

Annual Comprehensive **FINANCIAL REPORT**



Fiscal Years Ending
June 30, 2021 and 2020



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
Higher Ed

WISCONSIN

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2021

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Dr. Richard Barnhouse	Dr. Jane Kittel, MBA, Ed. D, CPA
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Report Prepared By

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Kristine Golz, CPA	Chief Financial Officer
Financial Accounting Services Department	

Technical Support Provided By

Financial Accounting Services	Human Resources Services
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**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

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Annual Comprehensive **FINANCIAL REPORT**



Introductory Section



WAUKESHA
COUNTY TECHNICAL
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December 8, 2021

Board of Trustees
Waukesha County Area Technical College District:

The Annual Comprehensive Financial Report (ACFR) of the Waukesha County Area Technical College District (also known as Waukesha County Technical College or WCTC) for the fiscal year ended June 30, 2021, 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 98 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 has well-equipped educational laboratories and highly experienced instructors. Curricula is 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. On an annual basis, close to 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 131. 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 130 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 130.

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 incumbent workers 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 enroll at WCTC and earn college credit while still in high school. This allows a student to potentially receive their high school diploma and technical college credential in the same year.

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.

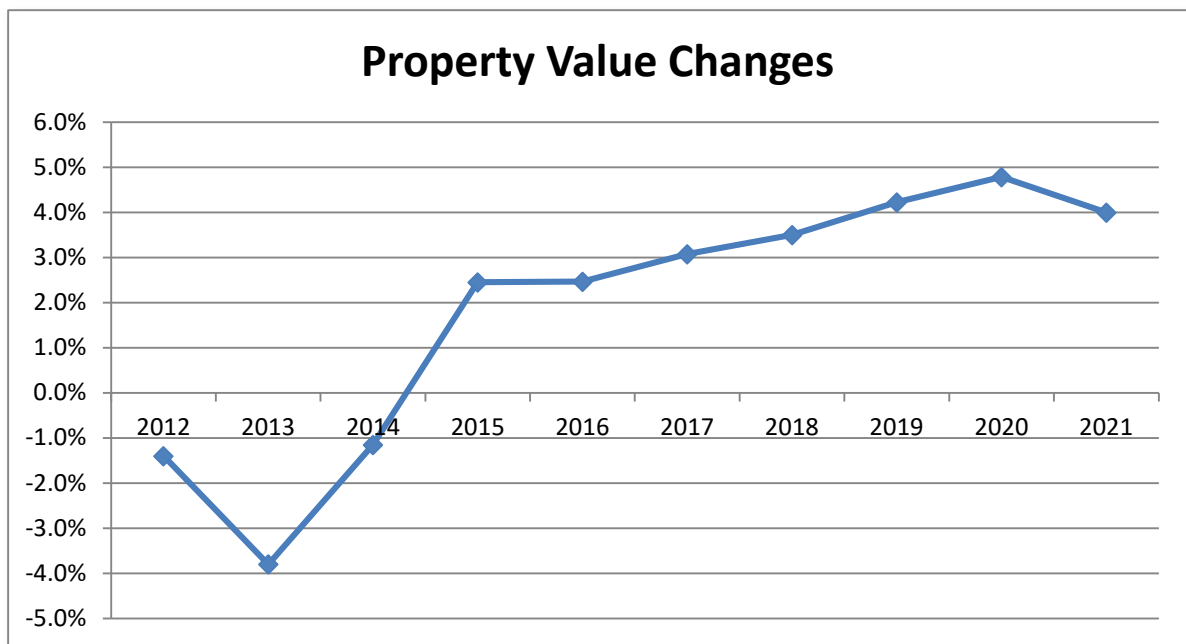
- ◆ In 1996, seven of the sixteen technical college districts formed an insurance trust for the purpose of reducing the cost of their property and liability insurance coverage while increasing their coverage. Effective July 1997, new insurance policies were entered into under this trust effort. This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

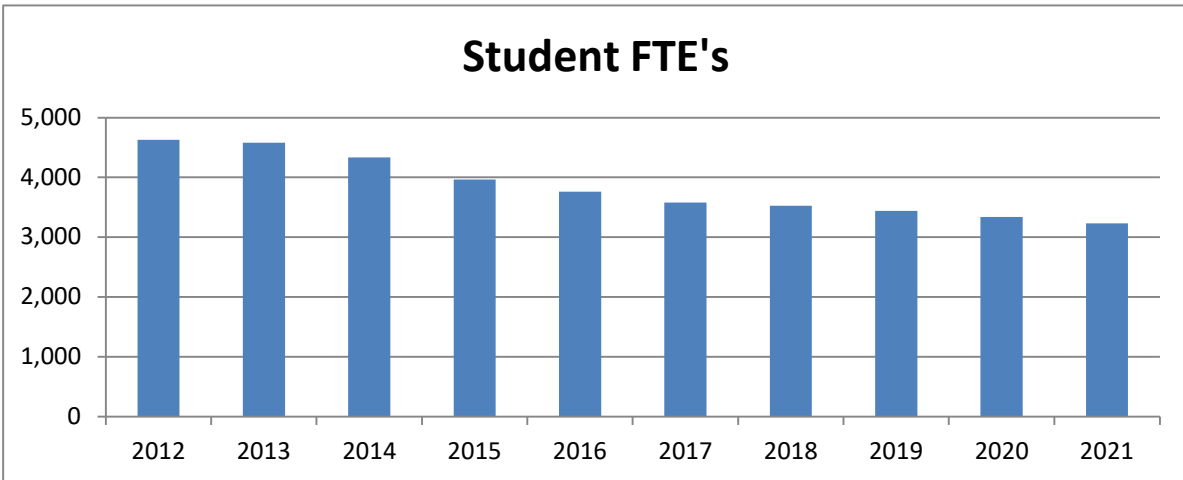
- ◆ **Local economy** – Across the nation, the economy experienced a recession around 2007-2008. Wisconsin and Waukesha County were impacted by this economic downturn. Businesses closed and/or reduced their workforce. Home values decreased and the number of foreclosures increased. Since 2015, improvement has been seen as the County and nation have come out of the recession. 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 2021 when it created its budget. Actual was 4.0%.

- ◆ **Enrollment growth** – Enrollments in the Wisconsin Technical College System have historically been 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 since 2017.

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 turned 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 secure tax base.

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 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 meetings 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:

- ◆ 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. 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. 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 implemented 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 is intentionally working on cultural transformation of the college workforce 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 WCTC 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 focused on dual enrollment of students while in high school and 2 year transfer associate degree course offerings 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 under the direct leadership of Kristine Golz, CPA, Chief Financial Officer, with the cooperative efforts of the Financial Accounting Services Office; Clifton Larsen Allen, 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,



Dr. Richard G. Barnhouse
President

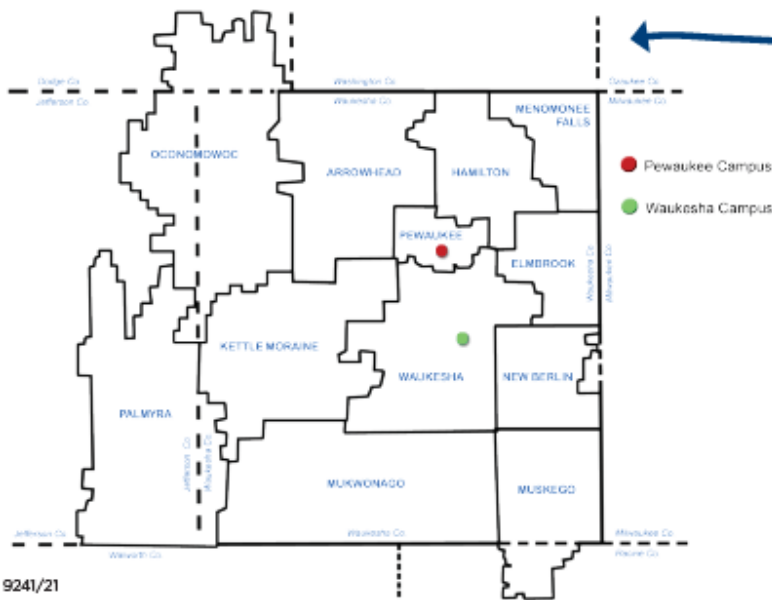


Dr. Jane L. Kittel, CPA
Vice President of Finance & Administration

WISCONSIN TECHNICAL COLLEGE SYSTEM

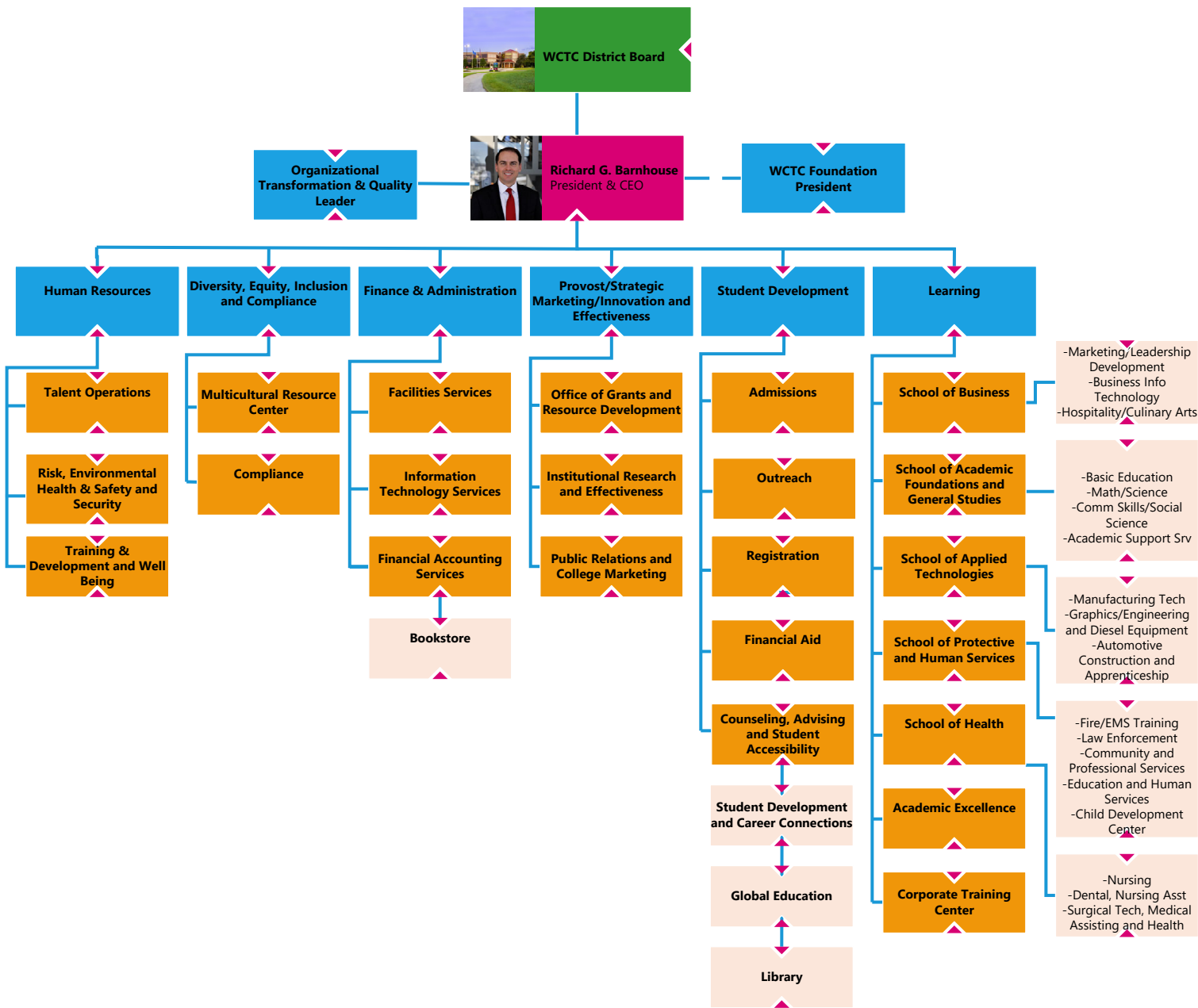
WTCS Technical Colleges

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



9241/21

WCTC Organizational Chart



BOARD MEMBERSHIP AND STRUCTURE (a)
For Year Ended June 30, 2021

Officers	Name (b)	Membership Type (a)	Municipality of Residence	Employer and Position
Member	Thomas Michalski	Elected Official	Elm Grove	Waukesha County Board Supervisor
Member	Joe Garza	School District Administrator	City of New Berlin	New Berlin School District Superintendent
Member	Katie Pantzlaff	Additional Member	Waukesha	Aurora Healthcare – Vice President Human Resources
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
Vice Chairperson	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	Alan Karch	Employer	City of Delafield	Bruno Independent Living Aids Manufacturing Plant Manager
Secretary/Treasurer	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	Dr. Richard Barnhouse	<1	B.S. M.S. Ph.D.	Vice President of Student Services and Enrollment Management at State College of Florida, Manatee-Sarasota Associate Vice Chancellor for Student Affairs and Enrollment Management at University of Wisconsin Colleges, Dean of Students at Moraine Park Technical college
Provost	Dr. Ann Krause-Hanson	6	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	15	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	12	B.S. SPHR candidate	Human Resources Manager – Labor Relations; Fire Chief; Personnel Director – Manufacturing; Manager Labor Relations
Vice President of Finance	Dr. Jane Kittel	2*	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.



Government Finance Officers Association

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Reporting

Presented to

**Waukesha County Technical College
Wisconsin**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

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.

Dr. Richard Barnhouse
WCTC President

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

David L. Lancaster
WCTC Board Chairperson

Michael M. Wiebe
WCTC Board Secretary/Treasurer

Annual Comprehensive **FINANCIAL REPORT**



Financial Section



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
Higher Ed



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Waukesha County 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 Technical College District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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 audit. We conducted our audit 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 relevant to the entity'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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, respective financial position of the business-type activities and the aggregate remaining fund information of the Waukesha County Technical College District as of June 30, 2021, 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.

Emphasis-of-Matter

As discussed in Note 11 to the financial statements, in 2021, the Waukesha County Technical College District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation, the District reported a restatement for the change in accounting principle. Our opinions are not modified with respect to this matter.

Other Matters

The 2020 financial statements of the Waukesha County Technical College District were audited by other auditors whose report dated December 2, 2020, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability (asset), the schedule of employer contributions, and the schedule of changes in net OPEB liability and related ratios, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual budgetary basis fund financial statements, combining schedule of changes in fiduciary net position, the schedule to reconcile budget basis financial statements to basic financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Wisconsin State Single Audit Guidelines, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual budgetary basis fund financial statements, the schedule of capital assets, the schedule of indebtedness and retirements, and the schedule to reconcile budget basis financial statements to the basic financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section included in the table of contents have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
December 8, 2021

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, 2021 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.

	2021	2020	Increase/(Decrease)		2019
			\$	%	
Operating Revenues					
Tuition & fees	\$ 10,724,275	\$ 11,017,540	\$ (293,265)	(2.7)	\$ 11,089,732
State & federal grants	7,809,072	7,723,628	85,444	1.1	7,395,716
Non-gov't grants & contracts	2,592,833	3,153,017	(560,184)	(17.8)	3,450,243
Auxiliary enterprise services	3,593,150	3,925,486	(332,336)	(8.5)	4,262,279
Operating revenues	<u>24,719,330</u>	<u>25,819,671</u>	<u>(1,100,341)</u>	<u>(4.3)</u>	<u>26,197,970</u>
Nonoperating Revenues					
State appropriations	48,309,678	47,727,907	581,771	1.2	47,588,988
Federal grants	2,872,464	176,237	2,696,227	1,529.9	-
Local property taxes	21,997,069	21,743,807	253,262	1.2	20,568,275
Investment income, net	241,546	1,549,848	(1,308,302)	(84.4)	1,647,084
Nonoperating revenues	<u>73,420,757</u>	<u>71,197,799</u>	<u>2,222,958</u>	<u>3.1</u>	<u>69,804,347</u>
Total Revenues	<u>98,140,087</u>	<u>97,017,470</u>	<u>1,122,617</u>	<u>1.2</u>	<u>96,002,317</u>
Operating Expenses					
Salaries	43,736,351	43,801,768	(65,417)	(0.1)	43,983,262
Benefits	3,323,332	10,856,530	(7,533,198)	(69.4)	15,294,710
Current expenses	27,721,926	25,778,073	1,943,853	7.5	27,791,292
Operating expenses	<u>74,781,609</u>	<u>80,436,371</u>	<u>(5,654,762)</u>	<u>(7.0)</u>	<u>87,069,264</u>
Nonoperating Expenses					
Loss on sale of capital assets	642,324	455,227	187,097	41.1	806,651
Interest on debt	537,176	557,391	(20,215)	(3.6)	518,992
Nonoperating expenses	<u>1,179,500</u>	<u>1,012,618</u>	<u>166,882</u>	<u>16.5</u>	<u>1,325,643</u>
Total Expenses	<u>75,961,109</u>	<u>81,448,989</u>	<u>(5,487,880)</u>	<u>(6.7)</u>	<u>88,394,907</u>
Income before Capital Contributions	<u>22,178,978</u>	<u>15,568,481</u>	<u>6,610,497</u>	<u>42.5</u>	<u>7,607,410</u>
Contribution Revenues					
Federal/state grants for capital	1,606,283	176,524	1,429,759	810.0	78,171
Donations	293,458	1,162,640	(869,182)	(74.8)	2,828,462
Contribution revenues	<u>1,899,741</u>	<u>1,339,164</u>	<u>560,577</u>	<u>41.9</u>	<u>2,906,633</u>
Change in net position	24,078,719	16,907,645	7,171,074	42.4	10,514,043
Net Position					
Beginning of year	<u>148,867,596</u>	<u>131,959,951</u>			<u>121,140,309</u> *
End of year	<u>\$ 172,946,315</u>	<u>\$ 148,867,596</u>			<u>\$ 131,654,352</u> *

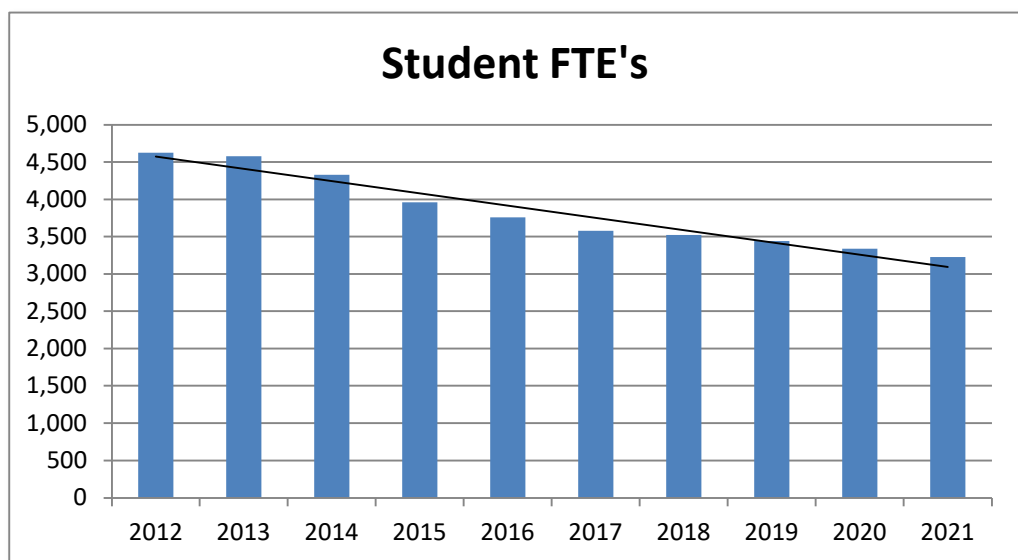
* WCTC implemented GASB 84 during fiscal year 2021 which required restatement for fiscal year 2020. Fiscal year 2019 has not been restated for this change in accounting principal

Operating revenues are the charges for services offered by the college. Total operating revenues decreased \$1,100,341 or 4.3% for fiscal year 2021 compared to a decrease of \$378,299 or 1.44% in fiscal year 2020. These changes are primarily due to the following:

- ◆ During 2021, the college generated \$10,724,275 for tuition and fees charged to students attending classes at WCTC compared to \$11,017,540 in 2020. This was a decrease of \$293,265 or 2.7% for fiscal year 2020 compared to a decrease of \$72,192 or 0.7% in fiscal year 2020.

- ✓ Despite enrollment decreases WCTC's disbursement of financial aid to students in fiscal year 2021 increased. Financial aid disbursed to offset tuition and fees was \$3,807,905 in 2021 compared to \$3,614,153 in fiscal year 2020, which was \$193,752 or 0.5% more. Financial aid disbursements depend greatly on student eligibility and may not always move in line with overall enrollments. The increase in financial aid distributed contributed to the greater decline in tuition revenues as compared to the prior year.
- ✓ The state increased the tuition rates 1.5% in 2021 compared to 1.7% in 2020.
- ✓ WCTC experienced a 3.3% decrease in student FTE's (full-time equivalents) in 2021 compared to 3.0% in 2019.

In fiscal year 2012, WCTC's FTEs and enrollments were over 4,600. 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. During 2021 COVID-19 impacted enrollments across the system, however WCTC experienced less significant declines than many other institutions of higher education. Early projections for fiscal year 2022 indicate that the institution may see another small decrease for the year. A high priority for staff is to find ways to increase enrollments.



- ◆ WCTC receives funding from the federal and state governments for specific purposes, including financial aid payments to students. WCTC received \$7,809,072 from the federal and state governments in 2021 compared to \$7,723,628 in 2020. This is an increase of \$85,444 or 1.1% in 2021 compared to an increase of \$327,912 or 8.8% in 2019.
 - ✓ State funding decreased \$390,267 or 15.6% in 2021 compared to an increase of \$228,778 or 10.09% in 2020. 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 \$475,711 or 9.1% in 2021 compared to an increase of \$99,124 or 1.9% in 2020. Federal funding levels can fluctuate significantly between years based on the specific grants that may be available each year, but is also impacted by the student enrollment and federal student financial aid. During 2021 federal revenues were impacted by the COVID Student Emergency aid that was awarded and passed through to students.
- ◆ 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 \$2,592,833 in 2021 compared to \$3,153,017 in 2020. This is a decrease of \$560,184 or 17.8% in 2021 compared to a decrease of \$297,226 or 8.6% in 2020.
 - ✓ In 2021, WCTC served 2,719 high school students through the transcribed credit/dual enrollment programs compared to 3,333 in 2020. In 2021, the transcribed credit/dual enrollment programs generated \$1,970,611 in revenue compared to \$2,129,697 in 2020.
 - ✓ Contract training with business and industry generated \$357,226 in revenues in fiscal year 2021 compared to \$509,667 in 2020 a \$152,441 or 29.9% decrease. Business and industry contracts were negatively impacted due to the COVID-19 pandemic.
 - ✓ Other non-governmental grants and contract revenues result from facility rentals, vending, and other charges for services. Other revenues were \$343,409 in 2021 and \$513,653 in 2020, which was a decrease of \$170,244 or 33.1%. During 2021 facility rentals 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 \$3,593,150 for 2021 compared to \$3,925,486 for 2020 for these activities, which is a decrease of \$332,336 or 8.5% in 2021 compared to a decrease of \$336,793 or 7.9% in 2020.
 - ✓ Bookstore sales decreased \$79,426 or 2.8% in 2021 compared to a decrease of \$269,630 or 8.6% in 2020. Decreased enrollments along with a shift to virtual course options negatively impacted the sales and related revenues.
 - ✓ The Firing Range sales decreased \$116,272 or 87.3% in 2021 compared to a decrease of \$39,188 or 22.7% in 2020. When the campus re-opened in fall of 2020, the decision was made that the firing range would no longer provide services to the general public. The operations and related enterprise fund closed during fiscal year 2021.
 - ✓ The Child Development Center sales increased \$67,069 or 13.7% in 2021 compared to a decrease of \$197,940 or 28.8% in 2020. Fiscal year 2020 revenues were significantly impacted due to the COVID related closure of campus beginning in March 2020 and extending through the end of that fiscal year.

Operating expenses are costs for providing education, training, and services. Total operating expenses decreased \$5,654,762 or 7.0% in 2021 compared to \$6,632,893 or 7.6% in 2020. These changes are primarily due to the following:

- ◆ Employees received a 1.81% cost of living increase in 2021 compared to 2.44% in 2020, however expenses relating to salaries decreased \$65,417 or 0.19% in 2021 compared to a decrease of \$181,494 or 0.4% in 2020. The reduction in these expenses despite the cost of living increases in 2021 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 \$7,533,198 or 69.4% in 2021 compared to a decrease of \$4,438,180 or 29.0% in 2020.
 - ✓ 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 2021 the impact of adjustments to the OPEB liability/asset resulted in a reduction of expenditures of \$6,885,634 as compared to a reduction of \$3,553,147 in 2020. 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 2021 was 93.7% compared 87.0% in 2020. The positive claims loss ratios has allowed for healthcare premiums to remain relatively stable, with a no premium increase in 2021 and 2020.

- ✓ In 2021, WCTC's portion of the WRS net pension asset was \$15,828,333 compared to \$8,454,420 in 2020. WCTC recognized a negative pension expense of 4,465,681 in 2021 as compared to an expense of 534,418 in 2020.
- ◆ Current expenses increased \$1,943,853 or 7.5% in 2021 compared to a decrease of \$2,013,219 or 7.2% in 2020. Note 8 to the financial statements provides a detailed breakdown of this category. Below are some of the major components of this category.
 - ✓ Costs associated with staff development (training and travel) decreased \$181,349 or 46.5% in 2021 compared to a decrease of \$159,053 or 29.0% in 2020. The decrease in 2021 was primarily due to a continuation of decreased travel due to the ongoing pandemic.
 - ✓ Contracted services increased \$1,301,687 or 16.5% in 2021 compared to an increase of \$508,598 or 6.8% in 2020. Based on the college's needs, contracted services can fluctuate between years. The increase in 2021 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.
 - ✓ Rental costs for facilities and equipment decreased \$114,671 in 2021 as compared to a decrease of \$384,984 in 2020. The significant decrease in 2020 was driven by the discontinuation of the lease of the workforce building, as the building was transferred to the college during 2020. Fiscal year 2021 rental expenses decreased due to the discontinuation of the protective service building lease in August of 2020.

- ✓ Expenses related to student activities decreased \$149,930 or 49.3% in 2021 as compared to a decrease of \$92,524 in 2020. Due to the COVID-19 pandemic and the shift of courses to online offerings fewer student activities were held on campus.
- ✓ Student financial aid expenditures increased \$288,249 or 15.3% as compared to an increase of \$39,542 of 2.2% in 2020. Financial aid expenditures depend on eligibility and need of the student population and can vary from year to year. In 2021 this balance was impacted by the distribution of the student emergency COVID-19 relief.
- ✓ Other expenses increased \$782,092 or 104.8% as compared to an increase of \$113,177 in 2020. The increase in 2021 was driven by the student re-engagement expense funded through the Federal Higher Education Emergency Relief appropriations. As allowed under this appropriation the college provided a one-time credit to students impacted by the pandemic designed to allow these students to re-enroll and complete their education.

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues increased \$2,222,958 or 3.1% in 2021 compared to \$1,393,452 or 2.0% in 2020. The most important components of this change were:

- ◆ State non-operating appropriations increased \$581,771 or 1.2% in 2021 compared to 138,919 or 0.3% in 2020.
- ◆ Federal grant non-operating revenues increased \$2,696,227 or 1,529.9% as compared to an increase of 176,237 or 100% in 2020. This increase is driven by the award of COVID-19 related funding under the Higher Education Emergency Relief Fund. This award helps offset the College's outlay related to the response to the COVID-19 pandemic.
- ◆ Property tax revenue increased \$253,262 or 1.2% in 2021 compared to \$1,175,532 or 5.7% in 2020. 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. 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 \$1,308,302 or 84.4% in 2021 compared to a decrease of \$97,236 or 5.9% in 2020.

WCTC's long term investment rate, excluding cash equivalents, was 0.17% in 2021 compared to 5.1% in 2020, the short term investment rate remained stable at .23% in 2021 and 2020. Based on limitations within Wisconsin statutes, WCTC is invested in fixed income. The entity's fixed income investments performed in line with comparable benchmark trends.

During 2021, WCTC had a weighted average days to maturity of 982 days for its core portfolio and 69 days for its short-term portfolio compared to 964 days and 80 days respectively in 2020.

Contribution revenues result from donations of cash or in-kind donations, usually capital equipment, and grant funds to be used exclusively for the purchase of capital assets. Contribution revenues increased \$560,577 or 41.9% in 2021 compared to a decrease of \$1,567,469 or 53.9% in 2020. The most important components of this change were:

- ◆ Donated funds decreased \$869,182 or 74.8% in 2021 compared to a decrease of \$1,665,822 or 58.9% in 2020.

Donations vary from year to year. In 2019 and 2020 the college received significant donations for the new Applied Technologies building and related equipment.

- ◆ Funds from state and federal grants increased \$1,429,759 or 810% in 2021 compared to an increase of \$98,353 or 125.8% in 2020. The increase in 2021 relates to the purchase and installation of new technology to provide asynchronous learning opportunities, which was eligible for funding under the federal Higher Education Emergency Relief Fund grant.

Non-operating expenses increased \$166,882 or 16.5% in 2021 compared to a decrease of \$313,025 or 23.6% in 2020. This was due to the following:

- ◆ The loss on disposal of capital assets increased \$187,097 or 41.1% in 2021 compared to a decreased of \$351,424 or 43.6% in 2020. This loss depends 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. During fiscal year 2021 the College ceased operations within the Firing Range, and all assets were disposed of.
- ◆ Interest paid on debt decreased \$20,215 or 3.6% in 2021 compared to an increase of \$38,399 or 7.4% in 2020. 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.

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.

	2021	2020	Increase/(Decrease)		2019
			\$	%	
Cash used in operating activities	\$ (56,964,887)	\$ (56,804,500)	\$ (160,387)	(0.3)	\$ (54,236,248)
Cash provided by non-capital financing activities	71,328,542	69,378,471	1,950,071	2.8	67,872,081
Cash used in capital and related financing activities	(10,422,913)	(15,021,868)	4,598,955	30.6	(10,182,445)
Cash provided by (used in) investing activities	<u>3,066,219</u>	<u>(912,358)</u>	<u>3,978,577</u>	<u>(436.1)</u>	<u>(3,862,097)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 7,006,961</u>	<u>\$ (3,360,255)</u>	<u>\$ 10,367,216</u>	<u>(308.5)</u>	<u>\$ (408,709)</u>

The college used \$160,387 or 0.3% more cash for operating activities in 2021 compared to \$2,568,252 or 4.7% more in 2020 due to the following:

- ◆ The college experienced an increase in cash received from students of \$416,014 in 2021 compared to \$205,421 in 2020. This was due to timing of when students enrolled and paid for their classes.

- ◆ WCTC received an additional \$559,436 in federal and state grants received in 2021 as compared to an increase of \$49,874 in 2020. Most of this increase relates to the funding received to provide emergency aid to students.
- ◆ Cash received from business, industry, and school district contracts decreased \$599,635 in 2021 as compared to a decrease of \$540,896 in 2020. During 2021 and 2020 the ongoing COVID-19 pandemic reduced the number of external business, industry and school district contract offerings.
- ◆ The college experienced a decrease in payments to employees of \$1,765,730 in 2021 compared to an increase of \$3,144,666 in 2020.
 - ✓ The college participates in the Wisconsin Retirement System. At the end of 2021, WCTCs share of the pension asset increased to 15,828,333 as compared to \$8,454,420 in 2020. This resulted in a negative adjustment to employee benefits expense of \$4,465,681 in 2021 compared to a positive adjustment of \$534,418 in 2020.
 - ✓ The college's OPEB asset increased significantly from the prior year due to continued positive claims experience. The college recorded a negative adjustment to employee benefits expense of \$6,885,634 in 2021 compared to \$3,553,147 in 2020.
 - ✓ The college participates in the Wisconsin Technical College Employee Benefits Consortium which provides health insurance for the college's employees. WCTC's proportion of the net assets of the consortium increased to \$5,060,193 in 2021 compared to \$4,328,952 in 2020. The college recorded a negative adjustment to employee benefits expense of \$731,241 compared to \$1,648,376 in 2020.
 - ✓ Accrued payroll and related liabilities decreased \$971,189 in 2021 compared to an increase of \$3,606,343 in 2020. The significant decrease in 2020 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 large payment at the end of June 2020 increased the withholdings and related payroll liabilities at the end of fiscal year 2020, which drove the decrease in the fiscal year 2021 activity.
- ◆ The college spent \$2,424,033 more in payments to vendors in 2021 compared to a decrease in payments to vendors of \$1,219,065 in 2020. This decrease primarily relates to the timing of payments for services.
- ◆ Cash from enterprise activities increased \$122,101 in 2021 compared to a decrease of \$357,050 in 2020.

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. While the college re-opened for fiscal 2021 the decrease in on campus traffic, and other related COVID restrictions impacted operations resulting in a slow recovery.

Cash provided by non-capital financing activities increased \$1,950,071 or 2.8% in 2021 compared to \$1,506,390 or 2.22% in 2020. The increase in cash provided by these activities in 2021 is related to funding received through the federal COVID relief dollars. The increase in 2020 was due to the timing of when tax levy payments are received, and increases in the levy.

Cash used in capital and related financing activities decreased \$4,598,955 or 30.6% in 2021 compared to an increase of \$4,836,423 or 47.5% in 2020.

- ◆ WCTC has a master facilities plan in which it is systematically retrofitting and updating its buildings to meet current educational needs. 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. In 2020 construction of the new Applied Technologies building increased outlay, the decrease in 2021 is a result of this one year spike in spending.

Cash provided (used) in investing activities increased \$3,978,577 or 436.1% in 2021 compared to a decrease of \$2,949,739 or 76.4% in 2020. During 2021 the college re-balanced the core investment portfolio to provide additional liquidity during the ongoing pandemic.

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, as well as deferred outflows and inflows of resources, which are consumption or acquisition of net assets by the government that is applicable to a future reporting period. 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.

	2021	2020	Increase/(Decrease)		2019
			\$	%	
ASSETS					
Net capital assets	\$ 107,864,524	\$ 104,539,676	\$ 3,324,848	3.2	\$ 95,993,516
Other assets	<u>120,404,833</u>	<u>97,076,425</u>	<u>23,328,408</u>	<u>24.0</u>	<u>83,686,497</u>
Total Assets	<u>228,269,357</u>	<u>201,616,101</u>	<u>26,653,256</u>	<u>13.2</u>	<u>179,680,013</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	24,696,157	18,193,343	6,502,814	35.7	24,742,147
Deferred amounts related to post-employment benefits	-	<u>156,296</u>	<u>(156,296)</u>	<u>(100)</u>	<u>60,803</u>
Total Deferred Outflows of Resources	<u>24,696,157</u>	<u>18,349,639</u>	<u>6,346,518</u>	<u>34.6</u>	<u>24,802,950</u>
LIABILITIES					
Current liabilities	19,010,199	20,823,135	(1,812,936)	(8.7)	26,108,049
Long-term liabilities	<u>13,926,634</u>	<u>13,792,796</u>	<u>133,838</u>	<u>1.0</u>	<u>22,877,924</u>
Total Liabilities	<u>32,936,833</u>	<u>34,615,931</u>	<u>(1,679,098)</u>	<u>(4.9)</u>	<u>48,985,973</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to post-employment benefits	12,286,391	11,097,284	1,189,107	10.7	10,547,890
Deferred amounts related to pensions	<u>34,795,975</u>	<u>25,384,929</u>	<u>9,411,046</u>	<u>37.1</u>	<u>13,294,748</u>
Total Deferred Outflows of Resources	<u>47,082,366</u>	<u>36,482,213</u>	<u>10,600,153</u>	<u>29.1</u>	<u>23,842,638</u>
NET POSITION					
Net investment in capital assets	91,202,491	86,737,752	4,464,739	5.1	78,694,824
Restricted for					
Debt service	750,438	1,002,503	(252,065)	(25.1)	663,942
Student financial aid	160,439	138,586	21,853	15.8	125,255
Student organizations	1,093,834	720,805	373,029	51.8	446,837
Post-employment benefits	24,385,191	16,154,154	8,231,037	51.0	12,147,106
Pension	15,828,333	8,454,420	7,373,913	87.2	-
Unrestricted	<u>39,525,589</u>	<u>35,659,376</u>	<u>3,866,213</u>	<u>10.8</u>	<u>39,576,388</u>
Total Net Position	<u>\$ 172,946,315</u>	<u>\$ 148,867,596</u>	<u>\$ 24,078,719</u>	<u>16.2</u>	<u>\$ 131,654,352</u> *

* WCTC implemented GASB 84 during fiscal year 2021 which required restatement for fiscal year 2020. Fiscal year 2019 has not been restated for this change in accounting principal

Total assets increased \$26,653,256 or 13.2% in 2021 compared to an increase of \$21,936,088 or 12.2% in 2020. Of these total assets, other assets increased \$23,328,408 or 24.0% in 2021 compared to an increase of \$13,389,928 or 16.0% in 2020. Net capital assets increased \$3,324,848 or 3.2% in 2021 compared to \$8,546,160 or 8.9% in 2020.

- ◆ Overall, WCTC's cash and investments increased \$4,197,482 or 7.7% in 2021 compared to a decreased \$1,006,297 or 1.9% in 2020.

This increase in 2021 stems from a positive cash flow for the year which was driven by the increase in non-capital financing activities and lower outflows of cash related to capital activities.

- ◆ Taxes receivable decreased \$17,186 or 0.4% in 2021 compared to an increase of \$139,491 or 3.2% in 2020. This receivable was paid in full by the end of August 2021 and 2020 respectively. WCTC's levy for fiscal year 2021 increased slightly, however the fiscal year 2020 levy had a significant increase, which led to a higher year-end balance.

- ◆ Accounts receivable increased \$2,910,393 or 35.14% in 2021 compared to an increase of \$10,139 or 0.1% in 2020. The increase in the 2021 balance relates primarily to grant receivables for lost revenue claimed under the Higher Education Emergency Relief Fund.
- ◆ WCTC recorded an OPEB asset of \$24,385,191 in 2021 compared to \$16,154,154 in 2020.

WCTC was 152.1% and 129.1% funded as of June 30, 2021 and 2020 respectively, WCTC's total OPEB liability as of June 30, 2021, was \$46,774,489 compared to \$55,528,092 June 30, 2020.

- ◆ WCTC recorded a pension asset of \$15,858,333 in 2021 compared to a liability of \$8,454,420 in 2020.

The college's deferred outflows of resources increased \$6,346,518 or 34.6% in 2021 compared to a decreased if \$6,453,311 or 26.0%.

- ◆ Due to implementing GASB 68 pension regulation, WCTC needed to record a deferred outflow of resources in the amount of \$24,696,157 in 2021 and \$18,193,343 in 2020.
- ◆ Due to implementing GASB 75 post-employment regulation, WCTC had no deferred outflow of resources in 2021 compared to \$156,296 in 2020.

The college's current liabilities decreased \$1,812,936 or 8.7% in 2021 compared to an increase of \$5,284,914 or 20.2% in 2020.

- ◆ Accounts payable decreased \$1,739,072 or 37.13% in 2021 compared to a decrease of \$1,429,331 or 23.4% in 2020. The majority of fluctuation between years was due to outstanding invoices resulting from construction projects that began in May with expected completion dates of August.
- ◆ Wages and benefits payable decreased \$971,189 or 37.5% in 2021 compared to an increase of \$3,606,343 or 58.2% in 2020. As discussed earlier this decrease stemmed from the change in instructional contract terms.
- ◆ Unearned revenue increased \$1,323,046 or 23.6% as compared to an increase of \$347,676 or 6.6% in 2020. The increase relates to the timing of expenditures under the Higher Education Emergency Relief Fund.

The college's long-term liabilities increased 133,838 or 1.0% in 2021 compared to an increase of \$9,085,128 or 39.7% in 2020.

- ◆ WCTC's general obligation debt liability decreased \$138,238 or 1.1% in 2021 compared to an increase of \$461,893 or 3.9 % in 2020. WCTC issued \$7,750,000 of general obligation promissory notes in both 2021 and 2020. WCTC has been repaying more debt per year than it has issued each year. The increase in 2020 primarily relates to the larger premiums received on debt issuances during 2020.
- ◆ Due to implementing GASB Statement No. 68, WCTC was required to recognize a net pension asset of \$15,828,333 in 2021 compared to \$8,454,420 in 2020. However in 2019 a liability of \$9,650,147 was recognized. The large decrease in long term liabilities in 2020 primarily relates to the shift in the pension position from a liability to an asset.

The college's deferred inflows of resources increased \$10,600,153 or 29.1% in 2021 compared to \$12,639,575 or 53.0% in 2020.

- ◆ Due to implementing GASB Statement No. 68, WCTC recognized a deferred inflow of resources of \$34,795,975 2021 compared to \$25,384,929 2020 for pensions.
- ◆ Due to implementing GASB 75, WCTC recognized a deferred inflow of resources of \$12,286,391 in 2021 compared to \$11,097,284 in 2020 for post-employment benefits.

Net position increased \$25,405,139 or 17.1% in 2021 compared to \$17,213,244 or 13.1% in 2020.

- ◆ Net investment in capital assets increased \$4,464,739 or 5.1% in 2021 compared to \$8,042,928 or 10.2% in 2020. This is a result of the change in capital assets, the impact of accumulated depreciation on those assets, and the debt still outstanding to pay for those assets as well as any proceeds remaining from debt that was previously borrowed. These assets include \$1,437,967 in 2021 and \$778,076 in 2020 of unexpended debt proceeds for capital assets. Purchase orders outstanding to be financed from unexpended debt proceeds amount to \$1,445,767 in 2021 compared to \$2,331,164 in 2020.
- ◆ Net position restricted for debt service increased \$252,065 or 15.8% in 2021 compared to an increase of \$338,561 or 51.0% in 2020. In 2021 the college budgeted to utilize some of the built up reserves to pay down existing debt balances. Debt service reserves had built up over time from increasing premiums received on debt issuances. 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 \$394,882 or 45.9% in 2021 compared to an increase of \$273,968, or 61.3% in 2020. Spending for student organizations can vary from year to year depending on projects and activities approved by the student organizations. During 2021 the college claimed lost revenue relating to student activity fees which were impacted by the ongoing pandemic. Additionally, the implementation of GASB Statement No. 84 impacted these balances, more information on this implementation can be located in the footnotes on page 89.
- ◆ Due to implementing GASB Statement No. 75, WCTC's restricted for post-employment benefits was \$24,385,191 in 2021 and \$16,154,154 in 2020. The college continues to have positive claims experience decreasing the pension obligation, while maintaining a strong investment portfolio performance. These two items have contributed to the increased net position restricted for post-employment benefits.
- ◆ Due to GASB Statement No. 68 WCTC recognized a pension asset and net position restricted for pension of \$15,828,333 in 2021 as compared to \$8,454,420 in 2020. In 2019 there was a net pension liability.
- ◆ Unrestricted net position increased \$5,192,633 or 14.6% in 2021 compared to a decrease of \$3,917,012 or 9.9% in 2020. 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 – \$1,020,518 in 2021 compared to \$1,324,322 in 2020 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 – \$137,990 in 2021 and \$92,941 in 2020 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 - \$480,000 was set aside in 2021, and 483,000 in 2020. 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 – \$17,413,000 in 2021 and \$17,518,000 in 2020 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 – \$15,152,158 and \$6,484,581, was set aside to be used in 2021 and 2020 respectively as a result of the college exceeding its 25% target for funds reserved for operations. WCTC is strategically working to set aside additional reserves to be utilized to strategically implement initiatives and meet stakeholder needs in a time where the future of higher education continues to evolve.
- ✓ Sick-pay benefits – \$1,741,964 in 2021 and \$1,469,889 in 2020 of net position were set aside to cover sick pay benefits that have vested with employees.
- ✓ Enterprise and internal service fund operations – \$3,569,429 in 2021 and \$3,223,586 in 2020 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, 2021 was \$107,854,524 compared to \$104,539,676 in 2020. This investment includes land, land improvements, buildings, building improvements, construction in process, and fixed and movable equipment net of related accumulated depreciation.

As of June 30, 2021 WCTC had \$18,090,000 compared to \$18,580,000 in 2020 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 69 and Note 4 on page 71, 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. For fiscal year 2022 the legislature increased this finding shift by adding another \$3,087,094 increasing the total property tax relief aid to 46,306,408.

WCTC levied taxes of \$21,985,615 in 2021 and had a mill rate of \$0.22 for operations. Property values increased 4.8% compared to a projected increase of 4.0% when the 2021 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 \$0.21668. 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 \$0.21790, 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 \$0.12962 when it adopted its budget. Due to current market conditions WCTC increased the debt levy to allow for an increase in the debt service payments for debt issued during 2021. As a result, the debt service mill rate increased to \$0.13344 in 2021.
- ◆ The total mill rate decreased from \$0.36016 in 2020 to \$0.35134 in 2021.

- ◆ 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 3,227 in 2021 compared to 3,337 in 2020. WCTC has placed a high priority on looking at the factors impacting enrollment declines and finding solutions to increase.
- ◆ 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, 2021, the actuarial study showed that WCTC had fully funded the liability and had an OPEB asset of \$24,385,191.

Economic Factors

The slowdown of the US economy and the COVID-19 pandemic had a major impact on businesses and industries in Waukesha County and throughout the state. WCTC has been 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 6.4% in 2022 and 4.79% in 2021. WCTC conservatively projected an increase of 4.0% when it developed its 2022 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 2022 budget included an operational levy increase, however legislation passed between the budget adoption and formal approval of the tax levy included a funding shift, increasing state funded property tax relief aid and decreasing the tax levy. As a result the overall mill rate decreased from \$0.35134 to \$0.30220.
- ◆ 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 improved, WCTC experienced expected declines in its enrollments due to the significant growth it experienced during the peak of the recession. Current 2022 projections show a decline in enrollment as compared to 2021. WCTC is working hard to turn the declining enrollment trend around.

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 2022 budget includes the following factors:

	2022	2021	Increase/(Decrease)	
	<u>Adopted</u>	<u>Adopted</u>	<u>\$</u>	<u>%</u>
Revenues				
Local government	\$ 22,775,615	\$ 21,506,565	\$ 1,269,050	5.9%
State funds	49,905,809	50,287,535	(381,726)	-0.8%
Tuition and fees	14,077,400	14,005,290	72,110	0.5%
Institutional	8,453,810	9,694,061	(1,240,251)	-12.8%
Federal funds	<u>5,729,675</u>	<u>5,795,075</u>	<u>(65,400)</u>	<u>-1.1%</u>
Total revenue	<u>100,942,309</u>	<u>101,288,526</u>	<u>(346,217)</u>	<u>-0.3%</u>
Expenditures				
Instruction	49,531,920	49,615,506	(83,586)	-0.2%
Instructional resources	1,529,496	1,473,932	55,564	3.8%
Student services	16,357,453	16,889,710	(532,257)	-3.2%
General institution	17,768,070	15,317,563	2,450,507	16.0%
Physical plant	20,000,315	21,737,644	(1,737,329)	-8.0%
Auxiliary	<u>4,957,945</u>	<u>5,302,982</u>	<u>(345,037)</u>	<u>-6.5%</u>
Total expenditures	<u>110,145,199</u>	<u>110,337,337</u>	<u>(192,138)</u>	<u>-0.2%</u>
Net revenue/(expenditure)	(9,202,890)	(9,048,811)	(154,079)	1.7%
Proceeds from debt	<u>7,750,000</u>	<u>7,750,000</u>	<u>-</u>	<u>0.0%</u>
Net revenue/(expenditure)	<u>(1,452,890)</u>	<u>(1,298,811)</u>	<u>(154,079)</u>	<u>11.9%</u>
Beginning fund balance				
Ending fund balance	<u>54,253,058</u>	<u>43,251,585</u>	<u>11,001,473</u>	<u>25.4%</u>
Reserve for debt service	(50,000)	(150,000)	100,000	-66.7%
Reserve for capital outlay	(1,355,705)	(1,000,000)	(355,705)	35.6%
Reserve for financial aid	(15,000)	(60,000)	45,000	-75.0%
Retained earnings	(32,185)	(88,811)	56,626	-63.8%
Designated for operations	1,684,000	-	1,684,000	100.0%
Designated for subsequent year	<u>(1,684,000)</u>	<u>-</u>	<u>(1,684,000)</u>	<u>-100.0%</u>

The revenue budget is \$100,942,309, which is a decrease of \$346,217 from the fiscal year 2021 adopted budget.

- ◆ Tuition and fees slightly increased \$72,110 or 0.5%. The 2022 budget was built with a projected 3% decrease in FTE, budgeted fees increased slightly. This increase is due to aligning the budgeted revenues with the expected course mix. Although WCTC is actively working to bolster enrollments, it was expected that the ongoing pandemic may continue to impact overall enrollment levels in 2022.
- ◆ Federal funds decreased \$65,400 due to an expected decrease in federal grant funds.

- ◆ State funds are expected to decrease \$381,726 based on grants written and awarded along with aligning state aid with actuals received during prior fiscal years.
- ◆ Institutional revenues are expected to decrease \$1,240,251. This decrease is due to the ongoing pandemic which has significantly impacted rental revenues, contracted training, and lower rates of return on the college's core investment portfolio.

The expense budget is \$110,145,199, which is a decrease of \$192,138 from the fiscal year 2021 adopted budget.

- ◆ Overall expenditures were decreased to balance the budget based on the projected revenues
 - ◆ State grant awards were less than the amounts awarded during, which reduced related expenditures.
 - ◆ Expenditures within the enterprise funds were reduced to align with reduced expected revenues due to the ongoing pandemic.
 - ◆ Decreased student activity fee revenue required a reduction in the related expenditures.
- ◆ WCTC plans to issue \$7,750,000 in general obligation promissory notes in fiscal year 2022, which is the same amount as 2021.
- ◆ WCTC plans to utilize \$1,355,705 of its fund balance during 2022 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, 2021 and 2020

ASSETS	2021	2020
Current assets		
Cash	\$ 14,800,956	\$ 7,662,665
Short-term investments	2,868,918	3,000,248
Accounts receivable, net	11,193,700	8,283,307
Taxes receivable	4,486,498	4,503,684
Interest receivable	221,858	237,052
Inventories	452,057	566,995
Prepaid expenses and other assets	5,415,574	4,642,673
Total Current Assets	39,439,561	28,896,624
Non-current assets		
Long-term investments	18,137,350	19,583,644
Restricted Long-term investments	22,624,398	23,987,583
Restricted Net OPEB asset	24,385,191	16,154,154
Restricted Net pension asset	15,828,333	8,454,420
Capital assets, net of accumulated depreciation		
Land	641,345	641,345
Construction in progress	3,140,483	8,369,634
Other capital assets	104,072,696	95,528,697
Total Non-Current Assets	188,829,796	172,719,477
Total Assets	228,269,357	201,616,101
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	24,696,157	18,193,343
Deferred amounts related to OPEB	-	156,296
Total Deferred Outflows of Resources	24,696,157	18,349,639
LIABILITIES		
Current liabilities		
Accounts payable	2,945,275	4,684,347
Wages and benefit payables	1,615,564	2,586,753
Compensated absences	1,125,055	1,214,291
Interest payable	102,310	113,795
Unearned revenue	6,921,995	5,598,949
General obligation debt - current portion	6,300,000	6,625,000
Total Current Liabilities	19,010,199	20,823,135
Non-current liabilities		
Compensated absences	1,741,964	1,469,888
General obligation debt	12,184,670	12,322,908
Total Non-Current Liabilities	13,926,634	13,792,796
Total Liabilities	32,936,833	34,615,931
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to OPEB	12,286,391	11,097,284
Deferred amounts related to pensions	34,795,975	25,384,929
Total Deferred Inflows of Resources	47,082,366	36,482,213
NET POSITION		
Net investment in capital assets	91,202,491	86,737,752
Restricted for		
Debt service	750,438	1,002,503
Student financial aid	160,439	138,586
Student organizations	1,093,834	720,805
OPEB	24,385,191	16,154,154
Pension	15,828,333	8,454,420
Unrestricted	39,525,589	35,659,376
TOTAL NET POSITION	\$ 172,946,315	\$ 148,867,596

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, 2021 and 2020

REVENUES	2021	2020
Operating revenues		
Tuition and fees		
Program fees (net of \$3,243,973 and \$3,017,619 scholarship allowances respectively)	\$ 9,138,219	\$ 9,213,942
Material fees (net of \$184,412 and \$192,384 scholarship allowances respectively)	523,153	581,311
Other student fees (net of \$379,520 and \$404,150 scholarship allowances respectively)	1,062,903	1,222,287
State grants and contracts	2,105,975	2,496,242
Federal grants and contracts	5,703,097	5,227,386
Non-governmental grants and contracts	2,592,833	3,153,017
Auxiliary enterprise services	3,593,150	3,925,486
Total Operating Revenues	24,719,330	25,819,671
 EXPENSES		
Operating expenses		
Educational		
Instruction	36,342,715	41,500,767
Instructional resources	1,140,105	1,332,296
Student services	10,525,692	10,597,548
General institutional	12,204,366	12,604,893
Physical plant	6,027,500	5,623,009
Depreciation	4,988,884	4,883,681
Auxiliary enterprise services	3,552,347	3,894,177
Total Operating Expenses	74,781,609	80,436,371
Operating Loss	(50,062,279)	(54,616,700)
 NONOPERATING REVENUES (EXPENSES)		
State appropriations	48,309,678	47,727,907
Federal grants	2,872,464	176,237
Local property taxes	21,997,069	21,743,807
Loss on sale of capital assets	(642,324)	(455,227)
Investment income (net of \$30,482 and \$30,010 investment expenses respectively)	241,546	1,549,848
Interest on capital asset-related debt	(537,176)	(557,391)
Total Nonoperating Revenues (Expenses)	72,241,257	70,185,181
 CAPITAL CONTRIBUTIONS		
Federal and state appropriations for capital-related grants	1,606,283	176,524
Donations	293,458	1,162,640
Total Capital Contributions	1,899,741	1,339,164
 Change in Net Position	24,078,719	16,907,645
 NET POSITION - BEGINNING OF YEAR (AS RESTATED)	148,867,596	131,959,951
 NET POSITION - END OF YEAR	\$ 172,946,315	\$ 148,867,596

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, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Tuition and fees received	\$ 11,787,095	\$ 11,371,081
Federal and state grants received	8,046,131	7,486,695
Business, industry and school district contract revenues received	2,553,137	3,152,772
Payments to employees including related benefits	(59,199,347)	(60,965,077)
Payments to suppliers	(24,213,026)	(21,788,993)
Auxiliary enterprise revenues received	4,061,123	3,939,022
	(56,964,887)	(56,804,500)
Net Cash Flows From Operating Activities		
Cash flows from non-capital financing activities		
Local property taxes received	22,014,255	21,604,316
State appropriations received	48,309,678	47,727,907
Federal appropriations received	1,004,609	46,248
	71,328,542	69,378,471
Net Cash Flows From Non-Capital Financing Activities		
Cash flows from capital and related financing activities		
Federal and state appropriations received for capital assets	158,635	176,524
Donations	293,458	1,500,267
Purchases of capital assets	(9,864,858)	(15,791,078)
Proceeds on sale of capital assets	1,751	-
Proceeds from issuance of capital debt	7,750,000	7,750,000
Net premium received (discount paid) on debt issuance	179,396	298,178
Principal paid on capital debt	(8,240,000)	(8,280,000)
Interest paid on capital debt	(701,295)	(675,759)
	(10,422,913)	(15,021,868)
Net Cash Flows From Capital and Related Financing Activities		
Cash flows from investing activities		
Investment income received	910,600	964,145
Purchase of investments	(50,965,270)	(61,704,751)
Proceeds on sale of investments	53,120,889	59,828,248
	3,066,219	(912,358)
Net Cash Flows From Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	7,006,961	(3,360,255)
Cash and Cash Equivalents - Beginning of Year	10,662,913	14,023,168
Cash and Cash Equivalents - End of Year	\$ 17,669,874	\$ 10,662,913

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, 2021 and 2020

	2021	2020
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (50,062,279)	\$ (54,616,700)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	4,988,884	4,883,681
(Increase) Decrease in deferred outflows of resources:		
Pension	(6,502,814)	6,548,804
OPEB	156,296	(95,493)
Increase in deferred inflows of resources		
Pension	9,411,046	549,394
OPEB	1,189,107	12,090,181
Change in assets and liabilities:		
Accounts receivable	1,368,652	(217,777)
Inventories	114,938	(134,087)
Prepaid expenses and other assets	(772,901)	(1,542,792)
Net pension liability (asset)	(7,373,913)	(18,104,567)
Accounts payable	(822,021)	782,278
Wages and benefit payable	(971,189)	(3,606,343)
Unearned revenue	359,504	347,676
Compensated absences	182,840	318,293
Net OPEB asset	(8,231,037)	(4,007,048)
Net Cash Flows From Operating Activities	<u>\$ (56,964,887)</u>	<u>\$ (56,804,500)</u>
Reconciliation of cash and cash equivalents to Statement of Net Position:		
Cash	\$ 14,800,956	\$ 7,662,665
Short-term investments	2,868,918	3,000,248
	<u>\$ 17,669,874</u>	<u>\$ 10,662,913</u>
Noncash capital financing activities		
Vouchers payable for capital assets	\$ 1,454,627	\$ 2,371,678
Donation of Capital Assets	-	912,259
	<u>\$ 1,454,627</u>	<u>\$ 3,283,937</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, 2021 and 2020

ASSETS	2021	2020
Current assets		
Cash equivalents	\$ 3,674,980	\$ 2,317,690
Interest receivable	352,778	352,688
Contributions receivable	-	540,773
Total Current Assets	4,027,758	3,211,151
Non-current assets		
Long-term investments		
Equity Mutual Funds	6,361,285	5,781,241
Corporate bonds	21,894,566	25,192,489
Asset-backed securities	6,970,173	7,137,246
Supra Nationals	1,563,869	1,598,388
Federal Agency Notes	1,327,465	-
Federal Agency Collateral Mortgage Obligations	5,371,546	5,799,607
Federal Agency Mortgage Backed Securities	-	432,129
U.S. Treasuries	23,648,546	22,529,995
Total Non-Current Assets	67,137,450	68,471,095
Total Assets	71,165,208	71,682,246
LIABILITIES		
Current liabilities		
Accounts payable	5,528	-
Total Current Liabilities	5,528	-
Total Liabilities	5,528	-
NET POSITION		
Restricted for		
Post-employment benefits	71,159,680	71,682,246
TOTAL NET POSITION	\$ 71,159,680	\$ 71,682,246

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, 2021 and 2020

ADDITIONS	<u>2021</u>	<u>2020</u>
Contributions		
WCTC	\$ -	\$ 1,017,737
Investment income		
Interest	2,206,397	1,910,978
Investment expense	(69,608)	(62,197)
Unrealized gain/(loss)	<u>261,571</u>	<u>2,088,163</u>
Net investment income	<u>2,398,360</u>	<u>3,936,944</u>
Total additions	<u>2,398,360</u>	<u>4,954,681</u>
DEDUCTIONS		
Retiree benefits	2,915,926	3,009,368
Administrative expenses	<u>5,000</u>	<u>5,000</u>
Total Deductions	<u>2,920,926</u>	<u>3,014,368</u>
 Change in Net Position	 (522,566)	 1,940,313
 NET POSITION RESTRICTED FOR POST-EMPLOYMENT BENEFITS:		
BEGINNING OF YEAR	<u>71,682,246</u>	<u>69,741,933</u>
END OF YEAR	<u>\$ 71,159,680</u>	<u>\$ 71,682,246</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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020 (balance sheet dates):

	2021		2020	
	Total	WCTC's	Total	WCTC's
	WISPALS	Share	WISPALS	Share
Total assets	\$ 126,414	\$ 11,492	\$ 301,222	\$ 27,384
Total liabilities	87,669	7,970	19,750	1,795
Total net position	38,745	3,522	281,472	25,588
Total revenues	367,703	33,428	856,886	77,899
Total expenses	610,430	55,494	614,970	55,906

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, 2021 and 2020

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 schedules. 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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020 amounted to \$538,368 and \$625,979 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, 2021 and 2020, the total unused accumulated sick leave for all employees amounted to \$10,177,670 and \$8,937,793, 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, 2021 and 2020 totaled \$586,687 and \$575,078, respectively, and is recorded as compensated absences in the current liabilities. The remaining portion of the liability, \$1,741,964 and \$1,469,888 at June 30, 2021 and 2020, 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)

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, 2021 and 2020

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)

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. Assets accumulated in the trust meet the criteria in paragraph 4 of Statement 75.

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, 2021 and 2020

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)

Employees Covered by Benefit Terms

At June 30, 2021 and 2020, the following employees were covered by the benefit terms:

	2021	2020
Inactive employees or beneficiaries currently receiving benefit payments	430	424
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	93	104
Total	523	528

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, 2021 and 2020

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)

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 2021 and 2020 was 3.42% and 6.57%, respectfully. 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, 2021 and 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, 2021 and 2020 are:

	<u>2021</u>	<u>2020</u>
Total OPEB Liability	\$ 46,774,489	\$ 55,528,092
Plan Fiduciary Net Position	<u>71,159,680</u>	<u>71,682,246</u>
Net OPEB Liability (Asset)	\$ (24,385,191)	\$ (16,154,154)
Plan Fiduciary Net Position as a percent of total OPEB Liability	152.13%	129.09%

A negative OPEB expense of \$6,885,633 and \$3,553,147 was recognized for the fiscal year ending June 30, 2021 and 2020.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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)

Actuarial assumptions: The Total OPEB Liability as of June 30, 2021 and 2020, 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, 2030 and later; post-65 medical costs and dental costs were trended at a flat 4.0% in current year and 5.0% in prior year.

Mortality – RP-2014 Total Dataset Mortality, adjusted to 2006 using Scale MP-2014; projected on a generational basis using Scale MP-2020 in current year and MP-2019 in prior year.

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: 55% 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%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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)

Per capita claim cost (medical and dental)

	Age	Male		Female		Over age 65	
		2021	2020	2021	2020	2021	2020
		Medical	55-59	\$ 14,232	\$ 13,540	\$ 14,079	\$ 13,394
	60-64	\$ 18,255	\$ 17,367	\$ 16,495	\$ 15,693		
	Medicare Advantage Plan					\$ 3,218	\$ 3,795
	PPO Plan					\$ 6,872	\$ 6,497
Dental	All ages	\$ 682	\$ 691	\$ 682	\$ 691		

Healthcare cost trend rate

Year	Medical		Dental	
	2020 and 2021		2021	2020
	Under 65	Over 65	All Ages	All Ages
0	9.0%	5.0%	4.0%	5.0%
1	8.5%	5.0%	4.0%	5.0%
2	8.0%	5.0%	4.0%	5.0%
3	7.5%	5.0%	4.0%	5.0%
4	7.0%	5.0%	4.0%	5.0%
5	6.5%	5.0%	4.0%	5.0%
6	6.0%	5.0%	4.0%	5.0%
7	5.5%	5.0%	4.0%	5.0%
8	5.5%	5.0%	4.0%	5.0%
9+	5.0%	5.0%	4.0%	5.0%

The actuarial assumptions used in the June 30, 2021 and 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2020, to June 30, 2021 and July 1, 2019 to June 30, 2020, respectively.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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)

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, 2020	<u>\$ 55,528,092</u>	<u>\$ 71,682,246</u>	<u>\$ (16,154,154)</u>
Changes for the year			
Service cost	169,961	-	169,961
Interest	1,879,339	-	1,879,339
Differences between expected and actual experience	(2,664,466)	-	(2,664,466)
Changes in assumptions	(5,222,511)	-	(5,222,511)
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income (loss)	-	2,398,360	(2,398,360)
Benefit payments	(2,915,926)	(2,915,926)	-
Administrative expense	-	(5,000)	5,000
Net changes	<u>(8,753,603)</u>	<u>(522,566)</u>	<u>(8,231,037)</u>
Balance at June 30, 2021	<u>\$ 46,774,489</u>	<u>\$ 71,159,680</u>	<u>\$ (24,385,191)</u>
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balances as of June 30, 2019	<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, 2020	<u>\$ 55,528,092</u>	<u>\$ 71,682,246</u>	<u>\$ (16,154,154)</u>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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)

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:

	For the year ended June 30, 2021		
	1% Decrease	Discount Rate	1% Increase
	(2.50%)	(3.50%)	(4.50%)
Total OPEB Liability	\$ 51,020,906	\$ 46,774,489	\$ 43,193,987
Plan Fiduciary Net Position	<u>71,159,680</u>	<u>71,159,680</u>	<u>71,159,680</u>
Net OPEB Liability (Asset)	<u>\$ (20,138,774)</u>	<u>\$ (24,385,191)</u>	<u>\$ (27,965,693)</u>

	For the year ended June 30, 2020		
	1% Decrease	Discount Rate	1% Increase
	(2.50%)	(3.50%)	(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>

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:

	For the year ended June 30, 2021		
	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	(8.0% Decreasing to 4.0%)	(9.0% Decreasing to 5.0%)	(10.0% Decreasing to 6.0%)
Total OPEB Liability	\$ 43,550,482	\$ 46,774,489	\$ 50,522,748
Plan Fiduciary Net Position	<u>71,159,680</u>	<u>71,159,680</u>	<u>71,159,680</u>
Net OPEB Liability (Asset)	<u>\$ (27,609,198)</u>	<u>\$ (24,385,191)</u>	<u>\$ (20,636,932)</u>

	For the year ended June 30, 2020		
	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	(8.0% Decreasing to 4.0%)	(9.0% Decreasing to 5.0%)	(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>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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)

OPEB plan fiduciary net position: Detailed information about the OPEB Plan's fiduciary net position is available on pages 40 and 41 of this financial report.

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

At June 30, 2021 and 2020, WCTC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -		\$ 156,296	\$ -
Change of assumptions	-	(3,543,247)	-	(326,503)
Liability experience losses/(gains)	-	(1,807,725)	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(6,935,419)	-	(10,770,781)
Total	<u>\$ -</u>	<u>\$ (12,286,391)</u>	<u>\$ 156,296</u>	<u>\$ (11,097,284)</u>

<u>Year Ended June 30, 2021</u>		<u>Year Ended June 30, 2020</u>	
2022	\$ (5,600,582)	2021	\$ (3,924,468)
2023	(5,165,022)	2022	(3,084,852)
2024	(1,541,061)	2023	(2,649,293)
2025	20,274	2024	(1,282,375)
2026	-	2025	-
Thereafter	-	Thereafter	-
Total	<u>\$ (12,286,391)</u>	Total	<u>\$ (10,940,988)</u>

Payable to the Plan

At June 30, 2021 and 2020, WCTC had \$0 and \$540,773 of outstanding contributions to the WCTC OPEB Trust.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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

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.

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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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

M. PROPERTY TAX LEVY AND TAXES RECEIVABLE (CONTINUED)

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, 2021 and 2020 were \$0.22 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, 2021 and 2020 were \$0.13 and \$0.15 respectively. The total mill rate for the fiscal years ending June 30, 2021 and 2020 were \$0.35 and \$0.36 respectively.

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 \$11,686 and \$11,176 for the years ended June 30, 2021 and 2020, 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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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

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.

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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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

S. DEFERRED INFLOWS AND OUTFLOWS (CONTINUED)

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.

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. Premiums on debt are excluded from this calculation because they have been reserved for debt service and are therefore not capital related debt.

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.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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

U. NET POSITION (CONTINUED)

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.

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:

	2021	2020
Unpaid claims at beginning of year	\$ 47,720	\$56,486
Incurred claims and claim adjustments for current year	830,043	667,532
Total incurred claims	877,763	724,018
Claims paid during the year	829,783	676,298
Total unpaid claims and claims adjustment at end of year	\$ 47,980	\$47,720

V. RECLASSIFICATIONS

Certain amounts presented in the 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 13 - CASH AND INVESTMENTS

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

	2021	2020	Risks
Cash			
Non-interest-bearing demand deposits (overdraft)	\$ 390,452	\$ 6,641,722	Custodial
Repurchase agreements	14,410,343	1,020,782	Custodial, credit, interest rate and concentration of credit
Investment in WI LGIP	161	161	Credit
Total Cash	<u>14,800,956</u>	<u>7,662,665</u>	
Short-term Investments			
Repurchase agreements	<u>2,868,918</u>	<u>3,000,248</u>	Custodial, credit, interest rate and concentration of credit
Long-term Investments			
Corporate Bonds	10,269,767	7,378,307	Custodial, credit, interest rate and concentration of credit
Commercial Paper	7,598,507	1,999,112	Custodial, credit, interest rate and concentration of credit
Supra National Agency Asset-backed Security/ Collateralized Mortgage Obligations	952,293	1,674,780	Custodial, credit, interest rate and concentration of credit
U.S. Treasuries	<u>21,402,619</u>	<u>31,713,443</u>	Custodial and interest rate
Total Long-term Investments	<u>40,761,748</u>	<u>43,571,227</u>	
Total Cash and Investments	<u>\$58,431,622</u>	<u>\$54,234,140</u>	

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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:

	2021	2020	Risks
Cash equivalents			
Non-interest-bearing demand deposits (overdraft)	\$ 3,674,879	\$ 2,317,589	Custodial
Investment in WI Local Government Investment Pool	<u>101</u>	<u>101</u>	Credit
Total Cash	<u>3,674,980</u>	<u>2,317,690</u>	
Long-term Investments			
Equity Mutual Funds	6,361,285	5,781,241	Custodial
Corporate Bonds	21,894,566	25,192,489	Custodial, credit, interest rate and concentration of credit
U.S. Treasuries	23,648,546	22,529,995	Custodial and interest rate
Supra Nationals	1,563,869	1,598,388	Custodial, credit, interest rate and concentration of credit
Asset-backed Security/ Collateralized Mortgage Obligations	6,970,173	7,137,246	Custodial, credit, interest rate and concentration of credit
Federal Agency Notes	1,327,465	-	Custodial, credit, interest rate and concentration of credit
Federal Agency Mortgage-backed Securities	-	432,129	Custodial, credit, interest rate and concentration of credit
Federal Agency Collateralized Mortgage Obligations	5,371,546	5,799,607	Custodial, credit, interest rate and concentration of credit
U.S. Instrumentalities	<u>-</u>	<u>-</u>	Custodial, credit, interest rate and concentration of credit
Total Long-term Investments	<u>67,137,450</u>	<u>68,471,095</u>	
Total Cash and Investments	<u>\$ 70,812,430</u>	<u>\$ 70,788,785</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, 2021 and 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
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NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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.

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NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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, 2021 and 2020:

	2021	2020
Restricted for		
Capital projects	\$21,771,650	\$22,846,885
Debt service	852,748	1,140,698
Total restricted	22,624,398	23,987,583
Unrestricted	35,807,224	30,246,557
Total Cash and Investments	\$58,431,622	\$54,234,140
Restricted for		
Post-Employment Benefits Trust	\$70,812,430	\$70,788,785

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 \$390,452 at June 30, 2021 and \$6,641,722 at June 30, 2020 and the bank's carrying values were \$793,257 and \$7,232,600 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 \$20,433,017 as of June 30, 2021 and \$6,376,556 as of June 30, 2020.

For the WCTC Post-Employment Benefits Trust, the Trust's carrying value for non-interest bearing demand deposits was \$3,674,879 at June 30, 2021, and \$2,317,589 at June 30, 2020, and the bank's carrying values were \$3,683,511 and \$2,317,589 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, 2021 and 2020

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, 2021</u>	<u>Investment Maturities (in years)</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 3</u>	<u>4 - 7</u>
Repurchase agreements	\$ 17,279,261	\$ 17,279,261	\$ -	\$ -
Commercial Paper	7,598,507	7,598,507	-	-
US Treasuries	21,402,619	14,098,424	2,933,461	4,370,734
Supra Nationals	952,293	521,402	430,891	-
Asset-based Sec/Coll	538,562	-	162,888	375,674
Corporate Bonds	10,269,767	6,281,401	1,456,128	2,532,238
Total investments	<u>\$ 58,041,009</u>	<u>\$ 45,778,995</u>	<u>\$ 4,983,368</u>	<u>\$ 7,278,646</u>

<u>June 30, 2020</u>	<u>Investment Maturities (in years)</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 3</u>	<u>4 - 7</u>
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>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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, 2021</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 3</u>	<u>4 - 7</u>	<u>8+</u>
Corporate Bonds	\$ 21,894,566	\$ 305,443	\$ 12,905,603	\$ 6,671,885	\$ 2,011,635
U.S. Treasury Bills	23,648,546	268,934	1,795,734	21,583,878	-
Asset-backed					
Securities	6,970,173	-	2,512,258	4,457,915	-
Federal Agency Notes	1,327,465	-	-	-	1,327,465
Federal Agency Collateralized					
Mortgage Obligations	5,371,546	-	338,259	2,429,396	2,603,891
Supra Nationals	1,563,869	-	1,563,869	-	-
Total investments	<u>\$ 60,776,165</u>	<u>\$ 574,377</u>	<u>\$ 19,115,723</u>	<u>\$ 35,143,074</u>	<u>\$ 5,942,991</u>
<u>June 30, 2020</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 3</u>	<u>4 - 7</u>	<u>8+</u>
Corporate Bonds	\$ 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	1,598,388	-	1,598,388	-	-
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>

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, 2021 and 2020 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, 2021 and 2020 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, 2021 and 2020 had Standard and Poor's rating of AAA, AA+ and Moody's rating of Aaa. All commercial paper, corporate bonds, as of June 30, 2021 and 2020 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
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NOTES TO FINANCIAL STATEMENTS
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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, 2021 and 2020 WCTC's investment portfolio included the following concentrations over 5%:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
		<u>2021</u>	<u>2020</u>
Repurchase agreements	Repurchase agreements	29%	7%
Treasury Notes	U.S. Treasury	36%	58%

At June 30, 2021 and 2020 the WCTC Post-Employment Benefits Trust investment portfolio included the following concentrations over 5%:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
		<u>2021</u>	<u>2020</u>
Freddie Mac	Federal Agency Collateralized Mortgage Obligation	7%	8%
Treasury Notes	U.S. Treasury	33%	32%

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 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset

<u>Investment Type</u>	<u>June 30, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasuries	\$ -	\$ 21,402,619	\$ -	\$ 21,402,619
Corporate Bonds	-	10,269,767	-	10,269,767
Supra Nationals	-	952,293	-	952,293
Asset-backed Sec/Coll Mortgage Oblig	-	538,562	-	538,562
Commercial Paper	-	7,598,507	-	7,598,507
Repurchase agreements	-	-	17,279,261	17,279,261
Total	<u>\$ -</u>	<u>\$ 40,761,748</u>	<u>\$ 17,279,261</u>	<u>\$ 58,041,009</u>

**WAUKESHA COUNTY AREA
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NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 2 - CASH AND INVESTMENTS (continued)

Investment Type	June 30, 2020			
	Level 1	Level 2	Level 3	Total
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	\$ -	\$ 43,571,227	\$ 4,021,030	\$ 47,592,257

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, 2021			
	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 6,361,285	\$ -	\$ -	\$ 6,361,285
U.S. Treasuries	-	23,648,546	-	23,648,546
Federal Agency Notes	-	1,327,465	-	1,327,465
Corporate Bonds	-	21,894,566	-	21,894,566
Supra Nationals	-	1,563,869	-	1,563,869
Federal Agency Coll Mortgage Oblig	-	5,371,546	-	5,371,546
Asset Backed Sec/Coll Mortgage Oblig	-	6,970,173	-	6,970,173
Total	\$ 6,361,285	\$ 60,776,165	\$ -	\$ 67,137,450

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	\$ 5,781,241	\$ 62,689,854	\$ -	\$ 68,471,095

**WAUKESHA COUNTY AREA
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NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 3 - CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2021</u>
Capital assets not being depreciated				
Land	\$ 641,345	\$ -	\$ -	\$ 641,345
Construction in progress	<u>8,369,634</u>	<u>3,140,483</u>	<u>8,369,634</u>	<u>3,140,483</u>
Total capital assets not being depreciated	<u>9,010,979</u>	<u>3,140,483</u>	<u>8,369,634</u>	<u>3,781,828</u>
Capital assets being depreciated				
Land improvements	12,482,747	966,361	-	13,449,108
Buildings	35,888,083	2,244,808	559,587	37,573,304
Building improvements	50,194,750	6,013,128	-	56,207,878
Movable equipment	48,560,022	4,080,124	251,217	52,388,929
Leasehold improvements	2,302,460	-	197,120	2,105,340
Fixed equipment	<u>6,608,040</u>	<u>872,537</u>	<u>-</u>	<u>7,480,577</u>
Total capital assets being depreciated	<u>156,036,102</u>	<u>14,176,958</u>	<u>1,007,924</u>	<u>169,205,136</u>
Less accumulated depreciation for				
Land improvements	3,506,698	245,058	-	3,751,756
Buildings	13,282,207	816,254	175,015	13,923,446
Building improvements	10,030,273	1,149,839	-	11,180,112
Movable equipment	31,365,006	2,490,034	154,721	33,700,319
Leasehold improvements	338,927	43,747	34,113	348,561
Fixed equipment	<u>1,984,294</u>	<u>243,952</u>	<u>-</u>	<u>2,228,246</u>
Total accumulated depreciation	<u>60,507,405</u>	<u>4,988,884</u>	<u>363,849</u>	<u>65,132,440</u>
Total capital assets being depreciated - net	<u>95,528,697</u>	<u>9,188,074</u>	<u>644,075</u>	<u>104,072,696</u>
Total net capital assets	104,539,676	<u>\$ 12,328,557</u>	<u>\$ 9,013,709</u>	107,854,524
Less general obligation debt, net of unspent proceeds	<u>(17,801,924)</u>			<u>(16,652,033)</u>
Net investment in capital assets	<u>\$ 86,737,752</u>			<u>\$ 91,202,491</u>
Total general obligation debt	\$ (18,580,000)			\$ (18,090,000)
Unspent proceeds	<u>778,076</u>			<u>1,437,967</u>
General obligation debt, net	<u>\$ (17,801,924)</u>			<u>\$ (16,652,033)</u>

**WAUKESHA COUNTY AREA
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NOTES TO FINANCIAL STATEMENTS
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NOTE 3 - CHANGES IN CAPITAL ASSETS (continued)

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, 2021 and 2020

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>6/30/2020</u>	<u>Additions</u>	<u>Decreases</u>	<u>6/30/2021</u>	<u>Due within one year</u>
Notes payable	\$ 18,580,000	\$ 7,750,000	\$ 8,240,000	\$ 18,090,000	\$ 6,300,000
Add deferral of premium	<u>367,908</u>	<u>179,396</u>	<u>152,634</u>	<u>394,670</u>	<u>-</u>
Net notes payable	18,947,908	7,929,396	8,392,634	18,484,670	6,300,000
Compensated absences	<u>2,684,179</u>	<u>2,163,253</u>	<u>1,980,413</u>	<u>2,867,019</u>	<u>1,125,055</u>
Total	<u>\$ 21,632,087</u>	<u>\$ 10,092,649</u>	<u>\$ 10,373,047</u>	<u>\$ 21,351,689</u>	<u>\$ 7,425,055</u>
					<u>Due within one year</u>
	<u>6/30/2019</u>	<u>Additions</u>	<u>Decreases</u>	<u>6/30/2020</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>

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 4 - LONG TERM OBLIGATIONS (continued)

Outstanding general obligation notes consisted of the following at June 30, 2021 and 2020:

	2021	2020
2016 general obligation promissory notes with interest of 1.00% - 2.50%, varying amounts due annually on April 1, final maturity in 2021 (a)	-	1,180,000
2017 general obligation promissory notes with interest of 1.00% - 2.00%, varying amounts due annually on April 1, final maturity in 2021 (b)	-	560,000
2018 general obligation promissory notes with interest of 1.50% - 1.75%, varying amounts due annually on April 1, final maturity in 2022 (c)	855,000	1,700,000
2018 general obligation promissory notes with interest of 2.00% - 2.50%, varying amounts due annually on April 1, final maturity in 2023 (d)	1,005,000	1,485,000
2018 general obligation promissory notes with interest of 2.00% - 2.25%, varying amounts due annually on April 1, final maturity in 2023 (e)	630,000	930,000
2018 general obligation promissory notes with interest of 2.00% - 3.00%, varying amounts due annually on April 1, final maturity in 2023 (f)	2,735,000	4,055,000
2019 general obligation promissory notes with interest of 2.25% - 2.50%, varying amounts due annually on April 1, final maturity in 2024 (g)	\$ 1,330,000	\$ 1,750,000
2019 general obligation promissory notes with interest of 2.00% - 3.0%, varying amounts due annually on April 1, final maturity in 2024 (h)	3,050,000	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 (i)	2,350,000	2,900,000

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 4 - LONG TERM OBLIGATIONS (continued)

	2021	2020
2020 general obligation promissory notes with interest of 1.00%, varying amounts due annually on April 1, final maturity in 2025	(j) \$ 2,885,000	\$ -
2021 general obligation promissory notes with interest of 0.50% - 3.0%, varying amounts due annually on April 1, final maturity in 2026	(k) <u>3,250,000</u>	<u>-</u>
Total General Obligation Notes	<u>\$ 18,090,000</u>	<u>\$ 18,580,000</u>

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

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 4 - LONG TERM OBLIGATIONS (continued)

- (i) 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.
- (j) The General Obligation Promissory Notes dated September 1, 2020, were issued for \$4,500,000 to finance building improvement projects, 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 UMB Bank N.A.
- (k) The General Obligation Promissory Notes dated March 2, 2021, were issued for \$3,250,000 to finance new construction, 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 Huntington Securities, Inc.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,300,000	\$ 395,325	\$ 6,695,325
2023	5,605,000	251,850	5,856,850
2024	3,475,000	110,875	3,585,875
2025	2,025,000	39,200	2,064,200
2026	<u>685,000</u>	<u>3,425</u>	<u>688,425</u>
	<u>\$18,090,000</u>	<u>\$ 800,675</u>	<u>\$18,890,675</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. The District did not have any direct placement debt as of June 30, 2021 and 2020.

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, 2021, the 5% limitation was \$3,128,842,228 and WCTC's outstanding general obligation debt of \$18,090,000, net of resources available of \$750,438 to pay principal, was \$17,339,562.

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, 2021, the 2% limitation was \$1,251,536,891 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, 2021 and 2020

NOTE 5 - RETIREMENT PLAN

A. WISCONSIN RETIREMENT SYSTEM (WRS) – CURRENT YEAR

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

Vested participants may retire at or after age 55 (50 for protective 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, 2021 and 2020

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>
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%
2020	1.7%	21.0%

Contributions: Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin statutes. The employee-required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers and 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 \$2,753,707 in contributions from WCTC.

Contribution rates for the plan year as of June 30, 2021, 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, 2021 and 2020

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, 2021, WCTC reported an asset of \$15,828,333 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. 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, 2020, WCTC's proportion was 0.25353166%, which was a decrease of 0.0086651% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, WCTC recognized pension expense of (\$1,716,017).

At June 30, 2021, 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	\$22,908,457	\$ 4,934,440
Changes in assumptions	359,017	-
Net differences between projected and actual earnings on pension plan instruments	-	29,716,405
Changes in proportion and differences between employer contribution and proportionate share of contributions	33,538	145,130
Employer contribution subsequent to the measurement date	1,395,145	-
Total	\$24,696,157	\$ 34,795,975

The \$1,395,145 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension revenue as follows:

<u>Year Ended June 30</u>	
2022	\$ (2,946,931)
2023	(830,715)
2024	(5,421,490)
2025	(2,295,827)
2026	-
Thereafter	-

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 5 - RETIREMENT PLAN (continued)

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

Actuarial assumptions: The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Valuation Date	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
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, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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	51.0%	7.2%	4.7%
Fixed Income	25.0%	3.2%	0.8%
Inflation-sensitive Assets	16.0%	2.0%	-0.4%
Real Estate	8.0%	5.6%	3.1%
Private Equity/Debt	11.0%	10.2%	7.6%
Multi-Asset	4.0%	5.8%	3.3%
Total Core fund	115.0%	6.6%	4.1%

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 5 - RETIREMENT PLAN (continued)

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

<u>Variable 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>
US Equities	70.0%	6.6%	4.1%
International Equities	30.0%	7.4%	4.9%
Total Variable Fund	100.0%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%
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 2.00% (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, 2020. 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)	\$15,066,379	\$ (15,828,333)	\$ (38,520,269)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM (WRS) – 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 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, 2021 and 2020

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM (WRS) – 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, 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, 2021 and 2020

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM (WRS) – PRIOR 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 liability. 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 (revenue) as follows:

<u>Year Ended June 30</u>	
2021	\$ (2,525,832)
2022	(1,900,053)
2023	289,030
2024	(4,458,561)
2025	-
Thereafter	-

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM (WRS) – PRIOR 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, 2021 and 2020

NOTE 5 - RETIREMENT PLAN (continued)

B. WISCONSIN RETIREMENT SYSTEM (WRS) – PRIOR YEAR (CONTINUED)

<u>Variable 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>
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 <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 6 - COMMITMENTS AND CONTINGENCIES

A. OPERATING LEASES

WCTC leases various facilities for use in its 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 2020 the Workforce Development Center lease was terminated and the building was donated to WCTC.

Effective during fiscal year ending 2021 the Protective Services Center lease was terminated.

Total lease expenses for the years ended June 30, 2021 and 2020, amounted to \$136,931 and \$238,975 respectively, plus operating costs.

Total future minimum lease payments are as follows:

<u>June 30</u>	<u>Amount</u>
2022	109,940
2023	<u>84,348</u>
	<u>\$ 194,288</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 \$1,030,339 related to construction in progress at year end. It is anticipated that the construction will be completed during the 2022 fiscal year.

D. NET POSITION

WCTC has designated approximately \$1,000,000 of unrestricted net position to finance expenses for fiscal year 2022. 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, 2021 and 2020

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, 2021 and 2020

NOTE 7 - RISK MANAGEMENT (CONTINUED)

Supplemental Insurance (continued)

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

Wisconsin Technical College Employee Benefits Consortium

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

The claims liability of \$1,037,000 reported at June 30, 2021, 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:

	2021	2020
Unpaid claims at beginning of year	\$ 837,000	\$ 1,197,000
Incurred claims and claim adjustments for current year	11,162,881	9,149,069
Total incurred claims	11,999,881	10,346,069
Claims paid during the year	10,962,881	9,509,069
Total unpaid claims and claims adjustment at end of year	\$ 1,037,000	\$ 837,000

There has been no significant reduction in any insurance coverages during the current fiscal year.

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

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, 2021 and 2020:

	2021	2020
Salaries and wages	\$ 43,736,351	\$ 43,801,768
Benefits	3,323,332	10,856,530
Staff development	208,623	389,972
Supplies	1,470,452	1,546,268
Contracted services	9,204,834	7,903,147
Rentals - facilities and equipment	193,035	307,706
Marketing/promotions	604,609	640,051
Periodicals/publications	230,187	241,292
Student activities	154,375	304,305
Insurance	640,449	592,928
Repairs, service and maintenance	938,629	887,842
Utilities	1,272,560	1,209,562
Minor equipment	1,832,224	1,880,745
Depreciation	4,988,884	4,883,682
Student financial aid	2,168,355	1,880,106
Resale	2,286,626	2,364,475
Other expenses	1,528,084	745,992
Total operating expenses	\$ 74,781,609	\$ 80,436,371

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:

	2021	2020
Student tuition and fees receivable	\$ 6,059,596	\$ 6,687,912
Grant funds receivable	5,056,468	1,014,482
Business and industry contract receivable	477,310	437,614
Miscellaneous receivable	550,326	1,018,299
Allowance for uncollectible amounts	(950,000)	(875,000)
	11,193,700	8,283,307
Taxes receivable	4,486,498	4,503,684
Interest receivable	221,858	237,052
Total receivables	\$15,902,056	\$13,024,043

The student tuition and fees receivable includes \$3,710,644 and \$3,843,569 respectively for the fall 2022 and 2021 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, 2021 and 2020

NOTE 10 - SUBSEQUENT EVENT

At the August 2021, WCTC Board meeting, the WCTC Board approved the sale of \$3,250,000 general obligation promissory notes to pay for fiscal year 2022 capital equipment, site improvements, and building improvements.

At the September 2021, WCTC Board meeting, the WCTC Board approved the sale of \$3,000,000 general obligation promissory notes to pay for fiscal year 2022 capital equipment and building improvements.

NOTE 11 - RESTATEMENT

During the year ended June 30, 2021, WCTC adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement resulted in changing the presentation of the financial statements. Beginning of the year balances have been restated to reflect this change.

	Net Position
Balance as of June 30, 2019, as previously reported	\$ 131,654,352
Change in accounting principles	305,599
Balance as of June 30, 2019, as restated	\$ 131,959,951

	Net Position	Total Current Liabilities	Change in Net Position
Balance as of June 30, 2020, as previously reported	\$ 148,559,046	\$ 21,131,685	\$ 16,904,694
Change in accounting principles	308,550	308,550	2,951
Balance as of June 30, 2020, as restated	\$ 148,867,596	\$ 20,823,135	\$ 16,907,645

NOTE 12 - 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. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus
- Statement No. 93, Replacement of Interbank Offered Rates

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

NOTE 12 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS
(continued)

- 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

- Statement No. 98, The Annual Comprehensive Financial Report

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%
6/30/2021	12/31/2020	0.25353166%	(15,828,333)	40,789,124	38.81%	105.26%

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%
6/30/2021	2,744,650	2,744,650	-	40,661,483	6.75%

* 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, 2021

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service cost	\$ 328,158	\$ 293,151	\$ 265,600	\$ 219,434	\$ 169,961
Interest	2,755,981	2,327,259	2,242,015	1,957,198	1,879,339
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(10,756,748)	(3,862,716)	184,890	1,133,147	(2,664,466)
Changes of assumptions	942,101	2,068,129	(7,403,517)	(2,367,146)	(5,222,511)
Benefit payments	<u>(3,498,083)</u>	<u>(3,545,531)</u>	<u>(3,488,182)</u>	<u>(3,009,368)</u>	<u>(2,915,926)</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>	<u>(8,753,603)</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>	<u>55,528,092</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>	<u>\$ 46,774,489</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	2,398,360
Benefit payments	(3,498,083)	(3,545,531)	(3,462,846)	(3,009,368)	(2,915,926)
Administrative expenses	<u>(5,238)</u>	<u>(5,075)</u>	<u>(5,144)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Net Change in Plan Fiduciary Net Position	969,483	(3,848,124)	942,575	1,940,313	(522,566)
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>	<u>71,682,246</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>	<u>\$ 71,159,680</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>	<u>\$ (24,385,191)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	106.03%	104.57%	121.09%	129.09%	152.13%
Covered payroll	\$ 12,747,437	\$ 10,908,274	\$ 10,895,877	\$ 8,930,356	\$ 8,222,849
Net OPEB liability (asset) as a percentage of covered payroll	-32.43%	-27.55%	-111.48%	-180.89%	-296.55%
Total OPEB liability as a percentage of covered payroll	537.47%	603.16%	528.59%	621.79%	568.84%

Notes to Schedule:

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

WAUKESHA COUNTY TECHNICAL COLLEGE

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND INVESTMENTS RETURNS
For the Fiscal Year Ended June 30, 2021

	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 1,421,561	\$ 905,013	\$ 483,848	\$ 434,959	\$ 350,649	\$ 250,504
Contributions in relation to the actuarially determined contribution	<u>7,847,237</u>	<u>3,651,451</u>	<u>-</u>	<u>-</u>	<u>1,017,737</u>	<u>-</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>	<u>\$ 250,504</u>
Covered payroll	\$ 13,508,381	\$ 12,747,437	\$ 10,908,274	\$ 10,895,877	\$ 8,930,356	\$ 8,222,849
Contributions as a percentage of covered payroll	58.09%	28.64%	0.00%	0.00%	11.40%	0.00%
Annual rate of return on fair market value of assets, net of investment expense	1.54%	1.21%	-0.36%	6.90%	6.57%	3.42%

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 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.
Healthcare cost trend rates	
Salary increases	3.0% per annum
Investment rate of return	3.5% per annum 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.
Retirement age	
Mortality	RO-2014 Total Dataset Mortality, adjusted to 2006 using Scale MP-2014; projected on a generational basis using Scale MP-2020

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, 2021 and 2020

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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	2021				2020 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government	\$ 12,470,065	\$12,649,115	\$ 12,660,569	\$ 11,454	\$ 11,836,113
Intergovernmental revenue					
State	48,055,760	48,047,764	48,309,678	261,914	47,727,907
Federal	-	-	20,380	20,380	9,340
Tuition and fees					
Statutory program fees	11,505,340	11,505,340	12,329,217	823,877	12,143,918
Materials fees	729,700	729,700	697,652	(32,048)	772,265
Other student fees	1,089,250	1,089,250	1,108,344	19,094	981,953
Institutional fees	3,911,890	3,911,890	2,328,674	(1,583,216)	3,602,985
Total Revenues	<u>77,762,005</u>	<u>77,933,059</u>	<u>77,454,514</u>	<u>(478,545)</u>	<u>77,074,481</u>
EXPENDITURES					
Current					
Instruction	46,446,436	46,446,436	41,145,853	5,300,583	41,463,499
Instructional resources	1,473,932	1,473,932	1,325,114	148,818	1,419,651
Student services	8,930,860	8,930,860	8,007,386	923,474	7,860,900
General institutional	15,126,163	15,297,217	13,464,846	1,832,371	13,440,018
Physical plant	5,844,614	5,844,614	5,712,702	131,912	5,887,955
Total Expenditures	<u>77,822,005</u>	<u>77,993,059</u>	<u>69,655,901</u>	<u>8,337,158</u>	<u>70,072,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>7,798,613</u>	<u>7,858,613</u>	<u>7,002,458</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	80,000	1,440,386	1,360,386	(80,000)	-
Transfer out	(20,000)	(20,000)	-	20,000	(4,574,000)
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>1,420,386</u>	<u>1,360,386</u>	<u>(60,000)</u>	<u>(4,574,000)</u>
Net Change in Fund Balance	-	1,360,386	9,158,999	7,798,613	2,428,458
FUND BALANCE - BEGINNING OF YEAR	<u>21,085,961</u>	<u>26,454,788</u>	<u>26,454,788</u>	-	<u>24,026,330</u>
FUND BALANCE - END OF YEAR	<u>\$ 21,085,961</u>	<u>\$27,815,174</u>	<u>\$ 35,613,787</u>	<u>\$ 7,798,613</u>	<u>\$ 26,454,788</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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	2021				2020 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ 835,000	\$ 835,000	\$ 835,000	\$ -	\$ 963,400
Intergovernmental revenue					
State	890,200	915,260	918,550	3,290	1,280,439
Federal	749,100	4,888,880	4,888,881	1	921,642
Tuition and fees					
Materials fees	3,300	3,300	3,233	(67)	1,955
Other student fees	62,700	62,700	62,053	(647)	58,164
Institutional fees	-	193,000	193,137	137	240,080
Total Revenues	<u>2,540,300</u>	<u>6,898,140</u>	<u>6,900,854</u>	<u>2,714</u>	<u>3,465,680</u>
EXPENDITURES					
Current					
Instruction	1,582,100	2,045,100	2,044,482	618	2,267,978
Instructional resources	-	5,000	3,000	2,000	-
Student services	806,800	1,721,600	1,721,421	179	939,245
General institutional	151,400	366,440	366,347	93	240,737
Physical plant	-	528,900	504,665	24,235	32,328
Total Expenditures	<u>2,540,300</u>	<u>4,667,040</u>	<u>4,639,915</u>	<u>27,125</u>	<u>3,480,288</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>2,231,100</u>	<u>2,260,939</u>	<u>29,839</u>	<u>(14,608)</u>
OTHER FINANCING USES					
Transfer out	<u>-</u>	<u>(2,231,100)</u>	<u>(2,231,074)</u>	<u>26</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>29,865</u>	<u>29,865</u>	<u>(14,608)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>557,491</u>	<u>537,212</u>	<u>537,212</u>	<u>-</u>	<u>551,820</u>
FUND BALANCE - END OF YEAR	<u>\$ 557,491</u>	<u>\$ 537,212</u>	<u>\$ 567,077</u>	<u>\$ 29,865</u>	<u>\$ 537,212</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Special Revenue Fund - Non-Aidable

COMBINING BALANCE SHEET

As of June 30, 2021

(with comparative totals for the year ended June 30, 2020)

	Grantor Agencies	Student Financial Aid Fund	Other Student Activities Fund	Student Clubs Fund	WECAN Fund	Totals	
						2021	2020
ASSETS							
Cash	\$ -	\$ -	\$ 500	\$ 500	\$ -	\$ 1,000	\$ 1,000
Accounts receivable	260,420	25,662	-	-	17,639	303,721	326,440
Due from other funds	-	150,621	952,479	288,773	52,141	1,444,014	1,015,960
TOTAL ASSETS	\$ 260,420	\$ 176,283	\$ 952,979	\$ 289,273	\$ 69,780	\$ 1,748,735	\$ 1,343,400
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 492	\$ -	\$ -	\$ 492	\$ 273
Due to student groups and grantor agencies	-	-	-	289,273	69,780	359,053	308,550
Due to other funds	260,420	-	-	-	-	260,420	254,469
Wages payable	-	-	-	-	-	-	-
Compensated absences	-	-	240	-	-	240	2,623
Unearned revenue	-	15,844	147,686	-	-	163,530	156,864
Total Liabilities	<u>260,420</u>	<u>15,844</u>	<u>148,418</u>	<u>289,273</u>	<u>69,780</u>	<u>783,735</u>	<u>722,779</u>
FUND BALANCE							
Restricted for student organizations	-	-	804,561	-	-	804,561	482,035
Restricted for student financial assistance	-	160,439	-	-	-	160,439	138,586
Total Fund Balance	<u>-</u>	<u>160,439</u>	<u>804,561</u>	<u>-</u>	<u>-</u>	<u>965,000</u>	<u>620,621</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 260,420	\$ 176,283	\$ 952,979	\$ 289,273	\$ 69,780	\$ 1,748,735	\$ 1,343,400

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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	Grantor Agencies	Student Financial Aid Fund	Other Student Activities Fund	Totals	
				2021	2020
REVENUES					
Local government – tax levy	\$ -	\$ 151,500	\$ -	\$ 151,500	\$ 151,500
Intergovernmental revenue					
State	279,345	908,080	-	1,187,425	1,215,803
Federal	18,175	4,955,277	-	4,973,452	4,444,364
Student activities	-	-	272,026	272,026	586,320
Other	20,000	-	9,341	29,341	14,205
Total Revenues	<u>317,520</u>	<u>6,014,857</u>	<u>281,367</u>	<u>6,613,744</u>	<u>6,412,192</u>
EXPENDITURES					
Current					
Instruction					
Grants	52,998	-	-	52,998	29,968
Student Services					
Grants	264,522	5,993,004	-	6,257,526	5,770,168
Other	-	-	379,831	379,831	563,527
Total Expenditures	<u>317,520</u>	<u>5,993,004</u>	<u>379,831</u>	<u>6,690,355</u>	<u>6,363,663</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>21,853</u>	<u>(98,464)</u>	<u>(76,611)</u>	<u>48,529</u>
OTHER FINANCING SOURCES					
Transfer in	-	-	420,990	420,990	-
Net Change in Fund Balance	-	21,853	322,526	344,379	48,529
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>138,586</u>	<u>482,035</u>	<u>620,621</u>	<u>572,092</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 160,439</u>	<u>\$ 804,561</u>	<u>\$ 965,000</u>	<u>\$ 620,621</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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	2021				2020 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	\$ -	\$ 151,500
Intergovernmental revenue					
State	1,341,575	1,341,575	1,187,425	(154,150)	1,215,803
Federal	5,005,975	6,501,604	4,973,452	(1,528,152)	4,444,364
Tuition and fees					
Other student fees	615,000	615,000	272,026	(342,974)	586,320
Institutional fees	13,000	13,000	29,341	16,341	14,205
Total Revenues	<u>7,127,050</u>	<u>8,622,679</u>	<u>6,613,744</u>	<u>(2,008,935)</u>	<u>6,412,192</u>
EXPENDITURES					
Current					
Instruction	-	53,000	52,998	2	29,968
Student services	7,147,050	8,589,679	6,637,357	1,952,322	6,333,695
Total Expenditures	<u>7,147,050</u>	<u>8,642,679</u>	<u>6,690,355</u>	<u>1,952,324</u>	<u>6,363,663</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>(76,611)</u>	<u>(56,611)</u>	<u>48,529</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	20,000	440,990	420,990	(20,000)	-
Transfer out	(60,000)	(60,000)	-	60,000	-
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>380,990</u>	<u>420,990</u>	<u>40,000</u>	<u>-</u>
Net Change in Fund Balance	(60,000)	360,990	344,379	(16,611)	48,529
FUND BALANCE - BEGINNING OF YEAR	559,592	620,621	620,621	-	572,092
FUND BALANCE - END OF YEAR	<u>\$ 499,592</u>	<u>\$ 981,611</u>	<u>\$ 965,000</u>	<u>\$ (16,611)</u>	<u>\$ 620,621</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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	2021				2020 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Intergovernmental revenue					
State	\$ -	\$ -	\$ 126,274	\$ 126,274	\$ 82,000
Federal	-	1,842,900	1,842,887	(13)	94,524
Institutional fees	400,000	400,000	412,443	12,443	1,725,778
Total Revenues	<u>400,000</u>	<u>2,242,900</u>	<u>2,381,604</u>	<u>138,704</u>	<u>1,902,302</u>
EXPENDITURES					
Capital outlay					
Instruction	1,586,970	1,586,970	1,556,844	30,126	3,180,597
Instructional resources	-	-	-	-	37,058
Student services	5,000	5,000	-	5,000	27,132
General institutional	40,000	2,587,900	2,198,327	389,573	1,265,008
Physical plant	7,518,030	7,613,030	5,947,765	1,665,265	8,601,328
Total Expenditures	<u>9,150,000</u>	<u>11,792,900</u>	<u>9,702,936</u>	<u>2,089,964</u>	<u>13,111,123</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,750,000)</u>	<u>(9,550,000)</u>	<u>(7,321,332)</u>	<u>2,228,668</u>	<u>(11,208,821)</u>
OTHER FINANCING SOURCES					
Transfer in	-	-	-	-	4,574,000
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>7,750,000</u>	<u>7,750,000</u>	<u>-</u>	<u>12,324,000</u>
Net Change in Fund Balance	(1,000,000)	(1,800,000)	428,668	2,228,668	1,115,179
FUND BALANCE - BEGINNING OF YEAR	<u>16,539,787</u>	<u>18,122,966</u>	<u>18,122,966</u>	<u>-</u>	<u>17,007,787</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,539,787</u>	<u>\$ 16,322,966</u>	<u>\$ 18,551,634</u>	<u>\$ 2,228,668</u>	<u>\$ 18,122,966</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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	2021				2020 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
REVENUES					
Local government – tax levy	\$ 8,050,000	\$8,350,000	\$8,350,000	\$ -	\$8,792,794
Institutional fees	175,000	175,000	175,111	111	383,158
Total Revenues	<u>8,225,000</u>	<u>8,525,000</u>	<u>8,525,111</u>	<u>111</u>	<u>9,175,952</u>
EXPENDITURES - Debt Service					
Physical Plant	<u>8,375,000</u>	<u>8,860,000</u>	<u>8,788,661</u>	<u>71,339</u>	<u>8,824,474</u>
Total Expenditures	<u>8,375,000</u>	<u>8,860,000</u>	<u>8,788,661</u>	<u>71,339</u>	<u>8,824,474</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(150,000)</u>	<u>(335,000)</u>	<u>(263,550)</u>	<u>71,450</u>	<u>351,478</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,147,540</u>	<u>1,116,298</u>	<u>1,116,298</u>	<u>-</u>	<u>764,820</u>
FUND BALANCE - END OF YEAR	<u>\$ 997,540</u>	<u>\$ 781,298</u>	<u>\$ 852,748</u>	<u>\$ 71,450</u>	<u>\$1,116,298</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 audio 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 of 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, 2021

(with comparative totals for the year ended June 30, 2020)

ASSETS	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accounts receivable	\$ -	\$ -	66,804	\$ 109,834	5,851	1,756	\$ -	\$ 4,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,655	\$ 116,345
Due from other funds	66,067	31,934	256,712	-	103,911	25,557	44,327	7,480	10,635	10,701	22,080	21,294	68	-	31,571	14,986	535,371	111,952
Prepays	-	-	5,532	204	-	-	-	-	-	-	-	-	3,183	-	-	-	5,532	3,387
Inventories	4,766	5,161	389,277	498,304	-	-	6,627	8,571	11,246	11,180	-	-	-	7,029	-	-	411,916	530,245
Total Current Assets	<u>70,833</u>	<u>37,095</u>	<u>718,325</u>	<u>608,342</u>	<u>109,762</u>	<u>27,313</u>	<u>50,954</u>	<u>20,806</u>	<u>21,881</u>	<u>21,881</u>	<u>22,080</u>	<u>21,294</u>	<u>68</u>	<u>10,212</u>	<u>31,571</u>	<u>14,986</u>	<u>1,025,474</u>	<u>761,929</u>
Capital assets																		
Building	-	-	302,439	302,439	-	-	-	-	-	-	-	-	-	-	-	-	302,439	302,439
Equipment	-	-	340,702	217,940	4,236	4,236	-	-	-	-	-	-	-	-	-	-	344,938	222,176
Less: accumulated depreciation	-	-	(103,903)	(46,872)	(4,236)	(4,236)	-	-	-	-	-	-	-	-	-	-	(108,139)	(51,108)
Capital Assets, Net	-	-	539,238	473,507	-	-	-	-	-	-	-	-	-	-	-	-	539,238	473,507
TOTAL ASSETS	\$ 70,833	\$ 37,095	1,257,563	\$1,081,849	109,762	\$ 27,313	\$ 50,954	\$ 20,806	\$ 21,881	\$ 21,881	\$ 22,080	\$ 21,294	\$ 68	\$ 10,212	\$ 31,571	\$ 14,986	\$ 1,564,712	\$ 1,235,436
LIABILITIES AND NET POSITION																		
Current liabilities																		
Accounts payable	\$ -	\$ -	203,983	\$ 30,022	3,148	2,141	\$ 5,458	\$ 89	\$ -	\$ -	\$ -	\$ -	\$ 68	\$ 4,129	\$ 16,272	\$ -	\$ 228,929	\$ 36,381
Compensated absences	-	-	19,839	17,137	5,310	6,361	-	-	-	-	-	-	-	-	-	-	25,149	23,498
Due to other funds	-	-	-	101,889	-	-	-	-	-	-	-	-	6,083	-	-	-	-	107,972
Due to student groups	14,522	14,925	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,522	14,925
Unearned revenue	25	25	198,179	410,477	16,571	18,811	120	120	-	-	-	-	-	-	15,299	14,986	230,194	444,419
Total Current Liabilities	<u>14,547</u>	<u>14,950</u>	<u>422,001</u>	<u>559,525</u>	<u>25,029</u>	<u>27,313</u>	<u>5,578</u>	<u>209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68</u>	<u>10,212</u>	<u>31,571</u>	<u>14,986</u>	<u>498,794</u>	<u>627,195</u>
NET POSITION																		
Net investment in capital assets	-	-	539,238	473,507	-	-	-	-	-	-	-	-	-	-	-	-	539,238	473,507
Unrestricted	56,286	22,145	296,324	48,817	84,733	-	45,376	20,597	21,881	21,881	22,080	21,294	-	-	-	-	526,680	134,734
Total Net Position	<u>56,286</u>	<u>22,145</u>	<u>835,562</u>	<u>522,324</u>	<u>84,733</u>	<u>-</u>	<u>45,376</u>	<u>20,597</u>	<u>21,881</u>	<u>21,881</u>	<u>22,080</u>	<u>21,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,065,918</u>	<u>608,241</u>
TOTAL LIABILITIES AND NET POSITION	\$ 70,833	\$ 37,095	1,257,563	\$1,081,849	109,762	\$ 27,313	\$ 50,954	\$ 20,806	\$ 21,881	\$ 21,881	\$ 22,080	\$ 21,294	\$ 68	\$ 10,212	\$ 31,571	\$ 14,986	\$ 1,564,712	\$ 1,235,436

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, 2021

(with comparative totals for the year ended June 30, 2020)

	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
OPERATING REVENUES																			
Federal funding	\$ -	\$ -	-	\$ -	\$ 19,268	\$ 28,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,268	\$ 28,277	
User charges	26,061	39,589	2,774,521	2,853,947	537,787	461,709	87,933	67,719	4,579	10,288	18,825	21,245	16,873	133,145	36,457	71,236	3,503,036	3,658,878	
Total Operating Revenues	26,061	39,589	2,774,521	2,853,947	557,055	489,986	87,933	67,719	4,579	10,288	18,825	21,245	16,873	133,145	36,457	71,236	3,522,304	3,687,155	
OPERATING EXPENSES																			
Materials	17,648	23,228	2,101,030	2,261,797	35,376	30,366	35,540	76,370	2,602	9,045	15,493	12,198	7,029	16,136	-	-	2,214,718	2,429,140	
Salaries	-	-	304,020	340,586	440,825	418,056	-	-	-	-	-	-	-	91,788	-	-	744,845	850,430	
Benefits	-	-	110,112	136,424	178,984	154,410	-	-	-	-	-	-	-	7,186	-	-	289,096	298,020	
Repairs and service	-	1,305	483	379	-	-	-	15,982	-	-	-	-	-	-	-	-	16,465	1,684	
Depreciation	-	-	60,540	17,220	-	-	-	-	-	-	-	-	-	-	-	-	60,540	17,220	
Other	3,029	3,575	114,947	118,426	2,595	4,355	3,506	2,739	2,534	2,185	2,546	2,148	17,413	63,932	36,457	64,483	183,027	261,843	
Total Operating Expenses	20,677	28,108	2,691,132	2,874,832	657,780	607,187	55,028	79,109	5,136	11,230	18,039	14,346	24,442	179,042	36,457	64,483	3,508,691	3,858,337	
Operating Income (Loss)	5,384	11,481	83,389	(20,885)	(100,725)	(117,201)	32,905	(11,390)	(557)	(942)	786	6,899	(7,569)	(45,897)	-	6,753	13,613	(171,182)	
NONOPERATING REVENUES (EXPENSES)																			
Loss on disposal of assets	-	-	(5,634)	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,634)	-	
Income Before Capital Contributions and Transfers	5,384	11,481	77,755	(20,885)	(100,725)	(117,201)	32,905	(11,390)	(557)	(942)	786	6,899	(7,569)	(45,897)	-	6,753	7,979	(171,182)	
TRANSFER IN/(OUT)	28,757	(84,000)	235,483	-	185,458	111,344	(8,126)	-	557	(40,347)	-	(25,300)	7,569	45,897	-	(7,594)	449,698	-	
Change in Net Position	34,141	(72,519)	313,238	(20,885)	84,733	(5,857)	24,779	(11,390)	-	(41,289)	786	(18,401)	-	-	-	(841)	457,677	(171,182)	
NET POSITION - BEGINNING OF YEAR	22,145	94,664	522,324	543,209	-	5,857	20,597	31,987	21,881	63,170	21,294	39,695	-	-	-	841	608,241	779,423	
NET POSITION - END OF YEAR	\$ 56,286	\$ 22,145	835,562	\$ 522,324	\$ 84,733	\$ -	\$ 45,376	\$ 20,597	\$ 21,881	\$ 21,881	\$ 22,080	\$ 21,294	\$ -	\$ -	\$ -	\$ -	\$ 1,065,918	\$ 608,241	

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Funds – Enterprise Funds

COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended June 30, 2021

(with comparative totals for the year ended June 30, 2020)

	Classic Room		Bookstore		Child-Parent Center		Style and Class Salon		Auto		Dental Hygiene Clinic		Firing Range		Student Insurance		Totals		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
CASH FLOWS FROM OPERATING ACTIVITIES																			
Operating income (loss)	\$ 5,384	\$ 11,481	\$ 83,389	\$ (20,885)	\$ (100,725)	\$ (117,201)	\$ 32,905	\$ (11,390)	\$ (557)	\$ (942)	\$ 786	\$ 6,899	\$ (7,569)	\$ (45,897)	\$ -	\$ 6,753	\$ 13,613	\$ (171,182)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities																			
Depreciation	-	-	60,540	17,220	-	-	-	-	-	-	-	-	-	-	-	-	60,540	17,220	
Changes in assets and liabilities																			
Accounts receivable	-	-	43,030	(19,813)	(4,095)	16,139	4,755	(4,755)	-	-	-	-	-	-	-	-	43,690	(8,429)	
Prepaid expenditures	-	-	(5,328)	222	-	-	-	-	-	-	-	-	3,183	(62)	-	-	(2,145)	160	
Inventories	395	1,722	109,027	(140,024)	(370)	-	1,944	134	(66)	341	-	-	7,029	438	-	-	118,329	(137,389)	
Accounts payable	-	-	173,961	(370)	1,007	(816)	5,369	(772)	-	-	-	-	(4,061)	(3,051)	16,272	(38,998)	192,548	(44,007)	
Compensated absences	-	-	2,702	7,874	(1,051)	1,352	-	-	-	-	-	-	-	-	-	-	1,651	9,226	
Due to student groups	(403)	2,903	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(403)	2,903	
Deferred revenues	-	-	(212,298)	142,289	(2,240)	7,998	-	(10)	-	-	-	-	-	-	313	(11,518)	(214,225)	138,759	
Total Adjustments	(8)	4,625	171,634	7,398	(6,379)	24,673	12,068	(5,403)	(66)	341	-	-	6,151	(2,675)	16,585	(50,516)	199,985	(21,557)	
Net Cash Flows From Operating Activities	5,376	16,106	255,023	(13,487)	(107,104)	(92,528)	44,973	(16,793)	(623)	(601)	786	6,899	(1,418)	(48,572)	16,585	(43,763)	213,598	(192,739)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES																			
Transfer in/(out)	28,757	(84,000)	235,483	-	185,458	111,344	(8,126)	-	557	(40,347)	-	(25,300)	7,569	45,897	-	(7,594)	449,698	-	
Due from/(to) other funds	(34,133)	67,894	(358,601)	13,487	(78,354)	(18,816)	(36,847)	16,793	66	40,948	(786)	18,401	(6,151)	2,675	(16,585)	51,357	(531,391)	192,739	
Net Cash Flows From Non-Capital Financing Activities	(5,376)	(16,106)	(123,118)	13,487	107,104	92,528	(44,973)	16,793	623	601	(786)	(6,899)	1,418	48,572	(16,585)	43,763	(81,693)	192,739	
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES																			
Acquisition of equipment/buildings	-	-	(133,655)	-	-	-	-	-	-	-	-	-	-	-	-	-	(133,655)	-	
Capital Gains/(Losses)	-	-	1,750	-	-	-	-	-	-	-	-	-	-	-	-	-	1,750	-	
Net Cash Flows From Capital Financing Activities	-	-	(131,905)	-	-	-	-	-	-	-	-	-	-	-	-	-	(131,905)	-	
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																			
Inventory converted to Capital Assets	\$ -	\$ -	\$ 90,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,843	\$ -	

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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	2021				2020 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
OPERATING REVENUES					
Intergovernmental Revenue					
Federal	\$ 40,000	\$ 40,000	\$ 19,268	\$ (20,732)	\$ 28,277
Institutional fees	4,264,171	4,264,171	3,503,036	(761,135)	3,658,878
Total Revenues	<u>4,304,171</u>	<u>4,304,171</u>	<u>3,522,304</u>	<u>(781,867)</u>	<u>3,687,155</u>
OPERATING EXPENSES					
Auxiliary services	<u>4,262,102</u>	<u>4,262,102</u>	<u>3,514,325</u>	<u>747,777</u>	<u>3,858,337</u>
Operating Income (Loss)	42,069	42,069	7,979	(34,090)	(171,182)
OPERATING TRANSFERS					
Transfer in	-	449,698	449,698	-	-
Transfer out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Change in Net Position	22,069	471,767	457,677	(14,090)	(171,182)
NET POSITION - BEGINNING OF YEAR	<u>598,488</u>	<u>608,241</u>	<u>608,241</u>	<u>-</u>	<u>779,423</u>
NET POSITION - END OF YEAR	<u>\$ 620,557</u>	<u>\$ 1,080,008</u>	<u>\$ 1,065,918</u>	<u>\$ (14,090)</u>	<u>\$ 608,241</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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	2021				2020 Actual (Budgetary Basis)
	Original Budget	Final Budget	Actual On a Budgetary Basis	Variance with Final Budget	
OPERATING REVENUES					
Institutional fees	\$ 930,000	\$ 930,000	\$ 569,212	\$ (360,788)	\$ 804,436
OPERATING EXPENSES					
Auxiliary services	1,040,880	1,040,880	598,447	442,433	495,178
Change in Net Position	(110,880)	(110,880)	(29,235)	81,645	309,258
NET POSITION - BEGINNING OF YEAR	2,762,726	3,071,984	3,071,984	-	2,762,726
NET POSITION - END OF YEAR	\$ 2,651,846	\$ 2,961,104	\$ 3,042,749	\$ 81,645	\$ 3,071,984

SCHEDULE OF CAPITAL ASSETS - BY SOURCES

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF CAPITAL ASSETS – BY SOURCES As of June 30, 2021

Capital assets (a)	
Land	\$ 641,345
Land improvements	13,449,108
Buildings	37,573,304
Building improvements	56,207,878
Movable equipment	52,388,929
Fixed equipment	7,480,577
Leasehold improvement	2,105,340
Construction in progress	<u>3,140,483</u>
TOTAL	<u>\$ 172,986,964</u>
Investment in capital assets from	
Capital projects	
Debt proceeds	\$ 155,828,431
Federal grants	896,780
Donations	4,020,109
Investment income	10,009,461
State grants	1,707,569
Auxiliary enterprises	<u>524,614</u>
TOTAL	<u>\$ 172,986,964</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, 2021

Issue	Principal			Outstanding June 30, 2021	Year Ended June 30	Retirement Schedule		
	Borrowed	Previously Retired	Retired in Current Year			Principal	Interest	Total
General Obligation Promissory Notes (2016B)	5,600,000	4,420,000	1,180,000	-	2022	-	-	-
General Obligation Promissory Notes (2017A)	2,150,000	1,590,000	560,000	-	2022	-	-	-
General Obligation Promissory Notes (2017B)	3,850,000	2,150,000	845,000	855,000	2022	855,000	14,962	869,962
General Obligation Promissory Notes (2018A)	2,400,000	915,000	480,000	1,005,000	2022 2023	495,000 510,000	25,125 12,750	520,125 522,750
						1,005,000	37,875	1,042,875
General Obligation Promissory Notes (2018B)	1,500,000	570,000	300,000	630,000	2022 2023	310,000 320,000	14,175 7,200	324,175 327,200
						630,000	21,375	651,375
General Obligation Promissory Notes (2018C)	5,600,000	1,545,000	1,320,000	2,735,000	2022 2023	1,345,000 1,390,000	82,050 41,700	1,427,050 1,431,700
						2,735,000	123,750	2,858,750

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF INDEBTEDNESS AND RETIREMENTS
For the Year Ended June 30, 2021

Issue	Principal			Outstanding June 30, 2021	Year Ended June 30	Retirement Schedule		
	Borrowed	Previously Retired	Retired in Current Year			Principal	Interest	Total
General Obligation Promissory Notes (2018C)	2,150,000	400,000	420,000	1,330,000	2022	430,000	33,250	463,250
					2023	445,000	22,500	467,500
					2024	455,000	11,375	466,375
						<u>1,330,000</u>	<u>67,125</u>	<u>1,397,125</u>
General Obligation Promissory Notes (2019B)	4,850,000	830,000	970,000	3,050,000	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>3,050,000</u>	<u>174,750</u>	<u>3,224,750</u>
General Obligation Promissory Notes (2020A)	2,900,000	-	550,000	2,350,000	2022	565,000	53,100	618,100
					2023	580,000	41,800	621,800
					2024	595,000	30,200	625,200
					2025	610,000	18,300	628,300
	<u>2,350,000</u>	<u>143,400</u>	<u>2,493,400</u>					
General Obligation Promissory Notes (2020B)	4,500,000	-	1,615,000	2,885,000	2022	695,000	28,850	723,850
					2023	710,000	21,900	731,900
					2024	730,000	14,800	744,800
					2025	750,000	7,500	757,500
	<u>2,885,000</u>	<u>73,050</u>	<u>2,958,050</u>					

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

SCHEDULE OF INDEBTEDNESS AND RETIREMENTS
For the Year Ended June 30, 2021

Issue	Principal				Year Ended June 30	Retirement Schedule		
	Borrowed	Previously Retired	Retired in Current Year	Outstanding June 30, 2021		Principal	Interest	Total
General Obligation Promissory Notes (2021A)					2022	615,000	62,213	677,213
					2023	635,000	42,200	677,200
					2024	650,000	23,150	673,150
					2025	665,000	13,400	678,400
					2026	685,000	3,425	688,425
	<u>3,250,000</u>	<u>-</u>	<u>-</u>	<u>3,250,000</u>		<u>3,250,000</u>	<u>144,388</u>	<u>3,394,388</u>
TOTAL	<u>\$ 38,750,000</u>	<u>\$ 12,420,000</u>	<u>\$ 8,240,000</u>	<u>\$ 18,090,000</u>		<u>\$ 18,090,000</u>	<u>\$ 800,675</u>	<u>\$ 18,890,675</u>

(Concluded)

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE TO RECONCILE BALANCE SHEET TO STATEMENT OF NET POSITION
As of June 30, 2021

	Governmental Funds				Proprietary Funds		Total	Reconciling Items	Statement of Net Position	
	General	Special Revenue Fund Operating	Non-Aidable	Capital Projects	Debt Service	Enterprise Funds				Internal Service
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES										
ASSETS										
Cash and investments	\$ 32,967,495	\$ -	\$ 1,000	\$ 21,771,650	\$ 852,748	\$ -	\$ 2,838,729	\$ 58,431,622	\$ -	\$ 58,431,622
Receivables										
Taxes	4,486,498	-	-	-	-	-	-	4,486,498	-	4,486,498
Accounts	6,046,938	3,602,638	303,721	1,167,748	-	72,655	-	11,193,700	-	11,193,700
Accrued interest	221,858	-	-	-	-	-	-	221,858	-	221,858
Due from other funds	3,078,236	-	1,444,014	-	-	535,371	-	5,057,621	(5,057,621)	-
Inventories	40,141	-	-	-	-	411,916	-	452,057	-	452,057
Prepaid items and other assets	71,525	26,324	-	-	-	5,532	252,000	355,381	5,060,193	5,415,574
Net other post-employment benefits assets	-	-	-	-	-	-	-	-	24,385,191	24,385,191
Net pension asset	-	-	-	-	-	-	-	-	15,828,333	15,828,333
Capital assets	-	-	-	-	-	647,377	-	647,377	172,339,587	172,986,964
Accumulated depreciation	-	-	-	-	-	(108,139)	-	(108,139)	(65,024,301)	(65,132,440)
Total Assets	<u>46,912,691</u>	<u>3,628,962</u>	<u>1,748,735</u>	<u>22,939,398</u>	<u>852,748</u>	<u>1,564,712</u>	<u>3,090,729</u>	<u>80,737,975</u>	<u>147,531,382</u>	<u>228,269,357</u>
DEFERRED OUTFLOWS OF RESOURCES										
Deferred amount related to pensions	-	-	-	-	-	-	-	-	24,696,157	24,696,157
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	<u>24,696,157</u>	<u>24,696,157</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 46,912,691</u>	<u>\$ 3,628,962</u>	<u>\$ 1,748,735</u>	<u>\$ 22,939,398</u>	<u>\$ 852,748</u>	<u>\$ 1,564,712</u>	<u>\$ 3,090,729</u>	<u>\$ 80,737,975</u>	<u>\$ 172,227,539</u>	<u>\$ 252,965,514</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION										
LIABILITIES										
Accounts payable	\$ 1,117,523	\$ 81,202	\$ 492	\$ 1,454,627	\$ -	\$ 228,929	\$ 47,980	\$ 2,930,753	\$ 14,522	\$ 2,945,275
Due to student groups and grantor agencies	-	-	359,053	-	-	14,522	-	373,575	(373,575)	-
Accrued liabilities										
Wages	345,044	3,931	-	-	-	-	-	348,975	1,266,589	1,615,564
Payroll taxes, retirement and insurance	1,266,023	566	-	-	-	-	-	1,266,589	(1,266,589)	-
Compensated absences	1,093,723	5,943	240	-	-	25,149	-	1,125,055	1,741,964	2,867,019
Interest	-	-	-	-	-	-	-	-	102,310	102,310
Due to other funds	1,877,115	2,920,086	260,420	-	-	-	-	5,057,621	(5,057,621)	-
Unearned revenues	5,293,957	50,157	163,530	15,269	-	230,194	-	5,753,107	1,168,888	6,921,995
General obligation debt	-	-	-	-	-	-	-	-	18,484,670	18,484,670
Total Liabilities	<u>10,993,385</u>	<u>3,061,885</u>	<u>783,735</u>	<u>1,469,896</u>	<u>-</u>	<u>498,794</u>	<u>47,980</u>	<u>16,855,675</u>	<u>16,081,158</u>	<u>32,936,833</u>
DEFERRED INFLOWS OF RESOURCES										
Deferred amount related to OPEB	-	-	-	-	-	-	-	-	12,286,391	12,286,391
Deferred amount related to pensions	-	-	-	-	-	-	-	-	34,795,975	34,795,975
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	<u>47,082,366</u>	<u>47,082,366</u>
NET POSITION										
Net investment in capital assets	-	-	-	-	-	539,238	-	539,238	90,663,253	91,202,491
Net position	-	-	-	-	-	526,680	3,042,749	3,569,429	(3,569,429)	-
Fund balances										
Restricted for capital projects	-	-	-	18,551,634	-	-	-	18,551,634	(18,551,634)	-
Restricted for debt service	-	-	-	-	852,748	-	-	852,748	(102,310)	750,438
Restricted for encumbrances	1,020,518	-	-	2,917,868	-	-	-	3,938,386	(3,938,386)	-
Restricted for prepaid expenditures and inventories	111,666	26,324	-	-	-	-	-	137,990	(137,990)	-
Restricted for student organizations	-	-	804,561	-	-	-	-	804,561	289,273	1,093,834
Restricted for student financial assistance	-	-	160,439	-	-	-	-	160,439	-	160,439
Restricted for sick pay benefits	1,741,964	-	-	-	-	-	-	1,741,964	(1,741,964)	-
Restricted for OPEB	-	-	-	-	-	-	-	-	24,385,191	24,385,191
Restricted for Pension	-	-	-	-	-	-	-	-	15,828,333	15,828,333
Unrestricted										
Designated for state aid fluctuations	480,000	-	-	-	-	-	-	480,000	(480,000)	-
Designated for operations	17,413,000	540,753	-	-	-	-	-	17,953,753	21,571,836	39,525,589
Designated for subsequent year budgeted expenditures	15,152,158	-	-	-	-	-	-	15,152,158	(15,152,158)	-
Total Fund Balances / Net Position	<u>35,919,306</u>	<u>567,077</u>	<u>965,000</u>	<u>21,469,502</u>	<u>852,748</u>	<u>1,065,918</u>	<u>3,042,749</u>	<u>63,882,300</u>	<u>109,064,015</u>	<u>172,946,315</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 46,912,691</u>	<u>\$ 3,628,962</u>	<u>\$ 1,748,735</u>	<u>\$ 22,939,398</u>	<u>\$ 852,748</u>	<u>\$ 1,564,712</u>	<u>\$ 3,090,729</u>	<u>\$ 80,737,975</u>	<u>\$ 172,227,539</u>	<u>\$ 252,965,514</u>

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

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, 2021

	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	\$ 12,660,569	\$ 835,000	\$ 151,500	\$ -	\$ 8,350,000	\$ -	\$ -	\$ 21,997,069.00	\$ -	\$ 21,997,069
Intergovernmental revenue										
State	48,309,678	918,550	1,187,425	126,274	-	-	-	\$ 50,541,927.00	-	50,541,927 (a)
Federal	20,380	4,888,881	4,973,452	1,842,887	-	19,268	-	\$ 11,744,868.00	(1,689,298)	10,055,570 (a)
Tuition and fees										
Statutory program fees	12,329,217	-	-	-	-	-	-	\$ 12,329,217.00	(3,190,998)	9,138,219
Materials fees	697,652	3,233	-	-	-	-	-	\$ 700,885.00	(177,732)	523,153
Other student fees	1,108,344	62,053	272,026	-	-	-	-	\$ 1,442,423.00	(379,520)	1,062,903
Institutional fees										
Investment income	50,517	-	-	26,787	175,111	-	3,765	\$ 256,180.00	(14,634)	241,546
Other	2,278,157	193,137	29,341	385,656	-	3,503,036	565,447	\$ 6,954,774.00	(475,333)	6,479,441 (b)
Total Revenues	<u>77,454,514</u>	<u>6,900,854</u>	<u>6,613,744</u>	<u>2,381,604</u>	<u>8,525,111</u>	<u>3,522,304</u>	<u>569,212</u>	<u>105,967,343</u>	<u>(5,927,515)</u>	<u>100,039,828</u>
EXPENDITURES										
Current										
Instruction	41,145,853	2,044,482	52,998	-	-	-	-	43,243,333	(6,900,618)	36,342,715
Instructional resources	1,325,114	3,000	-	-	-	-	-	1,328,114	(188,009)	1,140,105
Student services	8,007,386	1,721,421	6,637,357	-	-	-	-	16,366,164	(5,840,472)	10,525,692
General institutional	13,464,846	366,347	-	-	-	-	-	13,831,193	(1,626,827)	12,204,366
Physical plant	5,712,702	504,665	-	-	-	-	-	6,217,367	(189,867)	6,027,500
Auxiliary services	-	-	-	-	-	3,514,325	598,447	4,112,772	(560,425)	3,552,347
Capital outlay	-	-	-	9,702,936	-	-	-	9,702,936	(9,702,936)	-
Depreciation	-	-	-	-	-	-	-	-	4,988,884	4,988,884
Debt service										
Principal	-	-	-	-	8,240,000	-	-	8,240,000	(8,240,000)	-
Interest and other expenditures	-	-	-	-	548,661	-	-	548,661	(11,485)	537,176
Total Expenditures	<u>69,655,901</u>	<u>4,639,915</u>	<u>6,690,355</u>	<u>9,702,936</u>	<u>8,788,661</u>	<u>3,514,325</u>	<u>598,447</u>	<u>103,590,540</u>	<u>(28,271,755)</u>	<u>75,318,785</u>
Excess (Deficiency) of Revenues Over Expenditures	7,798,613	2,260,939	(76,611)	(7,321,332)	(263,550)	7,979	(29,235)	2,376,803	22,344,240	24,721,043
OTHER FINANCING SOURCES (USES)										
Transfer in	1,360,386	-	420,990	-	-	-	-	1,781,376	(1,781,376)	-
Transfer out	-	(2,231,074)	-	-	-	449,698	-	(1,781,376)	1,781,376	-
Gain/(loss) on sale/disposal of capital assets	-	-	-	-	-	-	-	-	(642,324)	(642,324)
Long-term debt issued	-	-	-	7,750,000	-	-	-	7,750,000	(7,750,000)	-
Net Change in Fund Balances/Net Position	9,158,999	29,865	344,379	428,668	(263,550)	457,677	(29,235)	10,126,803	13,951,916	24,078,719
FUND BALANCES / NET POSITION - BEGINNING OF YEAR	<u>26,454,788</u>	<u>537,212</u>	<u>620,621</u>	<u>18,122,966</u>	<u>1,116,298</u>	<u>608,241</u>	<u>3,071,984</u>	<u>50,532,110</u>	<u>98,335,486</u>	<u>148,867,596</u>
FUND BALANCES / NET POSITION - END OF YEAR, BUDGETARY BASIS	<u>35,613,787</u>	<u>567,077</u>	<u>965,000</u>	<u>18,551,634</u>	<u>852,748</u>	<u>1,065,918</u>	<u>3,042,749</u>	<u>60,658,913</u>	<u>112,287,402</u>	<u>172,946,315 (c)</u>
Adjustment for Encumbrances	305,519	-	-	2,917,868	-	-	-	3,223,387	(3,223,387)	-
FUND BALANCES / NET POSITION - END OF YEAR	<u>\$ 35,919,306</u>	<u>\$ 567,077</u>	<u>\$ 965,000</u>	<u>\$ 21,469,502</u>	<u>\$ 852,748</u>	<u>\$ 1,065,918</u>	<u>\$ 3,042,749</u>	<u>\$ 63,882,300</u>	<u>\$ 109,064,015</u>	<u>\$ 172,946,315</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, 2021

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

Operating	\$ 2,105,975
Non-operating	
State appropriations	48,309,678
State appropriations for capital-related grants	<u>126,274</u>
	<u>\$ 50,541,927</u>

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

Operating	\$ 5,703,097
Non-operating	
Federal appropriations	2,872,464
Federal appropriations for capital-related grants	<u>1,480,009</u>
	<u>\$ 10,055,570</u>

Federal and state appropriations for capital-related grants

State	\$ 126,274
Federal	<u>1,480,009</u>
	<u>\$ 1,606,283</u>

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

Non-governmental grants and contracts	\$ 2,592,833
Auxiliary enterprises	3,593,150
Donations	<u>293,458</u>
	<u>\$ 6,479,441</u>

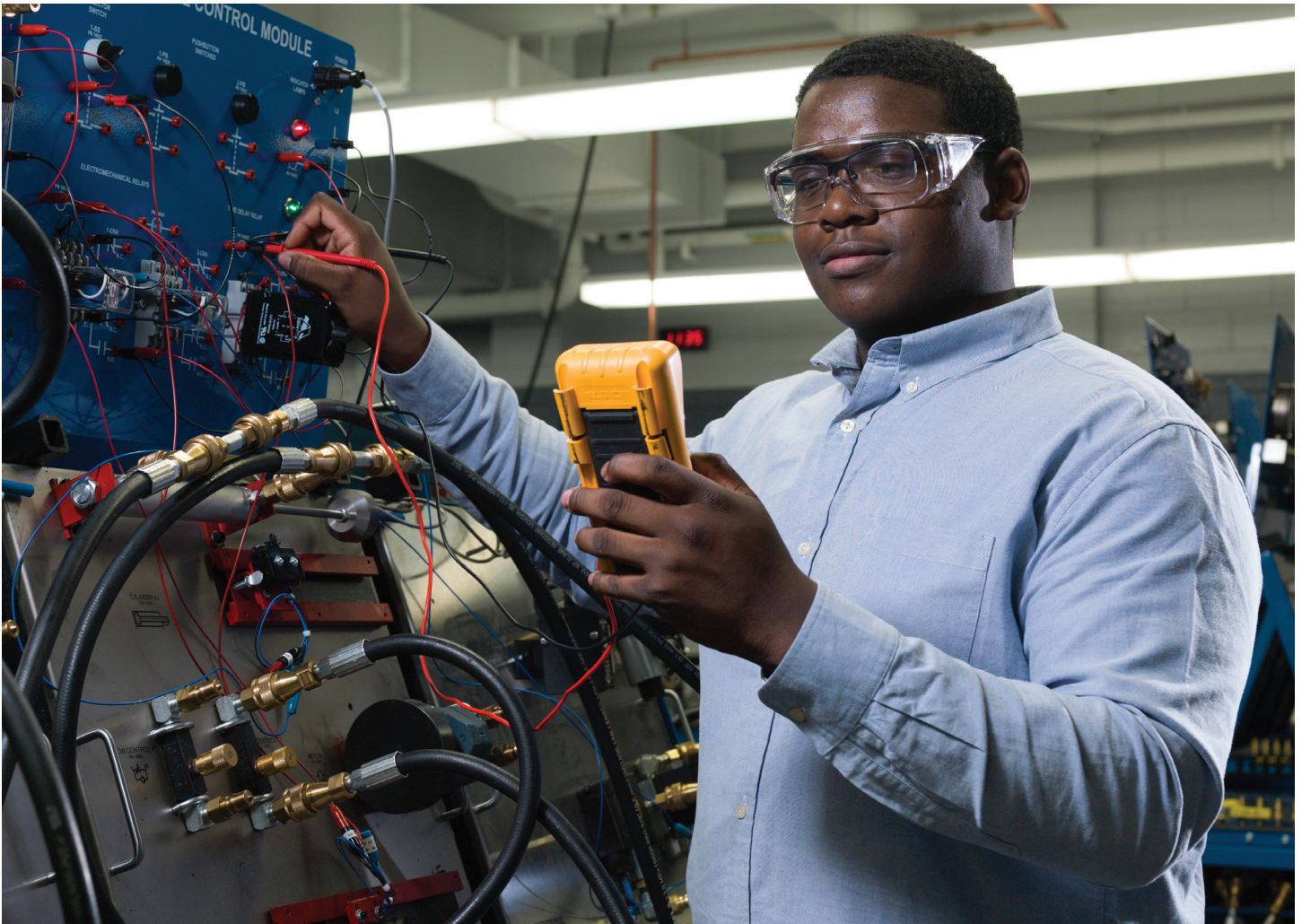
(c) Reconciliation of budgetary basis fund balance and net position as presented in the basic financial statements:

Budgetary basis fund balance	<u>\$ 60,658,913</u>
Capital assets capitalized - at cost	172,339,587
Accumulated depreciation on capital assets	(65,024,301)
General obligation notes payable	(18,090,000)
Long-term portion of post-employment sick pay	(1,741,964)
Accrued interest on notes payable	(102,310)
Summer school tuition earned	520,410
Student club activities	359,053
Unamortized premiums/discounts on notes payable	(394,670)
Unearned grant revenues	(1,689,298)
Net pension asset/(liability)	15,828,333
Net OPEB asset/(liability)	24,385,191
WTCEBC Consortium	5,060,193
Encumbrances outstanding at year end	3,223,387
Deferred inflow amount related to OPEB	(12,286,391)
Deferred outflow amount related to pensions	24,696,157
Deferred inflow amount related to pensions	<u>(34,795,975)</u>
	<u>112,287,402</u>
Net position per basic financial statements	<u>\$ 172,946,315</u>

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Annual Comprehensive **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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NET POSITION										
Net investment in capital assets	\$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	\$91,202,491
Restricted	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	42,218,235
Unrestricted	42,922,340	42,062,289	43,949,053	51,892,056	58,160,249	41,415,538	38,746,292	39,576,388	35,898,146	39,525,589
Total Net Position	<u>\$87,125,746</u>	<u>\$89,461,907</u>	<u>\$99,929,297</u>	<u>\$121,645,923</u>	<u>\$128,622,464</u>	<u>\$110,509,069</u>	<u>\$121,140,309</u>	<u>\$131,654,352</u>	<u>\$148,867,596</u>	<u>\$172,946,315</u>

(1) The college implemented GASB 84 beginning with fiscal year ended June 30, 2021, and restated fiscal year ended June 30, 2020, as a result.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EXPENSES										
Instruction	\$ 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	\$ 36,342,715
Instructional resources	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	1,140,105
Student services	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	10,525,692
General institution	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	12,204,366
Physical plant	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	6,027,500
Depreciation	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	4,988,884
Auxiliary services	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	3,552,347
Total operating expenses	<u>\$ 88,091,812</u>	<u>\$ 95,839,401</u>	<u>\$ 87,590,952</u>	<u>\$ 88,235,678</u>	<u>\$ 92,030,589</u>	<u>\$ 76,325,703</u>	<u>\$ 82,913,484</u>	<u>\$ 87,069,264</u>	<u>\$ 80,439,322</u>	<u>\$ 74,781,609</u>
PROGRAM REVENUES										
Tuition and fees, net of scholarship allowances	\$ 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	\$ 10,724,275
State grants and contracts	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	2,105,975
Federal grants and contracts	8,618,857	8,899,301	8,453,146	7,895,636	7,229,786	6,369,333	6,071,875	5,128,262	5,227,386	5,703,097
Non-governmental grants and contracts	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	2,592,833
Auxiliary enterprise services	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	3,593,150
Total program revenues	<u>\$ 30,077,535</u>	<u>\$ 31,560,495</u>	<u>\$ 30,976,039</u>	<u>\$ 30,690,861</u>	<u>\$ 29,095,214</u>	<u>\$ 27,351,453</u>	<u>\$ 25,914,701</u>	<u>\$ 26,197,970</u>	<u>\$ 25,819,671</u>	<u>\$ 24,719,330</u>
Total primary government net expense	<u>\$ (58,014,277)</u>	<u>\$ (64,278,906)</u>	<u>\$ (56,614,913)</u>	<u>\$ (57,544,817)</u>	<u>\$ (62,935,375)</u>	<u>\$ (48,974,250)</u>	<u>\$ (56,998,783)</u>	<u>\$ (60,871,294)</u>	<u>\$ (54,619,651)</u>	<u>\$ (50,062,279)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
State appropriations	\$ 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	\$ 48,309,678
Federal grants	-	-	-	-	-	-	-	-	176,237	2,872,464
Local property taxes	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	21,997,069
Gain (loss) on sale of fixed assets	(914,205)	(209,841)	(504,349)	(226,782)	(340,235)	(134,038)	(720,936)	(806,651)	(455,227)	(642,324)
Investment income (net of expense)	295,264	518,347	611,813	383,051	482,919	322,512	492,293	1,647,084	1,549,848	241,546
Interest on capital asset-related debt	(876,145)	(744,030)	(608,381)	(545,588)	(495,557)	(454,567)	(466,781)	(518,992)	(557,391)	(537,176)
Total non-operating revenues/(expenses)	<u>\$ 65,003,115</u>	<u>\$ 66,222,979</u>	<u>\$ 65,961,046</u>	<u>\$ 65,839,272</u>	<u>\$ 66,120,446</u>	<u>\$ 66,494,294</u>	<u>\$ 66,843,282</u>	<u>\$ 68,478,704</u>	<u>\$ 70,185,181</u>	<u>\$ 72,241,257</u>
CAPITAL CONTRIBUTIONS										
Capital federal and state appropriations	\$ 157,239	\$ 123,265	\$ 317,025	\$ 185,067	\$ 282,646	\$ 78,190	\$ 76,447	\$ 78,171	\$ 176,524	\$ 1,606,283
Donations	128,207	268,823	804,232	147,482	3,508,824	338,649	710,294	2,828,462	1,162,640	293,458
Total capital contributions	<u>\$ 285,446</u>	<u>\$ 392,088</u>	<u>\$ 1,121,257</u>	<u>\$ 332,549</u>	<u>\$ 3,791,470</u>	<u>\$ 416,839</u>	<u>\$ 786,741</u>	<u>\$ 2,906,633</u>	<u>\$ 1,339,164</u>	<u>\$ 1,899,741</u>
Change in net position	\$ 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	\$ 24,078,719
Cumulative effect of change in accounting principal (1)	-	-	-	-	-	-	-	-	2,951	-
CHANGE IN NET POSITION	<u>\$ 7,274,284</u>	<u>\$ 2,336,161</u>	<u>\$ 10,467,390</u>	<u>\$ 8,627,004</u>	<u>\$ 6,976,541</u>	<u>\$ 17,936,883</u>	<u>\$ 10,631,240</u>	<u>\$ 10,514,043</u>	<u>\$ 16,907,645</u>	<u>\$ 24,078,719</u>

(1) The college implemented GASB 84 beginning with fiscal year ended June 30, 2021, and restated fiscal year ended June 30, 2020, 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					
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
2020	47,857,267,000	11,935,477,300	1,627,679,700	312,921,200	886,812,700	(1,487,547,000)	61,132,610,900 97.69%	62,576,844,569	0.35

Notes:

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

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

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

Year Ended June 30	WCTC			Overlapping Rates (c)				Gross Total	State Tax Relief	Net tax Rate
	Operational	Debt Service	Total	Other School Districts	Local (b)	County	State			
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
2021	0.22	0.13	0.35	8.49	4.74	1.97	0.20	15.75	(1.64)	14.11

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	2020 Equalized Valuation	2020 Rank	2020 Percentage of Total Equalized Valuation	2011 Equalized Valuation	2011 Rank	2011 Percentage of Total Equalized Valuation
The Corners of Brookfield	\$ 206,308,900	1	0.34%			
Wimmer Brothers	197,302,900	2	0.32%			
Pro Health Care Individual	161,616,947	3	0.26%	\$ 116,912,000	5	0.24%
Kohl's	151,186,900	4	0.25%	156,694,500	2	0.32%
Brookfield Square	142,045,500	5	0.23%	109,706,600	6	0.23%
Aurora	136,668,600	6	0.22%	163,533,900	1	0.34%
Target Corporation	132,820,400	7	0.22%	131,455,700	3	0.27%
Fiduciary Real Estate Development	123,455,300	8	0.20%	92,760,000	10	0.19%
Pabst Farms	121,160,700	9	0.20%			
	<u>111,358,600</u>	10	0.18%	<u>118,840,500</u>	4	0.24%
TOTAL	<u>\$ 1,483,924,747</u>		<u>2.43%</u>	<u>\$ 889,903,200</u>		<u>1.83%</u>
TOTAL WAUKESHA COUNTY EQUALIZED VALUATION	\$ 61,132,610,900			\$ 48,747,058,300		

Note:

Source: Waukesha County Department of Administration – Finance Office 2020

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
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	21,506,565	17,002,881	79%	21,506,565	100%
2021 (b)	21,985,615	17,499,303	80%	17,499,303	80%

Notes:

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

(b) WCTC will receive the balance of its tax payments by August 20, 2021.

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
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	29,859,495	56,491,051,260	19,311,015	764,820	18,546,195	0.06%	0.03%	44.09
2020	421,445	N/A	59,714,493,716	18,947,908	1,116,298	17,831,610	N/A	0.03%	42.31
2021	N/A	N/A	62,576,844,569	18,484,670	852,748	17,631,922	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>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>	<u>2021</u>
Equalized value of real and personal property	\$ 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	\$ 62,576,845
Debt limit, 5% of equalized valuation (Wisconsin statutory limitation)	\$ 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	\$ 3,128,842
Gross indebtedness applicable to debt limit										
General obligation promissory notes	23,860	23,445	23,195	21,885	20,940	20,320	19,680	19,110	18,580	18,090
Less debt service funds available	(1,282)	(1,263)	(1,498)	(764)	(559)	(612)	(629)	(765)	(1,116)	(853)
Total amount of debt applicable to debt margin	22,578	22,182	21,697	21,121	20,381	19,708	19,051	18,345	17,464	17,237
Legal debt margin (Debt capacity)	\$ 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	\$ 3,111,605
Percent of debt capacity used	0.91%	0.92%	0.91%	0.86%	0.81%	0.76%	0.70%	0.65%	0.58%	0.55%
Debt limit, 2% of equalized valuation (Wisconsin statutory limitation)	\$ 997,800	\$ 960,022	\$ 949,009	\$ 987,458	\$ 1,011,847	\$ 1,043,028	\$ 1,083,997	\$ 1,129,821	\$ 1,194,290	\$ 1,251,537
Legal debt margin (Debt capacity)	\$ 997,800	\$ 960,022	\$ 949,009	\$ 987,458	\$ 1,011,847	\$ 1,043,028	\$ 1,083,997	\$ 1,129,821	\$ 1,194,290	\$ 1,251,537
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, 2021

JURISDICTION	Net Debt Outstanding	Percentage Applicable to WCTC	Amount Applicable to WCTC
DIRECT DEBT			
WCTC	\$ 17,631,922	100 %	\$ 17,631,922
TOTAL DIRECT DEBT			<u>\$ 17,631,922</u>
OVERLAPPING DEBT			
County of			
Dodge	23,545,000	2	470,900
Jefferson	19,086,114	10	1,908,611
Racine	156,366,853	2	3,127,337
Waukesha	79,749,405	99	78,951,911
Total All Counties			<u>\$ 84,458,759</u>
City of			
Brookfield	97,217,027	100	97,217,027
Delafield	14,699,313	100	14,699,313
Muskego	38,083,237	100	38,083,237
New Berlin	49,078,230	93	45,642,754
Oconomowoc	39,124,816	100	39,124,816
Pewaukee	4,875,267	100	4,875,267
Waukesha	192,871,118	100	192,871,118
Total All Cities			<u>\$ 432,513,532</u>
Town of			
Ashippun	28,859	68	19,624
Brookfield	1,019,533	100	1,019,533
Cold Spring	-	1	-
Concord	186,540	31	57,827
Delafield	3,400,545	100	3,400,545
Eagle	428,826	100	428,826
Genesee	88,670	100	88,670
Ixonia	5,047,758	72	3,634,386
Lebanon	173,680	4	6,947
Lisbon	6,861,912	100	6,861,912
Merton	2,032,473	100	2,032,473
Mukwonago	3,322,006	100	3,322,006
Norway	523,995	58	303,917
Oconomowoc	4,916,365	100	4,916,365
Ottawa	-	100	-
Palmyra	89,193	98	87,409
Sullivan	368,045	47	172,981
Vernon	3,035,000	100	3,035,000
Waukesha	5,512	100	5,512
Total All Towns			<u>\$ 29,393,934</u>

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT For the Year Ended June 30, 2021

JURISDICTION	Net Debt Outstanding	Percentage Applicable to WCTC	Amount Applicable to WCTC
Village of			
Big Bend	\$ -	100 %	\$ -
Butler	451,295	100	451,295
Chenequa	-	100	-
Dousman	8,162,724	100	8,162,724
Eagle	33,851	100	33,851
Elm Grove	6,925,628	100	6,925,628
Hartland	19,502,311	100	19,502,311
Lac La Belle - Jefferson County	3,289	100	3,289
Lac La Belle - Waukesha County	1,093,254	100	1,093,254
Lannon	1,461,108	100	1,461,108
Menomonee Falls	83,470,306	100	83,470,306
Merton	2,736,946	100	2,736,946
Mukwonago	37,373,404	100	37,373,404
Nashotah	349,660	100	349,660
North Prairie	253,317	100	253,317
Oconomowoc Lake	351,733	100	351,733
Palmyra	1,190,434	100	1,190,434
Pewaukee	16,381,463	100	16,381,463
Summit	10,486,535	100	10,486,535
Sussex	59,608,860	100	59,608,860
Wales	5,941,895	100	5,941,895
Total All Villages			<u>\$ 255,778,013</u>
School district of			
Arrowhead	432,628	100	432,628
Elmbrook	38,250,000	100	38,250,000
Hamilton	53,505,000	100	53,505,000
Kettle Moraine	23,992,299	100	23,992,299
Menomonee Falls	36,105,000	100	36,105,000
Mukwonago	36,968,874	100	36,968,874
Muskego – Norway	37,215,000	100	37,215,000
New Berlin	36,275,000	100	36,275,000
Oconomowoc	76,105,000	100	76,105,000
Palmyra-Eagle	10,085,000	100	10,085,000
Pewaukee	50,745,000	100	50,745,000
Waukesha	38,021,518	100	38,021,518
Total All School Districts			<u>\$ 437,700,319</u>
TOTAL OVERLAPPING DEBT			<u>\$ 1,239,844,557</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 1,257,476,479</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 2021.

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)
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	29,859,495	73,873	160,635	90,458	73,618	5,009	2.9%
2020	421,445	N/A	N/A	N/A*	N/A*	73,068	4,806	5.6%
2021	N/A	N/A	N/A	N/A	N/A	71,355	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

N/A* - Information not yet available due to COVID disruptions

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

TEN LARGEST EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR

Employer	Type of Business	2020			2011		
		Approximate Employees	Percent of Total	Rank	Approximate Employees	Percent of Total	Rank
Kohl's Department Stores	Retail distribution/headquarters	5,500	18%	1	5,429	20%	1
Pro Health Care	Health services	4,348	15%	2	4,755	17%	2
Froedtert	Health services	3,943	13%	3	-	-	-
Quad Graphics	Printing/headquarters	3,000	10%	4	3,209	12%	4
Aurora Health Care	Health services	2,800	9%	5	1,414	5%	8
Roundy's (subsidiary of Kroger)	Retail/Distribution Center	2,627	9%	6	2,703	10%	5
Generac	Manufacturing	2,274	8%	7	-	-	-
GE Healthcare	Medical equipment/training	2,100	7%	8	3,700	14%	3
Target Corporation	Retail/Distribution Center	1,765	6%	9			
Eaton Cooper Power Systems	Manufacturing	1,600	5%	10			
Waukesha School District	Education	-	-		1,823	7%	6
Wal-Mart Corporation	Retail	-	-		1,465	5%	7
Waukesha County	Government	-	-		1,357	5%	9
Community Memorial Hospital	Health services	-	-		1,331	5%	10
TOTAL		<u>29,957</u>	<u>100.00%</u>		<u>27,186</u>	<u>100.00%</u>	

Note:

Source: Waukesha County Department of Administration – Finance Office February 2021 and February 2012 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>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>	<u>2021</u>
Employee Groups:										
Faculty										
Full-time faculty	186	186	187	174	195	187	187	185	191	191
Faculty associates	28	30	29	25	22	24	27	27	24	19
Adjunct faculty	717	705	588	596	561	569	522	496	276	287
Faculty support professionals	24	27	24	32	33	30	26	37	39	39
Professionals	10	10	11	13	18	18	21	24	40	38
Administrators/Management	75	77	76	91	84	80	76	71	78	64
Support Associates	214	218	216	204	193	194	175	163	162	156
Total	1,254	1,253	1,131	1,135	1,106	1,102	1,034	1,003	810	794

*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>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>	<u>2021</u>
Students served (a)										
Associate degree	8,183	8,359	7,816	6,994	6,450	6,321	6,056	6,153	6,018	5,783
Technical diploma	1,719	1,601	1,513	1,520	1,351	1,201	1,171	1,147	1,073	1,108
Apprentices	227	262	279	346	371	419	482	566	656	632
Vocational adult	10,448	9,934	10,067	10,044	8,058	6,904	6,579	6,445	5,236	4,995
Non-post secondary (e)	1,677	1,690	1,529	1,278	1,179	1,260	1,067	930	829	514
Community service (e)	1,237	1,587	1,551	1,004	1,761	1,938	1,536	1,306	690	80
Subtotal	23,491	23,433	22,755	21,186	19,170	18,043	16,891	16,547	14,502	13,112
Transcripted credit (c)	4,053	4,320	4,723	4,933	3,536	3,258	3,207	3,598	3,333	2,719
Total students	27,544	27,753	27,478	26,119	22,706	21,301	20,098	20,145	17,835	15,831
Student enrollments (a)										
Associate degree	37,127	36,626	34,698	31,509	30,299	29,178	28,629	28,169	27,813	28,220
Technical diploma	6,273	6,028	5,611	5,375	5,287	5,052	4,990	4,626	4,676	4,596
Apprentices	591	783	871	1,360	1,325	1,496	1,784	2,395	2,668	2,264
Vocational adult	18,048	17,195	17,003	16,619	13,683	11,286	11,086	10,828	8,881	9,264
Non-post secondary (e)	8,608	9,432	8,547	7,489	6,582	6,567	6,065	6,209	5,722	4,113
Community service (e)	3,078	3,979	3,923	2,434	3,475	3,900	3,117	2,778	1,359	97
Subtotal	73,725	74,043	70,653	64,786	60,651	57,479	55,671	55,005	51,119	48,554
Transcripted credit (c)	4,184	4,442	4,856	5,077	3,661	3,394	3,322	4,101	3,838	3,213
Total enrollments	77,909	78,485	75,509	69,863	64,312	60,873	58,993	59,106	54,957	51,767
Full-time equivalent enrollments (b)										
Associate degree	3,582	3,500	3,319	3,038	2,877	2,752	2,707	2,633	2,572	2,556
Technical diploma	473	469	432	408	423	389	390	377	364	347
Apprentices	39	50	58	68	72	82	92	109	126	111
Vocational adult	219	215	213	182	141	116	116	114	90	97
Non-post secondary (e)	277	304	274	239	209	204	186	179	171	116
Community service (e)	35	37	34	25	38	37	31	27	14	-
Total full-time equivalent enrollments	4,625	4,575	4,330	3,960	3,760	3,580	3,522	3,439	3,337	3,227

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

MISCELLANEOUS OPERATING INDICATORS
LAST TEN FISCAL YEARS
(continued)

	<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>	<u>2021</u>
Graduate follow-up statistics (d)										
Number of associate degrees and diplomas awarded	1,810	1,786	1,814	1,894	1,918	2136	2,039	1,800	1,858	N/A
Number of respondents	912	825	1,044	1,142	895	982	939	1,029	858	N/A
Percent employed in related occupation	79%	76%	79%	79%	83%	80%	81%	84%	81%	N/A
Median annual salary	\$ 33,000	\$ 36,450	\$ 37,440	\$ 36,372	\$ 38,508	\$ 42,088	\$ 42,000	\$ 47,803	\$ 50,000	N/A
Percent residing in district	68%	69%	67%	69%	66%	65%	68%	63%	65%	N/A
Percent employed in district	57%	56%	56%	51%	53%	58%	55%	56%	50%	N/A
Percent employed in Metro Milwaukee	89%	90%	88%	88%	87%	87%	89%	86%	88%	N/A
Cost per full-time equivalent student	\$ 15,048	\$ 15,666	\$ 16,715	\$ 18,469	\$ 17,015	\$ 18,079	\$ 17,927	\$ 18,362	\$ 19,712	N/A
Average age of postsecondary students	26.8	26.4	26.3	25.7	24.8	25.2	25.4	25.0	24.6	24.7
Age range of postsecondary students	14 - 79	13 - 74	13 - 76	13 - 78	14 - 84	14 - 84	14 - 77	13 - 80	11 - 82	12 - 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 transcripted credits from other aid categories. WCTC receives no FTE's for transcripted credits. Transcripted 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, 2021 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>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>	<u>2021</u>	
Square footage											
Pewaukee	682,306	687,606	687,606	687,606	710,308	710,308	710,308	710,308	738,447	761,657	
Waukesha	44,850	44,850	44,850	44,850	45,010	45,010	45,010	45,010	45,010	45,010	
Sky Plaza	17,280	17,280	17,280	17,280	17,280	17,280	17,280	-	-	-	(a)
Workforce Development Center	30,685	30,685	30,685	30,685	30,685	30,685	30,685	30,685	30,685	-	(c)
Morris Street	20,529	20,529	20,529	20,529	20,529	20,529	20,529	20,529	20,529	-	
Indoor Firing Range	-	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800	19,800	(b)

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 was terminated in 2018/19 due to discontinuance of the Auto Body program at this site.

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

(c) Effective fiscal 2021 the lease for the workforce building was terminated and the building donated to WCTC. The building is incorporated into the Pewaukee campus location

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

MISSION, VISION, STRATEGIC DIRECTIVES

June 30, 2021

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, 2021

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

Technical Diplomas

Advanced EMT	Dental Assistant
Autism Technician	Electricity
Baking and Pastry Production	Emergency Medical Technician
Building Trades – Carpentry	Industrial Maintenance Technician
Central Service Technician	Language Interpreter for Health Services
Cosmetology	Medical Assistant
Criminal Justice – Law Enforcement Academy (not available to general public)	Nursing Assistant
Customer Service Specialist	Phlebotomy Technician
	Refrigeration, Air Conditioning, and Heating
	Truck Driving

Apprenticeships

ABC Electrician	Machinist
Concrete Finishing - ABC	Maintenance Mechanic/Millwright
Electricity and Instrumentation	Maintenance Technician
Industrial Electrician	Mechatronics Technician
Industrial Manufacturing Technician	Plumbing – ABC
Injection Mold Setup (Plastic)	Tool and Die
IT – Service Desk	Welding

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

DEGREE/DIPLOMA PROGRAM OFFERINGS June 30, 2021

Embedded Technical Diploma

Accounting Assistant	IT Software Development Specialist
Aesthetician	Import/Export Specialist
Automotive Maintenance and Light Repair	Lean/Six Sigma
Auto Maintenance Technician	Machine Tool Operation
Baking and Pastry Production	Medical Coding Specialist
CNC Set-up Technician	Metal Fabrication/Welding
Desktop Support Technician	Network Enterprise Administrator
Diesel Maintenance Technician	Organizational Leadership
Diesel Equipment Mechanic	Paramedic Technician
Early Childhood Ed Preschool	Property Management Associate
Hospitality Specialist	Supply Chain Management
Human Resources Professional	Welding Technician
IT Mobile Programmer	

WCTC Technical Certificates

Accounting in Healthcare	Infant Toddler Credential
Automation Industrial PLC	Instructional Strategies
Automation Control and Interface	Integration
Baking/Pastry	Introduction to Health Career
Business Systems Analyst	IT Network Support Specialist
CAE2Y Cyber Security	IT Security Administrator
Change Management	IT Service Desk Technician
Child Care Administrator Credential	IT Support Technician
Cisco – CCNA	IT Azure and AWS Public Cloud
CNC Operator	Java Programming
Caregiver	Lean Enterprise
Change Management	Management of Supply Chain Effectiveness
Communication	Maintenance Technician Level 1
Communication – Verbal Emphasis	Maintenance Technician Level 2
Communication – Writing Emphasis	Maintenance Technician Level 3
Compensation and Benefits Specialist	Marketing Leadership and Innovation
Computerized Accounting Specialist	Marketing Management
Database Developer	Marketing Media
Database Server Administrator	Mechatronics for Electron Technician
Developmental Disabilities	Mortgage Lending
Digital Photography	Nail Technician
Digital Production/DTP	Property Assessment
Enterprise Support Technician	Property Management
Entrepreneurship	Refrigeration Service
Excellence in Leadership	Six Sigma Black Belt
Global Business Communication	Six Sigma Green Belt
Global Marketing	Social Media Marketing
Global Supply Chain Management	Storage and Visualization Administrator
Global Trade Finance	Talent Acquisition Specialist
GMAW/Fabricator	Tax for the Accountant
Inclusion	Web Design
Industrial Laser Operator	Youth Care Counselor

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

DEGREE/DIPLOMA PROGRAM OFFERINGS

June 30, 2021

Dual Enrollment Programs

Automation Systems (Robotics)

Building Construction Trades

Early Childhood Ed Preschool

Firefighter/EMT

Hospitality Specialist

IT Systems Specialist

Tool and Die

Welding Fabrication

Shared Programming (originating college shown after program)

Anesthesia Technology (Milwaukee Area Technical College)

Bio-Medical Electronics (Milwaukee Area Technical College)

Health Care Services Management (Milwaukee Area Technical College)

Physical Therapist Assistant (Blackhawk Technical College)

Radiography (Milwaukee Area Technical College)

Annual Comprehensive **FINANCIAL REPORT**



Single Audit



WAUKESHA
COUNTY TECHNICAL
COLLEGE

Hands-on
Higher Ed

SINGLE AUDIT SECTION

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

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Waukesha County Technical College District
Pewaukee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Waukesha County Technical College District and the aggregate remaining fund information as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Waukesha County Technical College District's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
December 8, 2021



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

Board of Trustees
Waukesha County Technical College District
Pewaukee, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited the Waukesha County Technical College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Wisconsin *State Single Audit Guidelines* that could have a direct and material effect on each of the Waukesha County Technical College District's major federal and major state programs for the year ended June 30, 2021. The Waukesha County Technical College District's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Waukesha County Technical College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended June 30, 2021.


Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
December 8, 2021

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Assistance Program	Assistance Listing Number	Grant / Award Number	Grant Period	Federal Grant Amount	Expenditures		
					Federal	Match	Total
<u>U.S. Department of Agriculture</u>							
Child and Adult Care Food Program							
WI Department of Public Instruction	10.558						
Wisconsin Shares Program - Child Development Center		(67)76-8808	7/01/20 to 6/30/21	\$ 9,080	\$ 9,080	\$ -	\$ 9,080
YoungStar Program - Child Development Center		N/A	7/01/20 to 6/30/21	2,202	2,202	-	2,202
				11,282	11,282	-	11,282
<u>U.S. Department of the Treasury</u>							
Coronavirus Relief Fund - Dpt of Treasury	21.019	N/A	4/24/20 to 6/30/20	257,411	257,411	-	257,411
<u>U.S. Department of Veterans Affairs</u>							
Post - 9/11 Veterans Educational Assistance Reporting Fee	64.028	N/A	7/01/20 to 6/30/21	2,992	2,992	-	2,992
<u>U.S. Department of Education</u>							
Adult Education - Basic Grants to States							
Wisconsin Technical College System	84.002						
WCTC Comprehensive AEFLA Grant		08-504-146-121	7/01/20 to 6/30/21	643,365	222,090	421,275	643,365
WCTC Comprehensive AEFLA Grant - IELCE		08-523-146-161	7/01/20 to 6/30/21	13,955	4,817	9,138	13,955
WCTC Comprehensive AEFLA Grant - Corrections		08-524-146-111	7/01/20 to 6/30/21	25,837	5,188	9,841	15,029
				683,157	232,095	440,254	672,349
Student Financial Assistance Cluster							
Federal Supplemental Educational Opportunity Grants	84.007						
Grants		P007A204563	7/01/20 to 6/30/21	99,883	85,621	28,541	114,162
Administrative Fee		P007A204563	7/01/20 to 6/30/21	-	5,708	-	5,708
				99,883	91,329	28,541	119,870
Federal Work-Study Program	84.033						
Federal Work Study		P033A204563	7/01/20 to 6/30/21	93,887	19,919	6,398	26,317
Administrative Fee		P033A204563	7/01/20 to 6/30/21	-	242	-	242
				93,887	20,161	6,398	26,559
Federal Pell Grant Program	84.063						
Grants		P063P202632	7/01/20 to 6/30/21	3,544,884	3,544,884	-	3,544,884
Grants - Prior Year		P063P192632	7/01/19 to 6/30/20	6,811	6,811	-	6,811
Administrative Fee		P063P202632	7/01/20 to 6/30/21	11,680	11,680	-	11,680
				3,563,375	3,563,375	-	3,563,375

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Assistance Program	Assistance Listing Number	Grant / Award Number	Grant Period	Federal Grant Amount	Expenditures		
					Federal	Match	Total
Federal Direct Student Loans	84.268						
Federal Direct Loans		P268K222632	7/01/20 to 6/30/21	5,466,601	5,466,601	-	5,466,601
Total Student Financial Assistance Cluster				9,223,746	9,141,466	34,939	9,176,405
Career and Technical Education - Basic Grants to States (Perkins IV)							
Wisconsin Technical College System	84.048						
Enhancing NTO Participation		08-603-150-260	7/01/19 to 9/30/20	15,442	7,005	-	7,005
Equity in Mental Health		08-618-150-220	7/01/19 to 9/30/20	3,803	3,724	-	3,724
Waukesha County Career Prep		08-700-150-211	7/01/20 to 6/30/21	48,175	47,213	-	47,213
Closing Equity Gaps at WCTC		08-701-150-231	7/01/20 to 6/30/21	484,046	290,744	178,468	469,212
Course Completion in Metal Fabrication/Welding AAS and Automotive		08-702-150-251	7/01/20 to 6/30/21	79,983	77,865	-	77,865
NTO Participation		08-703-150-261	7/01/20 to 6/30/21	19,996	8,172	-	8,172
Advancing Diversity, Equity and Inclusion		08-704-150-221	7/01/20 to 6/30/21	65,051	51,547	-	51,547
				716,496	486,270	178,468	664,738
DVR Training Grant Student Awards	84.126	N/A	7/01/20 to 6/30/21	77,971	77,971	-	77,971
Education Stabilization Fund under the							
Coronavirus Aid, Relief and Economic Security (CARES) Act							
COVID-19 HEERF - Student Aid Portion	84.425E	P425E201919	4/24/20 to 4/19/21	1,296,429	1,296,429	-	1,296,429
COVID-19 HEERF - Institutional Portion	84.425F	P425F200538	4/24/20 to 5/03/21	5,745,730	5,745,730	-	5,745,730
				7,042,159	7,042,159	-	7,042,159
Total Department of Education				17,743,529	16,979,961	653,661	17,633,622
<u>U.S. Department of Health and Human Services</u>							
Wisconsin Department of Children and Families							
CCDF Cluster							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund							
Community Child Care Benefits - W-2	93.596	(c)	7/01/20 to 6/30/21	7,986	7,986	-	7,986
<u>U.S. Department of Homeland Security - FEMA</u>							
Wisconsin Technical College System	97.044						
Assistance to Firefighters Grant		08-722-153-121	8/5/20 to 7/5/21	33,238	28,652	4,298	32,950
Assistance to Firefighters Grant		08-630-153-110	7/01/19 to 8/03/20	1,155	1,155	173	1,328
				34,393	29,807	4,471	34,278
Total Federal Financial Assistance Programs				\$ 18,057,593	\$ 17,289,439	\$ 658,132	\$ 17,947,571

**WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2021**

Assistance Program	State Catalogue Number	Grant / Award Number	Grant Period	State Grant Amount	Expenditures		
					State	Match	Total
<u>Wisconsin Department of Transportation:</u>							
Driver Education	20.395(4)(aq)						
Beginning Motorcycle Driver's Education I 2020		N/A	7/01/20 to 12/31/20	\$ 36,789	\$ 5,166	\$ 48,487	\$ 53,653
Beginning Motorcycle Driver's Education II 2020		N/A	7/01/20 to 12/31/20	864	663	566	1,229
UBB Motorcycle Driver's Education 2020		N/A	7/01/20 to 12/31/20	1,177	808	485	1,293
Beginning Motorcycle Driver's Education I 2021		N/A	1/01/21 to 6/30/21	38,954	3,291	35,125	38,416
Beginning Motorcycle Driver's Education II 2021		N/A	1/01/21 to 6/30/21	757	-	433	433
UBB Motorcycle Driver's Education 2021		N/A	1/01/21 to 6/30/21	757	502	1,132	1,634
				79,298	10,430	86,228	96,658
<u>Wisconsin Higher Education Board</u>							
Wisconsin Higher Education Grant (WHEG)	235.102	N/A	7/01/20 to 6/30/21	787,270	787,270	-	787,270
Remission of Fees for Veterans and Dependents	235.105	N/A	7/01/20 to 6/30/21	40,269	40,269	-	40,269
Minority Undergraduate Retention Grant	235.107	N/A	7/01/20 to 6/30/21	37,160	37,160	-	37,160
Talent Incentive Program (TIP)	235.114	N/A	7/01/20 to 6/30/21	4,375	4,375	-	4,375
Technical Excellence Scholarship	235.119	N/A	7/01/20 to 6/30/21	77,625	77,625	77,625	155,250
WI Indian Grant	235.132	N/A	7/01/20 to 6/30/21	1,650	1,650	-	1,650
				948,349	948,349	77,625	1,025,974
<u>Wisconsin Technical College Systems Board</u>							
State Aids	292.105						
State Aids for Vocational, Technical and Adult Education		N/A	7/01/20 to 6/30/21	3,192,500	3,192,500	-	3,192,500
Performance Based State Aid		N/A	7/01/20 to 6/30/21	1,781,608	1,781,608	-	1,781,608
State aid - prior years		N/A	7/01/20 to 6/30/21	(217,600)	(217,600)	-	(217,600)
				4,756,508	4,756,508	-	4,756,508
Emergency Assistance Grants	292.104						
WCTC Emergency Assistance Grant 2021		08-710-104-111	7/01/20 to 6/30/21	11,337	2,318	-	2,318
WCTC Emergency Assistance Grant 1920		08-612-104-119	7/01/19 to 6/30/20	4,281	4,281	-	4,281
				15,618	6,599	-	6,599
Gateway Technical College							
Dream It, Do It	292.112	N/A	1/10/20 to 1/09/21	3,500	3,500	-	3,500
General Purpose Revenue (GPR) Grant Funds	292.124						
Redesign Medical Assistant Program		08-509-124-139	7/01/18 to 9/30/20	3,152	783	-	783
WAT Continuous Improvement		08-614-124-170	7/01/19 to 11/30/20	11,204	9,341	-	9,341
PLC Training for JW Speaker Corp		08-621-124-170	7/01/19 to 8/31/20	15,986	5,996	-	5,996
Fire/EMS Dual Enrollment Academy & Summer EMT Pathway		08-705-124-121	7/01/20 to 6/30/21	179,604	175,317	58,440	233,757
ECE: DEA and Early College Opportunities Expansion		08-706-124-121	7/01/20 to 9/30/21	82,695	53,382	17,794	71,176
Comprehensive Case Management for Retention, Course Completion, Eq		08-707-124-161	7/01/20 to 6/30/21	225,000	219,052	73,796	292,848
Electricity Technical Diploma		08-708-124-141	7/01/20 to 6/30/21	100,000	100,000	-	100,000
Construction Management Technology		08-709-124-141	7/01/20 to 6/30/21	100,000	100,000	-	100,000
Elevating the Learning Experience		08-711-124-151	7/01/20 to 6/30/21	66,338	32,618	17,006	49,624

**WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2021**

Assistance Program	State Catalogue Number	Grant / Award Number	Grant Period	State Grant Amount	Expenditures		
					State	Match	Total
<u>Wisconsin Technical College Systems Board (continued)</u>							
Continuous Quality Training Grant		08-717-124-171	7/01/20 to 11/30/21	83,108	60,718	-	60,718
Foundational Leadership Development Training		08-719-124-171	7/01/20 to 8/31/21	14,651	7,549	-	7,549
Electrical and Instrumentation Apprenticeship		08-723-124-111	7/01/20 to 6/30/21	8,557	8,557	-	8,557
ABC Electrician		08-724-124-111	7/01/20 to 6/30/21	21,170	21,170	-	21,170
ABC Plumbing		08-725-124-111	7/01/20 to 6/30/21	22,906	22,906	-	22,906
Marketing to Increase Awareness of Ability to Benefit		08-735-124-191	12/01/20 to 11/30/21	3,000	-	-	-
Northcentral Technical College WTCS Truck Driving Consortium		15-867-124-180	8/30/19 to 11/30/20	1,160	1,160	-	1,160
				938,531	818,549	167,036	985,585
Truck Driver Training	292.128						
Truck Driver Training - 2021		08-721-128-111	7/01/20 to 6/30/21	121,055	121,055	-	
Truck Driver Training - 1920		08-624-128-110	7/01/19 to 9/30/20	7,328	7,328	-	7,328
				128,383	128,383	-	7,328
Fire Fighter Training 2%	292.137	N/A	7/01/20 to 6/30/21	42,303	42,303	-	42,303
Property Tax Relief Aid	292.162	N/A	7/01/20 to 6/30/21	43,219,314	43,219,314	-	43,219,314
Total Wisconsin Technical College System Board				49,104,157	48,975,156	167,036	49,021,137
<u>Wisconsin Department of Natural Resources</u>							
Payments in lieu of taxes	370.503	N/A	7/01/20 to 6/30/21	15,619	15,619	-	15,619
<u>Wisconsin Department of Workforce Development</u>							
High School Teacher Credentials	445.109	EFF181DE10004	7/01/19 to 6/30/21	140,237	35,409	-	35,409
Local Youth Apprenticeship Grant FY20/21	445.112		7/01/20 to 6/30/21	321,300	321,300	15,439	336,739
				461,537	356,709	15,439	372,148
<u>Wisconsin Department of Revenue</u>							
State aid - personal property tax	835.103	N/A	7/01/20 to 6/30/21	122,776	122,776	-	122,776
State aid in lieu of computer taxes	835.109	N/A	7/01/20 to 6/30/21	112,889	112,889	-	112,889
				235,665	235,665	-	235,665
Total State Financial Assistance Programs				\$ 50,844,625	\$ 50,541,928	\$ 346,328	\$ 50,767,201

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2021

A. Scope of Review

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

Programs Subject to Single Audit

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

B. Summary of Significant Accounting Policies

In the accompanying schedule of expenditures of federal and state awards, expenditures are presented when activity related to the federal and state awards occurs and funds are obligated in accordance with underlying grant agreements.

C. Schedule of Subrecipient Awards

There were no federal and state awards which were passed through to subrecipients for the year ended June 30, 2021.

D. Indirect Cost Rate

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

**WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT**

NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2021

E. Reconciliation of federal and state awards to the basic financial statements

	Federal Awards	State Awards
Revenues reported on the schedule of federal and state awards	\$ 17,289,439	\$ 50,541,928
Deferred HEERF revenues	(1,689,298)	-
Revenues related to Federal Family Education Loan Program	(5,466,601)	-
DVR Training Grant Student Awards	(77,971)	-
Revenues reported in the basic financial statements	\$ 10,055,569	\$ 50,541,928
State grants and contracts	\$ -	\$ 2,105,975
Federal grants and contracts	8,575,561	-
State appropriations	-	48,309,678
Federal and state appropriations for capital-related grants	1,480,008	126,275
Total state and federal grants and contracts on the Statement of Revenues, Expenditures, and Changes in Net Assets	\$ 10,055,569	\$ 50,541,928

F. Status of prior year findings

No findings of noncompliance were reported in WCTC's Single Audit Report for the year ended June 30, 2020.

WAUKESHA COUNTY TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? X yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
Higher Education Emergency Relief Fund	
84.425E	Emergency Financial Aid Grants
84.425F	Institutional Funds

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
- Auditee qualified as low-risk auditee? X yes _____ no

WAUKESHA COUNTY TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance

1. Internal control over state projects:

- Material weakness(es) identified? _____ yes X no

- Significant deficiency(ies) identified
that are not considered to be
material weakness(es)? _____ yes X none reported

2. Type of auditors’ report issued on
compliance for state projects: Unmodified

3. Any audit findings disclosed that are
required to be reported in accordance
with state requirements? _____ yes X no

Identification of Major State Projects

CSFA Number(s)	Name of State Project
235.107	Minority Undergraduate Retention Grant
235.114	Talent Incentive Program (TIP)
292.105	State Aids for Technical Colleges
292.124	General Purpose Revenue Grant Funds
292.162	Property Tax Relief Aid

Dollar threshold used to distinguish between
Type A and Type B state projects: \$ 250,000

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

WAUKESHA COUNTY TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section III – Findings and Questioned Costs – Major Federal and State Programs

2021-001

Federal Agency: U.S. Department of Education

Federal Program Title: Higher Education Emergency Relief Fund

Assistance Listing Number: 84.425F

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control Over Compliance; Other Matters

Criteria or Specific Requirement: Under 2 CFR 200.214 grantees are subject to the non-procurement debarment and suspension regulations applicable to federal agencies under 2 CFR 180. Under 2 CFR 180 grantees are prohibited from entering into “covered transactions” with parties that are suspended or debarred. “Covered transactions” include contracts for goods and services that are expected to equal or exceed \$25,000. In addition, grantees are required to design and implement controls to ensure that the contractor is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition: During our testing of the suspension and debarment compliance requirement, we noted that the District has not designed and implemented a system of internal controls to ensure it complies with suspension and debarment requirements.

Cause: The District’s current procurement policy does not contain documented procedures to ensure parties are not suspended or debarred.

Effect: A party involved in a covered transaction with the District as part of the federal program may be suspended or debarred if proper controls are not implemented to ensure compliance.

Repeat Finding: No

Recommendation: We recommend the District design and implement control processes to ensure compliance related to debarment and suspension requirements.

View of Responsible Officials: The District agrees with the auditor’s comments and has taken corrective action to ensure review of suspension and debarment is documented in accordance with updated procurement policies.

WAUKESHA COUNTY TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section IV – Other Issues

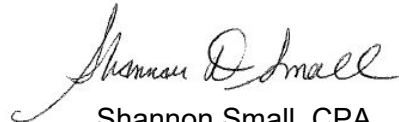
Does the auditors' report or the notes to the financial statements include disclosure with regard to substantial doubt as the auditee's ability to continue as a going concern? No

Does the auditors' report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants\contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:

Wisconsin Technical College System Board: No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of Director:


Shannon Small, CPA

Date of report:

December 8, 2021



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.

9223/21