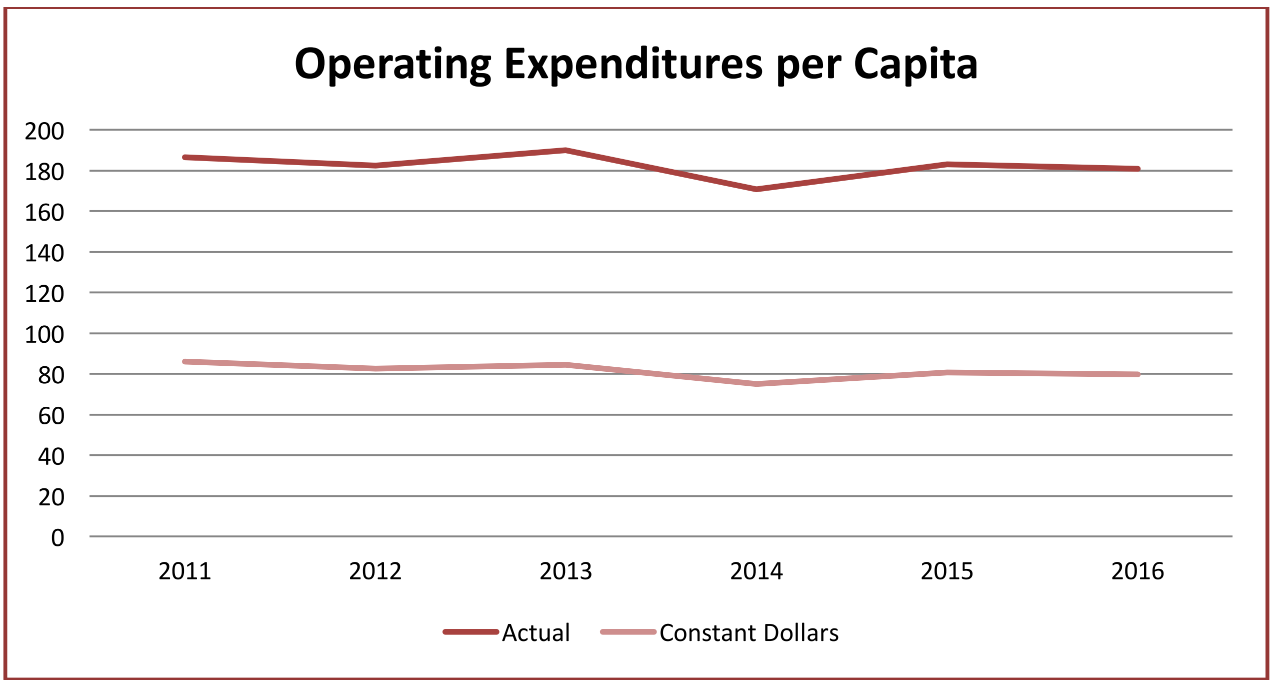


Operating Expenditures per Capita

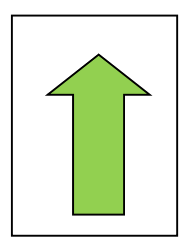
This indicator compares expenditures in the general fund to population.

- A downward or flat trend line is preferred.
- An increasing expenditure per capita in **constant dollars** needs to be monitored and analyzed. This could be a result of increased spending or flat and/or decreasing population.
- Expenditures per capita on a constant dollar basis should not exceed revenues per capita on a constant basis.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Expenditures per capita - actual	$186.57	$182.57	$190.01	$170.75	$183.10	$180.78
Expenditures per capita – constant dollar	$86.01	$82.57	$84.41	$74.96	$80.80	$79.78
Revenues per capita – constant dollar	$89.10	$84.85	$84.01	$83.08	$78.65	$77.99



FY 13 increase was due to funding a cash conversion in order to reduce the OPEB liability $54 million. The downward trend is due to WCTC keeping the tax levy flat for a number of years. In FY 15 and FY 16 WCTC used excess fund balance for a one-time payment to the OPEB Trust, thus increasing expenditures greater than revenue.

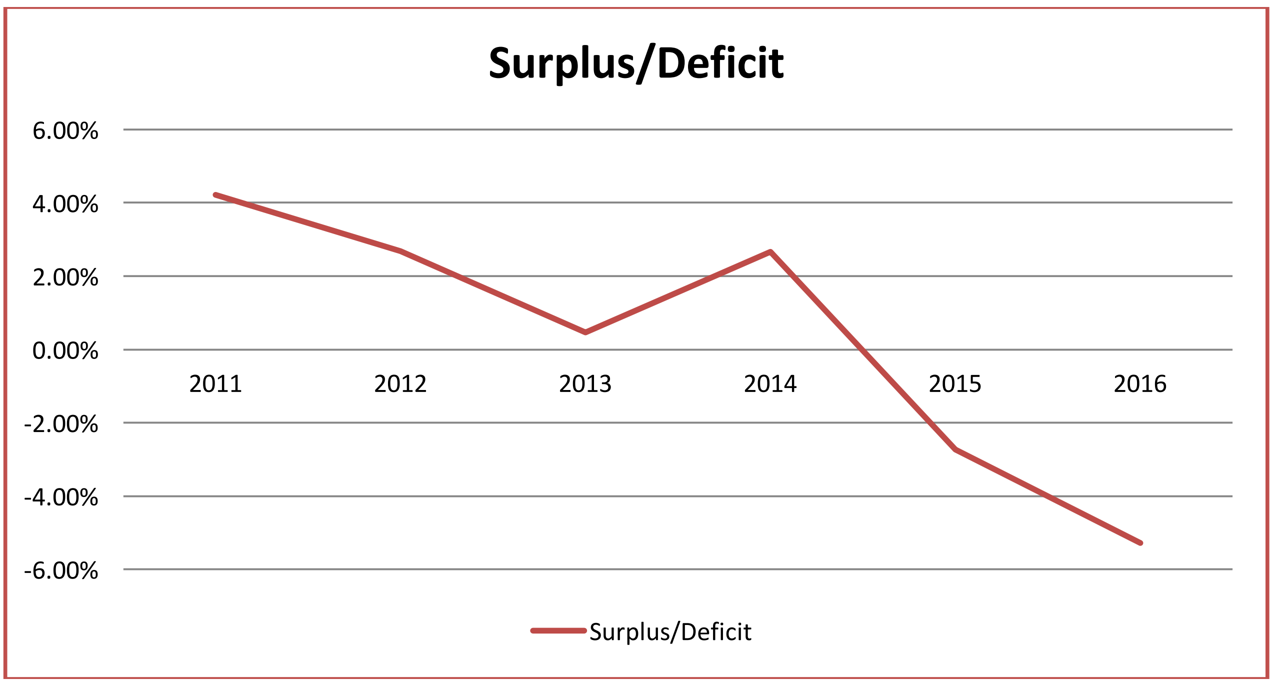


Operating Surplus/Deficit to Operating Revenues

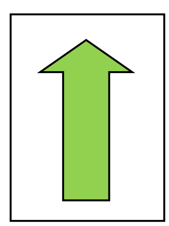
This indicator compares the net operating surplus or deficit at the end of the year in the general fund to total general fund revenues.

- This is a measure the credit rating agencies use as they determine the credit worthiness of the college.
- Since the college has the fund balance for the general fund where it desires it to be, the change between years should be positive and/or close to zero annually in order to maintain this level.
- Deficits lasting more than one year need to be monitored and evaluated.
- A decrease of 5% or more in a year needs to be monitored and evaluated.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Operating surplus/deficit to total revenues	4.22%	2.68%	0.47%	2.67%	-2.73%	-5.29%



Since WCTC has achieved its goal of 25% of expenditures in its Designated for Operations fund balance, the goal now is to end each year with the surplus/deficit calculation being close to 0%. Excess funds from FY 14 were used for one-time needs in FY 15 and excess funds from FY 15 were used for one-time needs in FY 17. WCTC will do the same in FY 17 since there again is excess reserves.

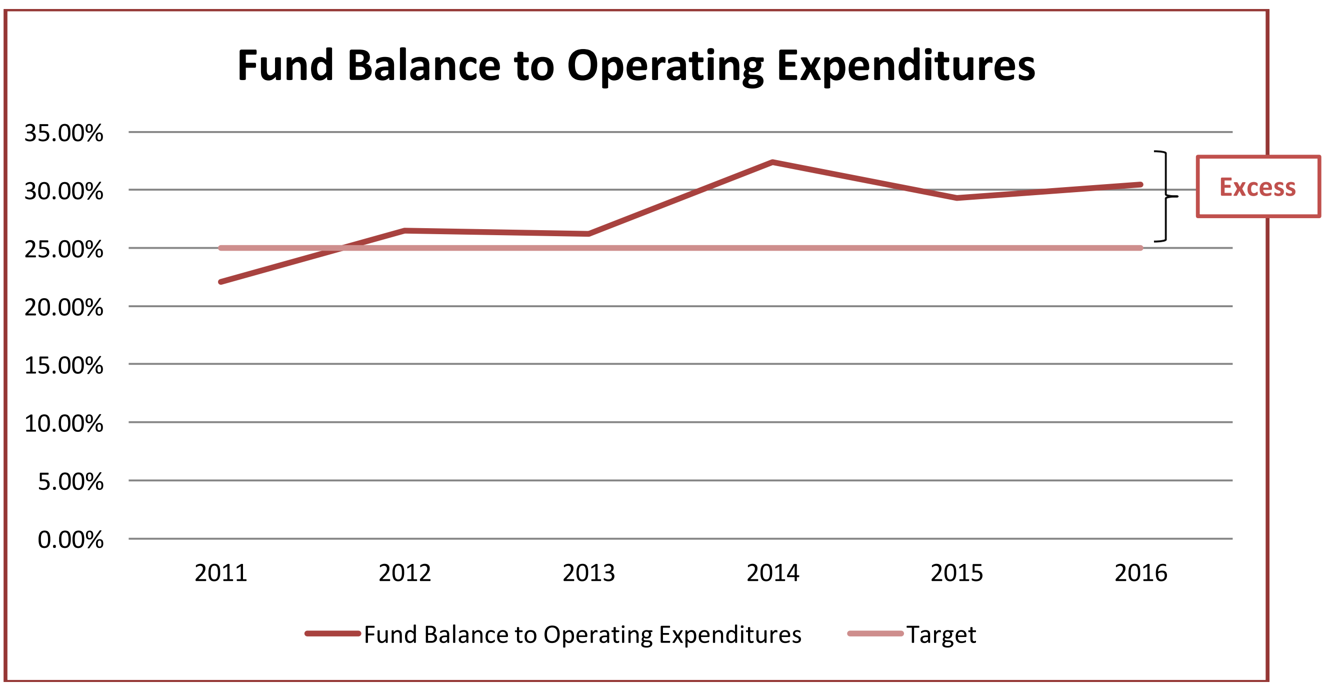


Unreserved Fund Balance to Operating Expenditures

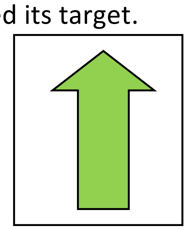
This indicator compares the unreserved portion of the fund balance to the total expenditures in the general fund. This analysis looks at the ratio based on actual expenditures. The college's policy is based on the next year's budgeted expenditures.

- The unreserved portion of the college's general fund is the portion Designated for Operations and Designated for Subsequent Year(s).
- This indicator measures the college's ability to withstand financial emergencies.
- The college sets the desired level in its fund balance policy.
- If the amounts are less than the college's policy, the college needs to make plans to increase the amount.
- If the amounts exceed the college's policy, the college needs to make plans on how to decrease the amount.
- The current goal is approximately 25% of operating costs.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Unreserved fund balance to operating expenditures	22.09%	26.47%	26.22%	32.37%	29.31%	30.45%
Target level	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%



Since FY 12 the college has exceeded its target. WCTC has used the excess funds for one-time expenditures, such as reducing its post-employment benefit liability and to fund capital expenditures. WCTC re-appropriated the excess funds in the following fiscal year for each year it exceeded its target.

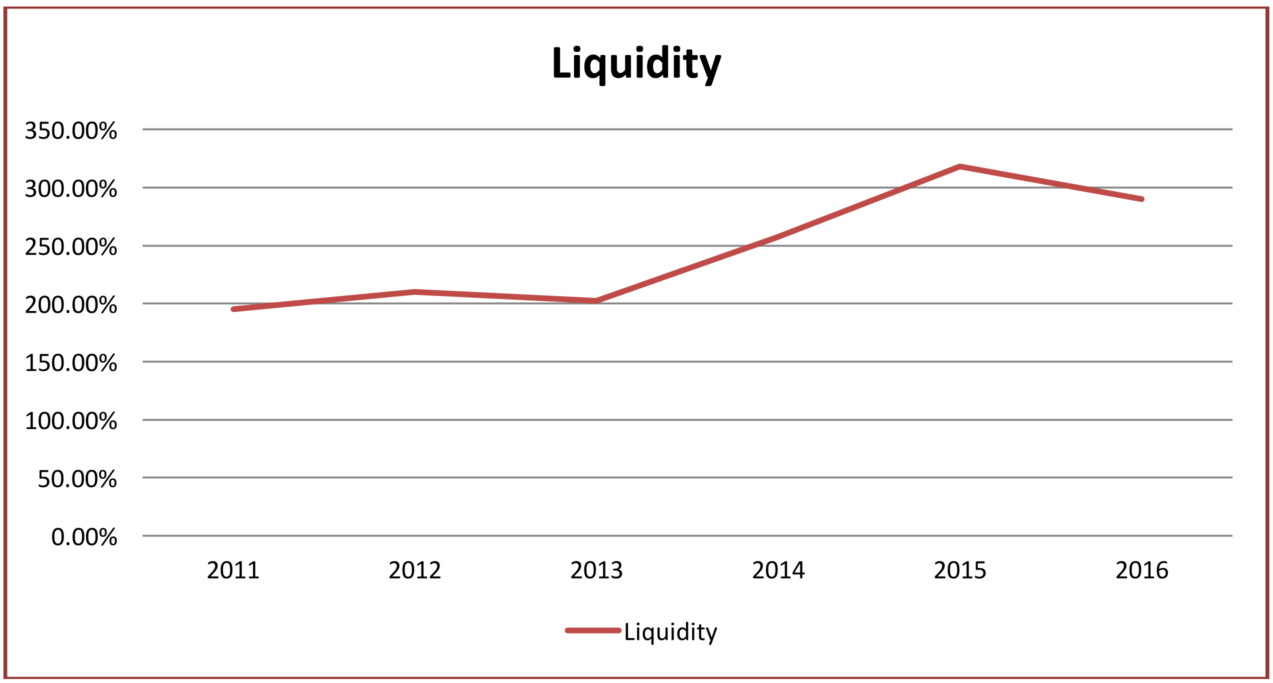


Liquidity

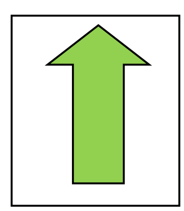
This indicator measures the ability to pay debts when they come due. This indicator is measuring total cash and investments on a budgetary basis to total liabilities on a budgetary basis.

- The higher the percentage, the better WCTC is able to meet its debt obligations when they come due.
- Ratios under 100% need to be analyzed and monitored.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Percent cash/investments to liabilities	195%	210%	203%	258%	318%	290%



WCTC had been building up its Reserve for Operations as it drew down its Reserve for Post-Employment Benefits in order to maintain adequate liquidity. The increase in FY 14 is mainly due to FY 13 excess funds transferred to the Capital Projects Fund to fund capital projects scheduled to occur in future years. Due to the funding shift from tax levy to property tax relief aid beginning in FY 15, WCTC received more of its funds in February than August. In 2016 WCTC utilized excess funds for one-time expenditures and also incurred the run out cost for its self-insurance of healthcare costs.

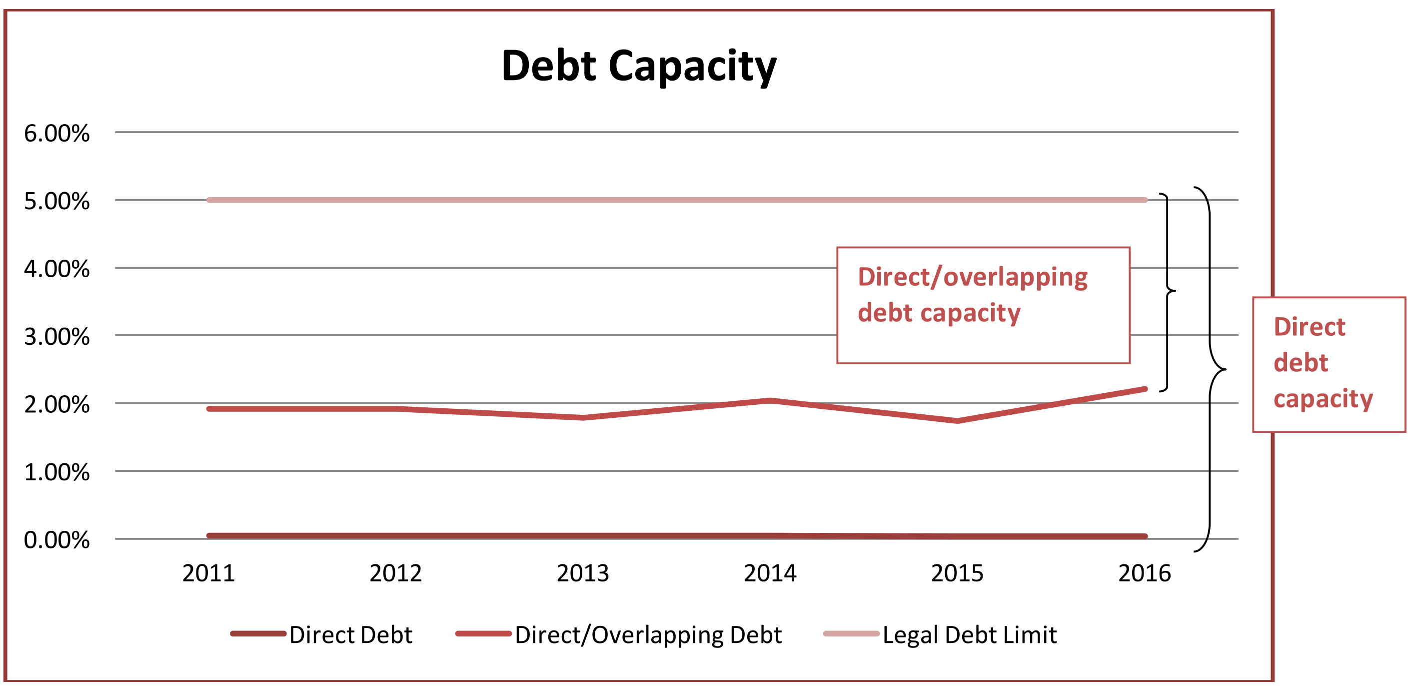


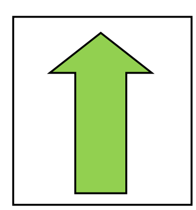
DEBT CAPACITY

This indicator compares the outstanding principal on long-term debt that has been issued to the value of property within the college's district.

- State statute limits the amount of debt the college can have outstanding at any point in time to 2% of bonded debt and 5% of overlapping debt (our debt plus the debt of all the municipalities within our jurisdiction).
- The following percentages cause the credit agencies to be concerned: debt exceeds 10% of valuations, increased 20% or more from the prior year, increased 50% or more in the past four years, and/or debt exceeds 90% of that authorized by state statute.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Direct Debt to Valuations	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%
Direct/Overlapping Debt to Valuations	1.92%	1.92%	1.78%	2.04%	1.74%	2.21%
Legal Debt Limit	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%





WCTC is significantly below its legal debt limit – a small fraction of 1%.

WCTC's direct and the district's overlapping debt is significantly below the limit.

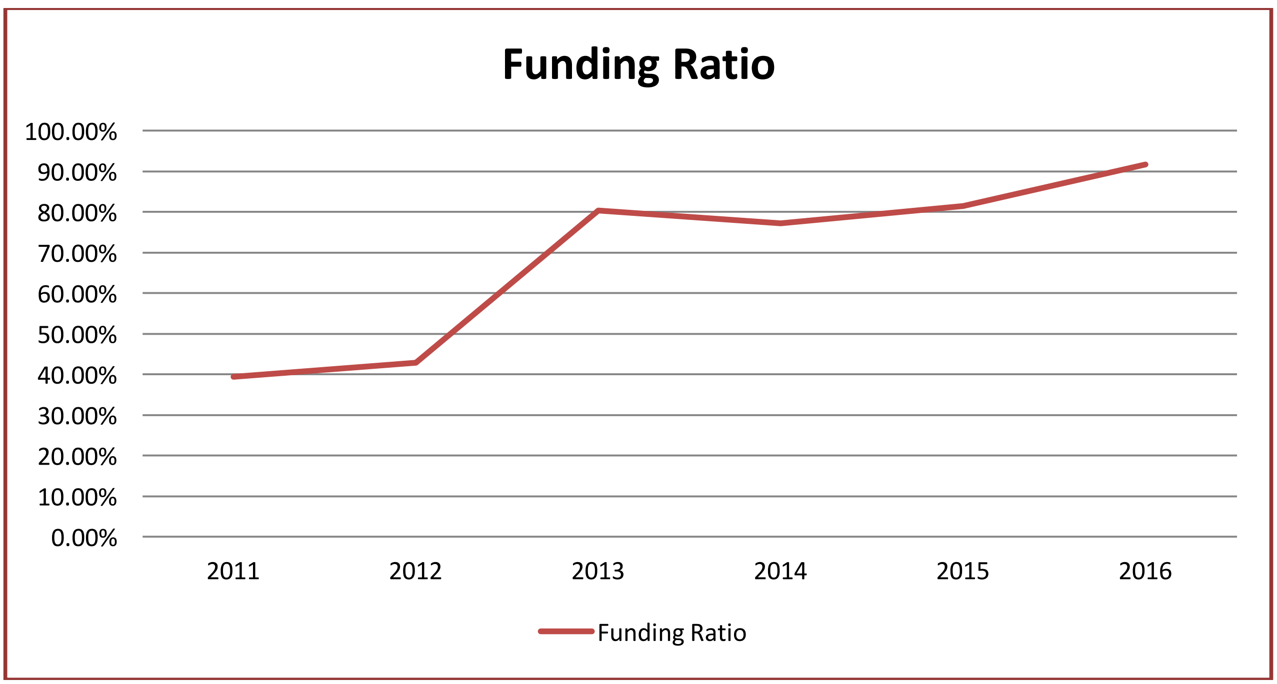
The college keeps its facilities well maintained.

OPEB ASSETS TO TOTAL LIABILITY

This indicator compares the amount of assets the college has in its OPEB Trust to the total actuarial accrued liability. The actuarial accrued liability is the portion of the post-employment benefits the employee has already earned, but not yet received.

- The ultimate goal is for this ratio to be 100%, which means the liability is fully funded.
- An upward trend line is desired to show progress being made on funding the liability.

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
OPEB assets to liability	39.37%	42.85%	80.27%	77.23%	81.49%	91.68%



WCTC is close to having this liability fully funded. In FY 13 WCTC made significant changes to post-employment benefits for active employees, resulting in a $54 million reduction of the liability. Total liability increased in FY 14 due to the increase in Medicare Advantage and the impact of the Affordable Care Act. WCTC has been funding this liability more than it is required to do annually in order to reduce the liability sooner rather than later.