

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southwest Wisconsin Technical College  
Fennimore, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activity and the aggregate discretely presented component unit of the Southwest Wisconsin Technical College (the 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. The financial statements of the Southwest Wisconsin Technical College Foundation, Inc. was not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the aggregate discretely presented component unit of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

The 2020 financial statements of the Southwest Wisconsin Technical College were audited by other auditors whose report dated November 20, 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***

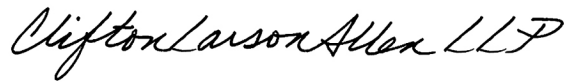
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual budgetary basis fund financial statements and the schedule to reconcile the budget basis financial statements to the basic financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual budgetary basis fund financial statements and the schedule to reconcile the budget basis financial statements to the basic financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 individual budgetary basis fund financial statements and the schedule to reconcile the budget basis financial statements to the basic financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors  
Southwest Wisconsin Technical College

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 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**

Middleton, Wisconsin  
December 30, 2021

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

The discussion and analysis of the financial performance of Southwest Wisconsin Technical College (the District) provides an overview of its financial activities, identifies changes in its financial position, and assists the reader of these financial statements in focusing on noteworthy financial issues for the fiscal year ended June 30, 2021.

The District provides lifelong learning opportunities with an individualized focus for students and communities.

The analysis focuses on the District's financial performance as a whole. It should be read in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS – YEAR ENDED JUNE 30, 2021**

The District's government-wide financial statements reflect the following:

- Received and managed 49 federal, state or local grants totaling \$3.466 million.
- Updated official statement for borrowing and maintained the District's rating of Aa2 through Moody's.
- Issued \$4 million, 5-year promissory note at 0.30% interest rate.
- Continued participation in Districts Mutual Insurance (DMI), the insurance company formed by the colleges in the Wisconsin Technical College System to provide property and casualty coverage.
- Continued participation in the formation of Wisconsin Technical Colleges Employee Benefits Consortium (WTCEBC) with seven other Wisconsin technical colleges to provide employee benefits.
- Processed nearly 5,500 transactions through our purchase card program. As a result, the number of accounts payable checks being issued continues to decrease, saving time and money for the District and increasing vendor satisfaction with payment timing.
- Disbursed student financial aid totaling \$3,109,729 in grants, \$1,846,000 in loans, \$56,950 in college work study earnings, and \$22,830 in college work study match.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**FINANCIAL HIGHLIGHTS – YEAR ENDED JUNE 30, 2020**

The District's government-wide financial statements reflect the following:

- Received and managed 43 federal, state or local grants totaling \$2.178 million.
- Updated official statement for borrowing and maintained the District's rating of Aa2 through Moody's.
- Issued \$4 million, 5-year promissory note at 1.08% interest rate.
  
- Continued participation in Districts Mutual Insurance (DMI), the insurance company formed by the colleges in the Wisconsin Technical College System to provide property and casualty coverage.
  
- Continued participation in the formation of Wisconsin Technical Colleges Employee Benefits Consortium (WTCEBC) with seven other Wisconsin technical colleges to provide employee benefits.
- Processed nearly 7,000 transactions through our purchase card program. As a result, the number of accounts payable checks being issued continues to decrease, saving time and money for the District and increasing vendor satisfaction with payment timing.
- Disbursed student financial aid totaling \$3,483,792 in grants, \$2,411,378 in loans, \$63,221 in college work study earnings, and \$22,830 in college work study match.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities performed by the District are classified as either operating or non-operating activities. Because the District receives the majority of its revenue from the taxpayers and other state and local governments, the District will always report an operating deficit or loss.

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



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2021**

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

**TABLE 1  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	2021	2020	Change	Percent Change
<b>OPERATING REVENUE</b>				
Student Fees	\$ 5,659,990	\$ 5,570,847	\$ 89,143	1.60%
Federal Grants	694,406	922,531	(228,125)	-24.73%
State Grants	2,413,675	2,556,220	(142,545)	-5.58%
Contract Revenues	1,999,073	1,758,180	240,893	13.70%
Auxiliary Revenues	1,254,770	1,404,714	(149,944)	-10.67%
Total Operating Revenues	<u>12,021,914</u>	<u>12,212,492</u>	<u>(190,578)</u>	-1.56%
<b>OPERATING EXPENSES</b>				
Instruction	13,057,563	15,609,492	(2,551,929)	-16.35%
Instructional Resources	139,357	126,998	12,359	9.73%
Student Services	2,064,014	2,431,218	(367,204)	-15.10%
General Institutional	4,292,012	4,987,213	(695,201)	-13.94%
Physical Plant	2,677,347	1,000,678	1,676,669	167.55%
Auxiliary Enterprise Services	2,117,580	1,335,739	781,841	58.53%
Depreciation	3,121,856	3,014,303	107,553	3.57%
Student Aid	3,189,186	3,483,964	(294,778)	-8.46%
Total Operating Expenses	<u>30,658,915</u>	<u>31,989,605</u>	<u>(1,330,690)</u>	-4.16%
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	11,118,541	10,650,000	468,541	4.40%
State Appropriations	8,399,269	8,747,474	(348,205)	-3.98%
Federal Appropriations	3,895,279	2,856,905	1,038,374	36.35%
Investment Income	49,077	219,612	(170,535)	-77.65%
Loss on Disposal of Capital Assets	(2,411,163)	(40,743)	(2,370,420)	5817.98%
Interest Expenses	(679,347)	(752,515)	73,168	-9.72%
Total Nonoperating Revenues (Expenses)	<u>20,371,656</u>	<u>21,680,733</u>	<u>(1,309,077)</u>	-6.04%
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,734,655	1,903,620	<u>\$ (168,965)</u>	-8.88%
Net Position - Beginning of Year	<u>34,868,702</u>	<u>32,965,082</u>		
<b>NET POSITION - END OF YEAR</b>	<u>\$ 36,603,357</u>	<u>\$ 34,868,702</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2021 (Continued)**

Operating revenues are the charges for services offered by the District. Total operating revenues decreased \$190,578 or 4.95% for fiscal year 2021. The decrease is primarily due to the following:

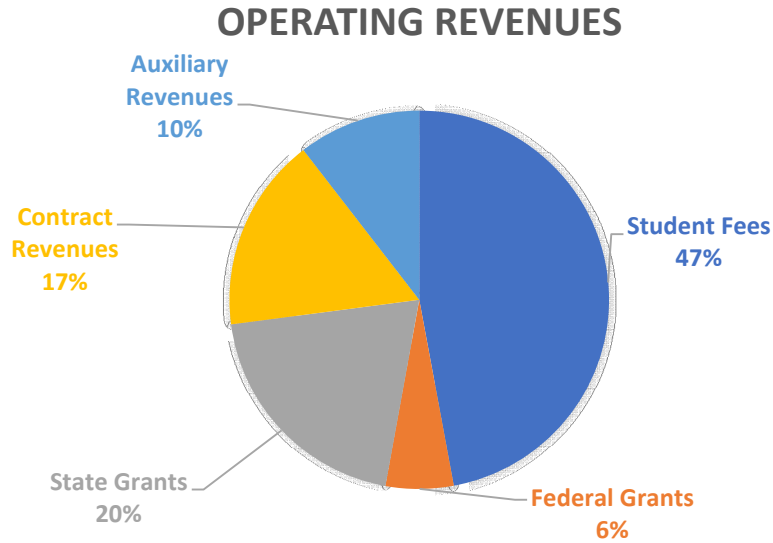
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District Tech received \$3,108,081 from the federal and state governments for 2021 compared to \$3,478,751 for 2020.
  - State revenue decreased \$142,545 or 5.58% in 2021 compared to 2020. State funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
  - Federal funding decreased \$228,125 or 24.73% in 2021 compared to 2020. The level of enrollment impacts the amount of federal financial aid that is awarded each year. Federal funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
- Revenue from industrial and technical assistance contracts with business and industry, local school districts, and the Department of Corrections was \$1,999,073 in 2021 and \$1,758,180 in 2020.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$1,254,770 for 2021 compared to \$1,404,714 in 2020 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses decreased \$1,330,690 or 4.16% compared to 2020. The majority of the District's expenses, 43%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 24%, while auxiliary services and other expenses account for the remaining 33% of total operating expenses.

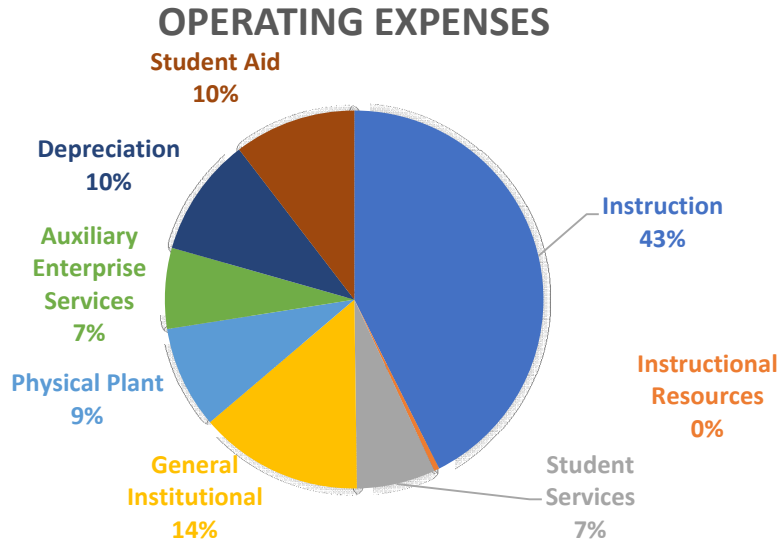
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2021 (Continued)**

The graph below depicts the District's operating revenues by source:



The graph below categorizes operating expenses by function:



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2021 (Continued)**

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues decreased \$1,309,077 or 6.04% in 2021.

- Federal appropriations increased \$1,038,374 in 2021. The increase is a result of the District expending COVID-19 funding from the Higher Education Emergency Relief Funds (HEERF).
- Loss on disposal of capital assets increased \$2,370,420 or 5,817.98% in 2021 compared to 2020. The District disposed a building and related improvements and equipment representing \$2,340,322 of the total loss on disposal.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2020**

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities performed by the District are classified as either operating or non-operating activities. Because the District receives the majority of its revenue from the taxpayers and other state and local governments, the District will always report an operating deficit or loss.

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2020 (Continued)**

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

**TABLE 1  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	2020	2019	Change	Percent Change
<b>OPERATING REVENUE</b>				
Student Fees	\$ 5,570,847	\$ 5,570,432	\$ 415	0.01%
Federal Grants	922,531	1,128,366	(205,835)	-18.24%
State Grants	2,556,220	2,360,193	196,027	8.31%
Contract Revenues	1,758,180	1,959,274	(201,094)	-10.26%
Auxiliary Revenues	1,404,714	1,534,927	(130,213)	-8.48%
Total Operating Revenues	<u>12,212,492</u>	<u>12,553,192</u>	<u>(340,700)</u>	-2.71%
<b>OPERATING EXPENSES</b>				
Instruction	15,609,492	12,135,789	3,473,703	28.62%
Instructional Resources	126,998	149,622	(22,624)	-15.12%
Student Services	2,431,218	2,555,685	(124,467)	-4.87%
General Institutional	4,987,213	4,868,969	118,244	2.43%
Physical Plant	1,000,678	2,023,329	(1,022,651)	-50.54%
Auxiliary Enterprise Services	1,335,739	1,073,586	262,153	24.42%
Depreciation	3,014,303	2,846,212	168,091	5.91%
Student Aid	3,483,964	3,117,436	366,528	11.76%
Total Operating Expenses	<u>31,989,605</u>	<u>28,770,628</u>	<u>3,218,977</u>	11.19%
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	10,650,000	10,761,844	(111,844)	-1.04%
State Appropriations	8,747,474	8,223,892	523,582	6.37%
Federal Appropriations	2,856,905	2,476,768	380,137	N/A
Investment Income	219,612	432,529	(212,917)	-49.23%
Loss on Disposal of Capital Assets	(40,743)	(85,265)	44,522	-52.22%
Interest Expenses	(752,515)	(1,213,741)	461,226	-38.00%
Total Nonoperating Revenues (Expenses)	<u>21,680,733</u>	<u>20,596,027</u>	<u>1,084,706</u>	5.27%
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,903,620	4,378,591	<u>\$ (2,474,971)</u>	-56.52%
Net Position - Beginning of Year	<u>32,965,082</u>	<u>28,586,491</u>		
<b>NET POSITION - END OF YEAR</b>	<u>\$ 34,868,702</u>	<u>\$ 32,965,082</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2020 (Continued)**

Operating revenues are the charges for services offered by the District. Total operating revenues decreased \$340,700 or 2.71% for fiscal year 2020. The increase is primarily due to the following:

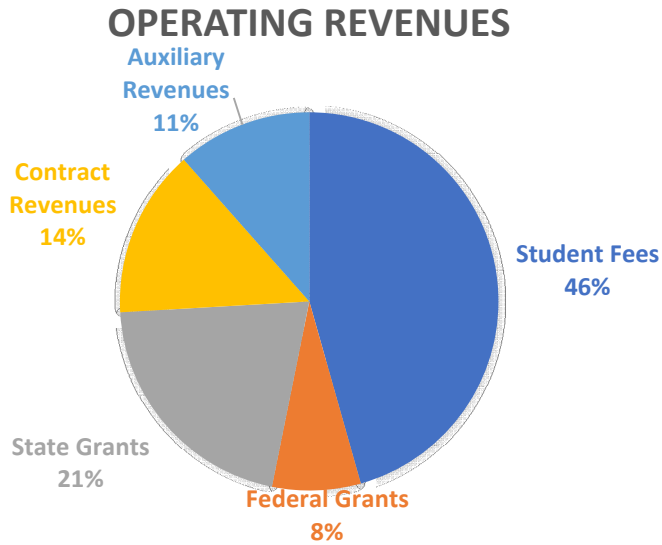
- The state increased tuition rates 1.5% in 2020 and 1.4% in 2019.
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District received \$3,478,751 from the federal and state governments for 2020 compared to \$3,488,559 for 2019.
  - ✓ State revenue increased \$196,027 or 8.31% in 2020 compared to 2019. State funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
  - ✓ Federal funding decreased \$205,835 or 18.24% in 2020 compared to 2019. The level of enrollment impacts the amount of federal financial aid that is awarded each year. Federal funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
- Revenue from industrial and technical assistance contracts with business and industry, local school districts, and the Department of Corrections was \$1,758,180 in 2020 and \$1,959,274 in 2019.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$1,404,714 for 2020 compared to \$1,534,927 in 2019 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses increased \$3,218,977 or 11.19% compared to 2019. The majority of the District's expenses, 49%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 27%, while auxiliary services and other expenses account for the remaining 24% of total operating expenses.

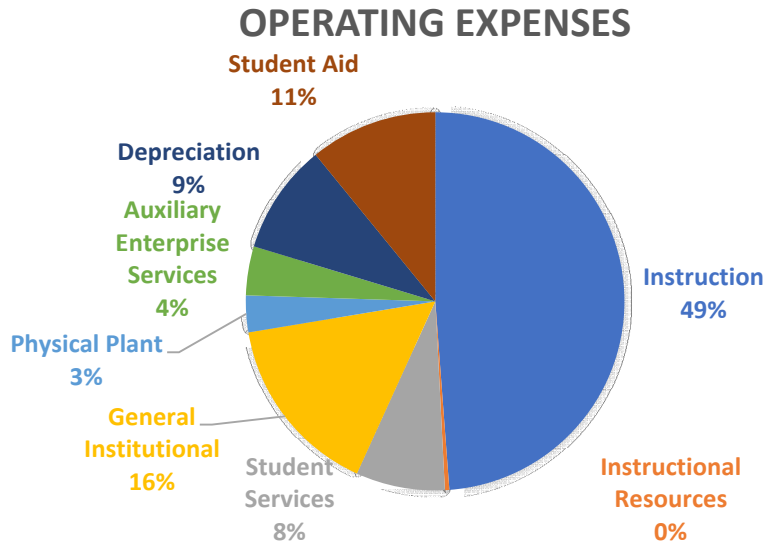
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2020 (Continued)**

The graph below depicts the District's operating revenues by source:



The graph below categorizes operating expenses by function:



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2020 (Continued)**

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues increased \$1,084,706 or 5.27% in 2020.

- State operating appropriations increased \$523,582 or 6.37% in 2020. Final state aid payments are not received until November following the fiscal year end. State aid is determined by a formula that takes into consideration actual expenditures, student FTE's, and equalized property valuations of each of the sixteen technical colleges in Wisconsin.
- Interest expense decreased \$461,226 or 38.00% in 2020 compared to 2019. Interest expenses are the biggest non-operating expense for the District.

**STATEMENT OF NET POSITION – JUNE 30, 2021**

The Statement of Net Position includes all assets, (items that the District owns and amounts that are owed to the District by others) and liabilities (amounts the District owes to others and what has been collected from others prior to providing the services). This statement is prepared using the accrual basis of accounting whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to the District, regardless of when cash is exchanged.

Total net position increased \$1,734,655 or 4.97% in 2021 compared to an increase of \$1,903,620 or 5.77% in 2020. The District ended its fiscal year with net position of \$36,603,357 in 2021 of which \$20,222,189 was net investment in capital assets, \$4,738,443 was restricted for the net pension asset, \$521,822 was restricted for student financial aid, \$827,081 was restricted for capital projects, \$2,230,697 was restricted for debt service assistance, and \$8,063,125 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

Total assets increased \$1,038,110 or 1.44% in 2021 and \$5,546,045 or 8.34% in 2020. Net capital assets decreased \$1,360,059 or 2.93% in 2021 compared to an increase of \$1,129,122 or 2.49% in 2020.

The District's current liabilities increased \$794,770 or 9.27% in 2021 compared to an increase of \$2,631,581 or 44.29% in 2020.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF NET POSITION – JUNE 30, 2021(Continued)**

The components of the statement of net position are summarized in Table 2:

	TABLE 2 CONDENSED STATEMENTS OF NET POSITION			
	2021	2020	Change	Percent Change
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,673,270	\$ 16,179,861	\$ (1,506,591)	-9.31%
Net Pension Asset	4,738,443	2,494,865	2,243,578	89.93%
Net Capital Assets	45,030,521	46,390,580	(1,360,059)	-2.93%
Other Assets	8,602,775	6,941,593	1,661,182	23.93%
Total Assets	<u>73,045,009</u>	<u>72,006,899</u>	1,038,110	1.44%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	7,378,208	5,365,632	2,012,576	37.51%
Related to Other Postemployment Benefits-	749,647	725,302	24,345	3.36%
Total Deferred Outflows of Resources	<u>8,127,855</u>	<u>6,090,934</u>	2,036,921	33.44%
<b>LIABILITIES</b>				
Current Liabilities	9,367,555	8,572,785	794,770	9.27%
Long-Term Liabilities	24,483,264	26,747,159	(2,263,895)	-8.46%
Total Liabilities	<u>33,850,819</u>	<u>35,319,944</u>	(1,469,125)	-4.16%
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	10,394,531	7,474,882	2,919,649	39.06%
Related to Other Postemployment Benefits -				
Health Insurance	324,157	434,305	(110,148)	-25.36%
Total Deferred Outflows of Resources	<u>10,718,688</u>	<u>7,909,187</u>	2,809,501	35.52%
<b>NET POSITION</b>				
Net Invested in Capital Assets	20,222,189	20,448,897	(226,708)	-1.11%
Restricted for Pension	4,738,443	2,494,865	2,243,578	89.93%
Restricted for Student Financial Aid	521,822	481,252	40,570	8.43%
Restricted for Capital Projects	827,081	1,869,963	(1,042,882)	-55.77%
Restricted for Debt Service	2,230,697	2,364,940	(134,243)	-5.68%
Unrestricted	8,063,125	7,208,785	854,340	11.85%
Total Net Position	<u>\$ 36,603,357</u>	<u>\$ 34,868,702</u>	<u>\$ 1,734,655</u>	4.97%

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF NET POSITION – JUNE 30, 2020**

The Statement of Net Position includes all assets, (items that the District owns and amounts that are owed to the District by others) and liabilities (amounts the District owes to others and what has been collected from others prior to providing the services). This statement is prepared using the accrual basis of accounting whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to the District, regardless of when cash is exchanged.

Total net position increased \$1,903,620 or 5.77% in 2020 compared to an increase of \$4,378,591 or 15.32% in 2019. The District ended its fiscal year with net position of \$34,868,702 in 2020 of which \$20,448,897 was net investment in capital assets, \$2,494,865 was restricted for the net pension asset, \$481,252 was restricted for student financial aid, \$1,869,963 was restricted for capital projects, \$2,364,940 was restricted for debt service assistance, and \$7,208,785 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general the District operations.

Total assets increased \$5,546,045 or 8.34% in 2020 and decreased \$1,064,241 or 1.58% in 2019. Net capital assets increased \$1,004,702 or 5.17% in 2020 compared to an increase of \$364,784 or .81% in 2019.

The District's current liabilities increased \$2,631,581 or 44.29% in 2020 compared to an increase of \$340,865 or 5.16% in 2019.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF NET POSITION (continued)**

The components of the statement of net position are summarized in Table 2:

	TABLE 2 CONDENSED STATEMENTS OF NET POSITION			
	2020	2019	Change	Percent Change
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,179,861	\$ 14,711,032	\$ 1,468,829	9.98%
Net Pension Asset	2,494,865	-	2,494,865	N/A
Net Capital Assets	46,390,580	45,261,458	1,129,122	2.49%
Other Assets	6,941,593	6,488,364	453,229	6.99%
Total Assets	<u>72,006,899</u>	<u>66,460,854</u>	<u>5,546,045</u>	8.34%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	5,365,632	7,296,841	(1,931,209)	-26.47%
Related to Other Postemployment Benefits-	725,302	2,840,076	(2,114,774)	-74.46%
Total Deferred Outflows of Resources	<u>6,090,934</u>	<u>10,136,917</u>	<u>(4,045,983)</u>	-39.91%
<b>LIABILITIES</b>				
Current Liabilities	8,572,785	5,941,204	2,631,581	44.29%
Long-Term Liabilities	26,747,159	33,098,889	(6,351,730)	-19.19%
Total Liabilities	<u>35,319,944</u>	<u>39,040,093</u>	<u>(3,720,149)</u>	-9.53%
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	7,474,882	3,941,138	3,533,744	89.66%
Related to Other Postemployment Benefits - Health Insurance	434,305	651,458	(217,153)	-33.33%
Total Deferred Outflows of Resources	<u>7,909,187</u>	<u>4,592,596</u>	<u>3,316,591</u>	72.22%
<b>NET POSITION</b>				
Net Invested in Capital Assets	20,448,897	19,444,195	1,004,702	5.17%
Restricted for Pension	2,494,865	-	2,494,865	N/A
Restricted for Student Financial Aid	481,252	460,232	21,020	4.57%
Restricted for Capital Projects	1,869,963	1,362,684	507,279	37.23%
Restricted for Debt Service	2,364,940	1,585,231	779,709	49.19%
Unrestricted	7,208,785	10,112,740	(2,903,955)	-28.72%
Total Net Position	<u>\$ 34,868,702</u>	<u>\$ 32,965,082</u>	<u>\$ 1,903,620</u>	5.77%

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**CAPITAL ASSET AND DEBT ADMINISTRATION – JUNE 30, 2021**

**Capital Assets**

At June 30, 2021, the District had \$73,094,013 in capital assets, including land, construction in progress, land improvements, buildings and improvements, and moveable equipment. Total accumulated depreciation on these assets was \$28,063,492. Asset acquisitions totaled \$4,172,960. Asset disposals totaled \$2,411,163 net of related accumulated depreciation. The District recognized depreciation expense of \$3,121,856. Detailed information about capital assets can be found in Note 3 to the financial statements.

**Long-term Debt**

As of June 30, 2021, the District had \$24,010,000 in general obligation debt outstanding compared to \$25,115,000 in 2020. The District maintained its Aa2 rating from Moody's Investor service on its current and outstanding long-term debt. Debt service requirements of the District are current and are secured by a tax levy adopted by the District Board. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. All general obligation debt for equipment is repaid in five years, while debt related to building and major remodeling is repaid in 10-20 years. The current debt adequately replaces and expands the equipment and facility needs of the District. Detailed information about the District's long-term debt is presented in Note 4 to the financial statements.

**CAPITAL ASSET AND DEBT ADMINISTRATION – JUNE 30, 2020**

**Capital Assets**

At June 30, 2020, the District had \$87,068,280 in capital assets, including land, construction in progress, land improvements, buildings and improvements, and moveable equipment. Total accumulated depreciation on these assets was \$40,677,700. Asset acquisitions totaled \$4,972,040. The District recognized depreciation expense of \$3,014,303. Detailed information about capital assets can be found in Note 3 to the financial statements.

**Long-term Debt**

As of June 30, 2020, the District had \$25,115,000 in general obligation debt outstanding compared to \$25,035,000 in 2019. The District maintained its Aa2 rating from Moody's Investor service on its current and outstanding long-term debt. Debt service requirements of the District are current and are secured by a tax levy adopted by the District Board. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. All general obligation debt for equipment is repaid in five years, while debt related to building and major remodeling is repaid in 10-20 years. The current debt adequately replaces and expands the equipment and facility needs of the District. Detailed information about the District's long-term debt is presented in Note 4 to the financial statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**FINANCIAL POSITION – JUNE 30, 2021**

The District 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.

Moody's "Aa2" rating reflects the District's:

- Large tax base with growing valuations
- Healthy reserves and liquidity
- Low debt burden and modest pension liabilities

"We expect the District's financial position will remain strong given the presence of healthy reserves and conservative budgeting practices. In fiscal 2020, the district posted a surplus of \$1.1 million, resulting in an available general fund balance of \$13.7 million, or a healthy 57% of revenues. The district had originally budgeted for a \$394,000 draw in the general fund, for one-time capital initiatives, however, the year ended better than expected due to favorable expenditure results primarily from coronavirus related savings from underspending on utilities, travel, and supplies. Available fund balance across all operating funds (general and debt service funds), totaled \$16.1 million, or a healthy 55% of operating revenues for fiscal 2020."

**FINANCIAL POSITION – JUNE 30, 2020**

The District 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.

Moody's "Aa2" rating reflects the District's:

- Large tax base with growing valuations
- Healthy reserves and liquidity
- Modest pension burden
- Low overall net debt burden

"We expect the District's financial position will remain strong given the presence of healthy reserves and conservative budgeting practices. In fiscal 2019, the district posted a deficit of \$498,000 in fiscal 2019, resulting in an available General Fund balance of \$12.8 million, or a healthy 53.9% of revenues. The district had originally budgeted for a \$1.3 million draw in the General Fund, for one-time expenses related to other post employment benefits (OPEB), and one-time capital initiatives, however, the year ended better than expected due to favorable revenue results. Available fund balance across all operating funds (General and Debt Service Funds), totaled \$14.4 million, or a healthy 48.8% of operating revenues for fiscal 2019."

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2021**

The current state's economy coupled with the state's continuing budget challenges causes considerable concern for future funding levels. The District's strengths in countering an economic downturn are summarized in the following statements:

- The District has articulation agreements with other institutions of higher learning that provide options for students to fulfill program requirements locally and finish with minimal time elsewhere.
- Unique programs such as Golf Course Management, Midwifery and online programs/courses draw students from outside of the district and state.
- The District is 1 of 2 colleges in the state technical college system that provide student housing on campus. This benefits students that decide not to commute or reside further than reasonable daily travel distances.
- The level of our fund balances affords us time and flexibility to adjust to changing conditions.
- Capital financing through debt service allows us to keep pace with current technology.

Southwest Wisconsin Technical College faces challenges among which are:

- Limited revenue generating flexibility due to state imposed levy restrictions
- Declining enrollment trend
- Weak resident income levels

These challenges make the execution of the budget a continuous work in progress as adjustments need to occur when revenue sources change. The District has effectively survived previous difficult times and is a stronger institution as a result of it. The current financial position of the District allows us the flexibility to adjust to change and maintain this positive status in the future.

**ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2020**

The current state's economy coupled with the state's continuing budget challenges causes considerable concern for future funding levels. The District's strengths in countering an economic downturn are summarized in the following statements:

- The District has articulation agreements with other institutions of higher learning that provide options for students to fulfill program requirements locally and finish with minimal time elsewhere.
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- The level of our fund balances affords us time and flexibility to adjust to changing conditions.
- Capital financing through debt service allows us to keep pace with current technology.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2020 (Continued)**

Southwest Wisconsin Technical College faces challenges among which are:

- Historically below the state average in equalized valuation growth.
- Declining K-12 population equating to a smaller future customer base from high school graduates.
- Cost of operations continues to increase (wages, benefits, insurance, utilities, etc.)

These challenges make the execution of the budget a continuous work in progress as adjustments need to occur when revenue sources change. The District has effectively survived previous difficult times and is a stronger institution as a result of it. The current financial position of the District allows us the flexibility to adjust to change and maintain this positive status in the future.

**CONTACTING SOUTHWEST WISCONSIN TECHNICAL COLLEGE'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Caleb White, Vice President for Administrative Services, 1800 Bronson Boulevard, Fennimore, WI 53809.

Additional information about Southwest Wisconsin Technical College and its services can also be found at <http://www.swtc.edu>.

## **Basic Financial Statements**



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	District		Foundation	
	2021	2020	2021	2020
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 14,673,270	\$ 16,179,861	\$ 718,199	\$ 421,907
Taxes Receivable	3,493,160	3,477,638	-	-
Accounts Receivable	272,958	186,033	249,950	124,926
Student Accounts Receivable, Net	601,540	545,754	-	-
Due from Other Governments	1,751,729	378,215	-	-
WTCEBC Consortium	1,675,672	1,722,221	-	-
Inventories	441,323	247,238	-	-
Prepaid Expenses	366,393	384,494	-	-
Total Current Assets	<u>23,276,045</u>	<u>23,121,454</u>	<u>968,149</u>	<u>546,833</u>
<b>NON CURRENT ASSETS</b>				
Net Pension Asset	4,738,443	2,494,865	-	-
Investments	-	-	6,109,234	4,336,967
Capital Assets not Being Depreciated	1,054,982	2,007,294	80,000	883,186
Capital Assets Being Depreciated, Net	43,975,539	44,383,286	3,073,276	2,296,403
Total Noncurrent Assets	<u>49,768,964</u>	<u>48,885,445</u>	<u>9,262,510</u>	<u>7,516,556</u>
Total Assets	<u>73,045,009</u>	<u>72,006,899</u>	<u>10,230,659</u>	<u>8,063,389</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	7,378,208	5,365,632	-	-
Related to Other Postemployment Benefits	749,647	725,302	-	-
Total Deferred Outflows of Resources	<u>8,127,855</u>	<u>6,090,934</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	1,003,701	776,018	15,515	13,152
Accrued Salaries and Benefits	396,830	379,313	-	-
Accrued Interest	59,421	34,629	-	-
Deferred Revenue	753,871	667,388	-	-
Current Portion of Compensated Absences\Termination Benefits	1,108,344	920,356	-	-
Current Portion of Long-Term Debt	5,455,000	5,105,000	100,153	91,214
Current Portion of Other Postemployment Benefits	590,388	690,081	-	-
Total Current Liabilities	<u>9,367,555</u>	<u>8,572,785</u>	<u>115,668</u>	<u>104,366</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated Absences\Termination Benefits	2,078,417	2,445,445	-	-
Long-Term Debt	18,555,000	20,010,000	2,089,071	2,191,484
Unamortized Debt Premiums	798,332	826,683	-	-
Other Postemployment Benefits	3,051,515	3,465,031	-	-
Total Noncurrent Liabilities	<u>24,483,264</u>	<u>26,747,159</u>	<u>2,089,071</u>	<u>2,191,484</u>
Total Liabilities	<u>33,850,819</u>	<u>35,319,944</u>	<u>2,204,739</u>	<u>2,295,850</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	10,394,531	7,474,882	-	-
Related to Other Postemployment Benefits	324,157	434,305	-	-
Total Deferred Inflows of Resources	<u>10,718,688</u>	<u>7,909,187</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	20,222,189	20,448,897	-	-
Restricted				
Net Pension Asset	4,738,443	2,494,865	-	-
Student Financial Assistance	521,822	481,252	-	-
Capital Projects	827,081	1,869,963	-	-
Debt Service	2,230,697	2,364,940	-	-
Donor Restrictions	-	-	6,500,730	4,560,237
Unrestricted	8,063,125	7,208,785	1,525,190	1,207,302
Total Net Position	<u>\$ 36,603,357</u>	<u>\$ 34,868,702</u>	<u>\$ 8,025,920</u>	<u>\$ 5,767,539</u>

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	District		Foundation	
	2021	2020	2021	2020
<b>OPERATING REVENUES</b>				
Tuition and Fees				
Program Fees (Net of \$194,576 and \$144,347 Scholarship Allowances, Respectively	\$ 4,485,321	\$ 4,498,373	\$ -	\$ -
Material Fees (Net of \$11,734 and \$8,910 Scholarship Allowances, Respectively	270,491	282,343	-	-
Other Student Fees(Net of \$39,224 and \$24,949 Scholarship Allowances, Respectively	904,178	790,131	-	-
State Grants and Contracts	2,413,675	2,556,220	-	-
Federal Grants and Contracts	694,406	922,531	-	-
Non-Governmental Grants and Contracts	1,999,073	1,758,180	-	-
Auxiliary Enterprise Services	1,254,770	1,404,714	-	-
Contributions and Other Support	-	-	1,701,255	1,420,903
Rental Income	-	-	596,997	572,941
Total Operating Revenues	<u>12,021,914</u>	<u>12,212,492</u>	<u>2,298,252</u>	<u>1,993,844</u>
<b>OPERATING EXPENSES</b>				
Instruction	13,057,563	15,609,492	-	-
Instructional Resources	139,357	126,998	-	-
Student Services	2,064,014	2,431,218	-	-
General Institution	4,292,012	4,987,213	-	-
Physical Plant	2,677,347	1,000,678	-	-
Auxiliary Enterprise Services	2,117,580	1,335,739	-	-
Depreciation	3,121,856	3,014,303	-	-
Student Aid	3,189,186	3,483,964	-	-
Program Activities and Other	-	-	1,484,598	1,890,566
Total Operating Expenses	<u>30,658,915</u>	<u>31,989,605</u>	<u>1,484,598</u>	<u>1,890,566</u>
<b>OPERATING INCOME (LOSS)</b>	(18,637,001)	(19,777,113)	813,654	103,278
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations	8,399,269	8,747,474	-	-
Federal Appropriations	3,895,279	2,856,905	-	-
Local Property Taxes	11,118,541	10,650,000	-	-
Loss on Disposal of Capital Assets	(2,411,163)	(40,743)	-	-
Investment Income	49,077	219,612	1,444,727	109,060
Interest Expense	(679,347)	(752,515)	-	-
Total Nonoperating Revenues (Expenses)	<u>20,371,656</u>	<u>21,680,733</u>	<u>1,444,727</u>	<u>109,060</u>
<b>CHANGE IN NET POSITION</b>	1,734,655	1,903,620	2,258,381	212,338
Net Position - Beginning of Year	<u>34,868,702</u>	<u>32,965,082</u>	<u>5,767,539</u>	<u>5,555,201</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 36,603,357</u>	<u>\$ 34,868,702</u>	<u>\$ 8,025,920</u>	<u>\$ 5,767,539</u>

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees Received	\$ 5,690,687	\$ 5,621,407
Federal and State Grants Received	3,108,081	3,453,295
Business, Industry, and School District Contract Revenues Received	1,912,148	1,699,625
Payments to Employees for Operating Payroll	(26,352,035)	(18,596,917)
Payments to Suppliers	(3,232,506)	(9,894,103)
Auxiliary Enterprise Revenues Received	1,254,770	1,450,747
Net Cash Used by Operating Activities	(17,618,855)	(16,265,946)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local Property Taxes Received	11,103,019	10,700,922
State Appropriations Received	8,399,269	8,747,474
Federal Grants Received	2,521,765	2,856,905
Net Cash Provided by Noncapital Financing Activities	22,024,053	22,305,301
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES</b>		
Acquisition and Construction of Capital Assets	(4,172,960)	(4,184,168)
Proceeds from Issuance of Debt	4,000,000	4,000,000
Premium on Debt Issue	159,880	44,420
Debt Retired	(5,105,000)	(3,920,000)
Interest Paid	(842,786)	(730,390)
Net Cash Used by Capital and Related Financial Activities	(5,960,866)	(4,790,138)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income Received	49,077	219,612
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,506,591)	1,468,829
Cash and Cash Equivalents - Beginning of Year	16,179,861	14,711,032
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 14,673,270	\$ 16,179,861

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	2021	2020
Operating Loss	\$ (18,637,001)	\$ (19,777,113)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,121,856	3,014,303
(Increase) Decrease in Assets:		
Accounts Receivable	(86,925)	(12,523)
Student Accounts Receivable, Net	(55,786)	(59,785)
Due from Other Governments	-	(25,455)
Inventories	(194,085)	102,079
Prepaid Expenses and Other Assets	64,650	(508,467)
Net Pension Asset	(2,243,578)	(5,353,290)
(Increase) Decrease in Deferred Outflows of Resources:		
Pension	(2,012,576)	1,931,209
OPEB	(24,345)	2,114,774
Increase (Decrease) in Liabilities:		
Accounts Payable and Other Current Liabilities	227,683	(275,346)
Accrued Salaries and Benefits	17,517	(20,980)
Compensated Absences	(179,040)	(11,390)
Unearned Revenue	86,483	110,345
Post-Employment Benefits	(513,209)	(810,898)
Increase (Decrease) in Deferred Inflows of Resources:		
Pension	2,919,649	3,533,744
OPEB	(110,148)	(217,153)
Total Net Cash Used by Operating Activities	\$ (17,618,855)	\$ (16,265,946)

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Southwest Wisconsin Technical College (the District), is comprised of five full Southwest Wisconsin counties and portions of four others, became operational on July 1, 1967, pursuant to Chapter 292, Laws of Wisconsin of 1965. The geographic area of the District is comprised of most of Crawford, Grant, Iowa, Lafayette, and Richland counties and part of Dane, Green, Sauk, and Vernon counties covering 3,800 square miles. There are 30 public K-12 school districts within the District boundaries.

The District is governed by a nine-member District Board elected by the 30 school district boards comprising the District. Pursuant to Wisconsin Statute, the District Board consists of two employer members, two employee members, three additional members, one elected official member who holds a state or local office, and one school district administrator. Board members serve staggered three-year terms. The District Board powers are established under the provisions of Chapter 38 of the Wisconsin Statutes and include:

- Authority to borrow money and levy taxes;
- Budgetary authority; and
- Authority over other fiscal and general management of the District, which includes, but is not limited to, the authority to execute contracts, to exercise control over facilities and properties, to determine the outcome or disposition of matters affecting the recipients of the services being provided and to approve the hiring or retention of key management personnel who implement board policies and directives.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

**Reporting Entity**

The reporting entity of the District consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of an organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of an organization's governing body and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government is entitled to, or has the ability to otherwise access, are significant to the primary government.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

The Southwest Wisconsin Technical College Foundation, Inc. (Foundation), is a nonprofit 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 the District. The Foundation is managed by an independent board of directors. The District provides office space, certain equipment and furnishings, most related utility services and some insurance coverage to the Foundation without charge. The Foundation's resources are almost entirely for the benefit of the District and the "entitlement/ability to access" criterion is met because the Foundation has a history of supporting the District with its economic resources, the financial resources of the Foundation are significant to the District as a whole and accordingly, the Foundation is presented as a discretely presented component unit of the District.

Separately issued financial statements of the Foundation may be obtained from the Foundation administration office.

**Basis of Accounting and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the 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-governmental transactions have been eliminated.

**Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions that affect the reported amounts of assets, deferred inflows and outflows of revenues and liabilities, and disclosures 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 those estimates.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position**

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities less than 90 days from date of acquisition.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position**  
**(Continued)**

Cash and Cash Equivalents (Continued)

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. The SIF is not rated. 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 the District's share of the LGIP's assets was substantially equal to the amount reported in these statements.

The District is limited to investments authorized by Wisconsin State Statute 66.0603 including the following:

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in the state if the time deposits mature in not more than three years.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
3. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state, as well as bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, a local cultural arts district, or the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's corporation, Moody's investors service, or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. Securities of an open-end management investment company or investment trust, with certain limitations:
  - a. Bonds or securities issued under the authority of the municipality;
  - b. The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes; the state of Wisconsin local government investment fund (LGIP)
  - c. Agreements in which a public depository agrees to repay funds advanced to it by the District, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
  - d. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
  - e. Repurchase agreements with public depositories, with certain conditions.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

Inventories of books and supplies are stated at the lower of cost or market; cost is determined using the first-in, first-out method. Instructional and administrative inventories are expensed as incurred.

**Capital Assets**

Capital assets are reported at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value at the time of receipt. Interest costs incurred during construction are not capitalized and are not considered material.

The costs of maintenance and repairs are charged to operations as incurred. Equipment assets having a cost of \$500 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 depreciable assets to operations on the straight-line basis over the estimated useful life of the asset, which range from four to ten years for equipment and fifty years for buildings and remodeling.

**Property Tax and Taxes Receivable**

The District Board, under Section 38.16 of the Wisconsin Statutes, may levy a tax not to exceed 1.5 mills on the full value of taxable property within the area served by the District for the purposes of operating and maintaining schools. The mill rate limitation is not applicable to taxes levied for the purposes of paying principal and interest on general obligation debt issued by the District that is used for capital improvements and equipment additions.

The District's operational mill rate was .57833 and .60249 mills for fiscal years ending 2021 and 2020, respectively. The debt service mill rate was .60275 and .60762 for the fiscal years ending 2021 and 2020, respectively.

The District communicates its property tax levy to city, village and town treasurers or clerks in October of the fiscal year for which the taxes are levied.

The following dates are pertinent to the District's tax calendar:

Levy Date	Month of October
Tax Bills are Mailed	Month of October
Payments	
Taxes Paid in One Installment	January 31
Taxes Paid in Two Installments:	
First Installment Due	January 31
Second Installment Due	July 31



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Tax and Taxes Receivable (Continued)**

Historically, the District has received the majority of its property tax levy from municipalities in the fiscal year for which the taxes were levied. However, in most fiscal years, a portion of such revenues has been receivable at year-end because the second installment of real estate taxes and delinquent taxes is not required to be collected by the county treasurer until the month of August following the District's year-end.

**Compensated Absences**

The District employees are granted vacation and sick leave benefits in varying amounts in accordance with the District policies. In the event of retirement, death or resignation of an employee, the District is obligated to pay for+ all unused vacation days. All vacation is accrued when earned as accrued compensated absences in the statement of net position.

**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 (revenue), 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.

**Post-Employment Benefits**

For employees hired prior to July 1, 2006, the District's employee fringe benefit program includes a provision which allows academic, administrative, and support staff to be carried with the group insurance plan or plans at their own expense after retirement or layoff. However, the Board will continue to pay health insurance premiums based on type of employee and years of service or number of accumulated hours of sick leave.

For employees, any academic staff, administrative staff, or support staff with less than 13 years of service to the District that retire under the Wisconsin Retirement System or are laid off, one-half of their unused accumulated sick leave at full pay will be used to continue the payment of health insurance premiums at the time of retirement or layoff.

At time of separation, support staff with 13 or more years of service to the District will have one year of health insurance premiums banked to pay future post separation premiums. Those with 15 or more years of service to the District will have two years of health insurance premiums banked to pay future post separation premiums. Those with 17 or more years of service will have three years of health insurance premiums banked to pay future separation premiums.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Post-Employment Benefits (Continued)**

Academic and administrative staff with 13 or more years of service to the District will have three years of health insurance premiums banked to pay future separation premiums. Those with 15 or more years of service will have four years of health insurance premiums banked to pay future post separation premiums. Those with 17 or more years of service will have five years of health insurance premiums banked to pay future post separation premiums.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows as of June 30, 2021 and 2020 related to pension and OPEB activity.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows as of June 30, 2021 and 2020 related to pension and OPEB activity.

**Fees and Tuition**

Fees and tuition are recorded as revenue in the period in which the related activity or instruction takes place. Revenues for the summer semester are prorated on the basis of student class days occurring before and after June 30. The District's student fee receivable is stated at amounts due from students, net of an allowance for doubtful accounts. Amounts outstanding longer than the agreed upon payment terms are considered past due. The District determines its allowance for doubtful accounts by considering a number of factors including length of time amounts are past due, the District's previous loss history and the student's ability to pay his or her obligation. The District writes off receivables when they become uncollectible, and payments subsequently collected on such receivables are credited to the allowance for doubtful accounts.

**State and Federal Revenues**

The District receives 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 the District.

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work Study and Federal Direct Student Loan Programs. Federal and State programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and the Wisconsin *State Single Audit Guidelines*.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the following method: All aid is reflected in the basic financial statements as operating expenses or scholarship allowances, which reduce revenues. The District receives and disburses cash and, as a result, must record all federal and state loan funds as federal and state grants, and the crediting of the funds to the student's account as student aid expense. 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.

**Classification of Revenue and Expense**

The District has classified its revenue and expenses as either operating or nonoperating according to the following criteria:

***Operating revenue/expenses*** - Operating revenues and expenses include activities that have the characteristics of exchange transactions to provide goods or services related to the District'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 District. Operating expenses include the cost of providing educational services, student aid, administrative expenses and depreciation on capital assets.

***Nonoperating revenues/expenses*** – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions. Nonoperating revenues as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 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.

**Self-Insurance**

The District is self-insured for health and dental coverage. The District accounts for its medical self-insurance program in an internal service fund. The purpose of this fund is to pay medical insurance claims of the District employees and their covered dependents and to minimize the total costs of annual insurance to the District. 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. The amounts not reported to the District were determined by the Plan administrator.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

Net position is classified according to restrictions on availability of assets for satisfaction of the District's obligations.

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

***Restricted net position:*** Restricted net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

- 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 capital projects can only be used to finance the acquisition of land, building, building improvements, and equipment.

***Unrestricted net position:*** Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services provided by educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the governing board to meet current expenses. 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, the District's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

**Reclassification**

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

**Adoption of Accounting Principle**

During the year ended June 30, 2021, the District implemented Government Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*. The implementation of this standard did not have any impact on the presentation of the financial statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS**

The District cash and cash equivalents consist of the following at June 30:

	2021	2020	Risk
Cash and Cash Equivalents:			
Cash on Hand	\$ 2,940	\$ 2,940	
Deposit Accounts	13,437,652	14,945,368	Custodial Credit
Local Government Investment Pool	1,232,678	1,231,553	Credit and Interest Rate
Total Cash and Cash Equivalents	<u>\$ 14,673,270</u>	<u>\$ 16,179,861</u>	

The District voluntarily invest excess funds in the Wisconsin Local Government Investment Pool (LGIP), an external investment pool. The 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. The SIF is not rated. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, the fair value of the District's share of the LGIP's assets was substantially equal to the amounts reported above.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, the following table represents the District's custodial credit risk:

	2021	2020
Bank Balances - Deposit Accounts	\$ 13,660,211	\$ 15,025,223
Amounts Secured by FDIC Coverage or Collateral Agreements	(13,660,211)	(15,025,223)
Custodial Credit Risk Exposure	<u>\$ -</u>	<u>\$ -</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Custodial Credit Risk (Continued)**

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to the transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy minimizes credit risk by limiting investments to the safest type of securities and diversifying the investment portfolio. Individual securities may not exceed 5% of the market value of the portfolio at the time of purchase with the exception of U.S. Government issues fully guaranteed as to both principal and interest by the U.S. government or agencies thereof, shares of open-ended investment companies, the LGIP, or the Wisconsin Investment Series Cooperative (WISC). The LGIP and WISC do not carry a credit quality rating.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than five years from the date of purchase or in accordance with state and local statutes and ordinances, whichever is less. The policy indicates that the investment portfolio should be structured so that securities mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy sets a maximum duration range of two years with a target duration of one year. As of June 30, 2021 and 2020, the Wisconsin Local Government Investment Pool (LGIP) investments have a maturity of 12 months or less.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 CAPITAL ASSETS**

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

	Balance 7/1/2020	Additions	(Deletions)	Balance 6/30/2021
Capital Assets not Being Depreciated				
Land	\$ 1,042,011	\$ -	\$ (20,000)	\$ 1,022,011
Construction in Progress	965,283	32,971	(965,283)	32,971
Total Capital Assets not Being Depreciated	2,007,294	32,971	(985,283)	1,054,982
Capital Assets Being Depreciated				
Land Improvements	1,233,861	2,810	(543,936)	692,735
Buildings and Improvements	50,648,429	437,095	(6,867,126)	44,218,398
Equipment	33,178,696	4,665,367	(10,716,165)	27,127,898
Total Capital Assets Being Depreciated	85,060,986	5,105,272	(18,127,227)	72,039,031
Less: Accumulated Depreciation for				
Land Improvements	766,281	45,894	(493,095)	319,080
Buildings and Improvements	15,472,133	1,211,783	(4,717,628)	11,966,288
Equipment	24,439,286	1,864,179	(10,525,341)	15,778,124
Total Accumulated Depreciation	40,677,700	3,121,856	(15,736,064)	28,063,492
Total Capital Assets Being Depreciated, Net	44,383,286	1,983,416	(2,391,163)	43,975,539
Net Capital Assets	46,390,580	<u>\$ 2,016,387</u>	<u>\$ (3,376,446)</u>	45,030,521
Less: General Obligation Debt	<u>(25,941,683)</u>			<u>(24,808,332)</u>
Total Net Investment in Capital Assets	<u>\$ 20,448,897</u>			<u>\$ 20,222,189</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

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

	Balance 7/1/2019	Additions	(Deletions)	Balance 6/30/2020
Capital Assets not Being Depreciated				
Land	\$ 813,445	\$ 228,566	\$ -	\$ 1,042,011
Construction in Progress	1,172,803	580,352	(787,872)	965,283
Total Capital Assets not Being Depreciated	1,986,248	808,918	(787,872)	2,007,294
Capital Assets Being Depreciated				
Land Improvements	1,204,239	29,622	-	1,233,861
Buildings and Improvements	48,762,375	1,886,054	-	50,648,429
Equipment	31,095,897	2,247,446	(164,647)	33,178,696
Total Capital Assets Being Depreciated	81,062,511	4,163,122	(164,647)	85,060,986
Less: Accumulated Depreciation for				
Land Improvements	720,319	45,962	-	766,281
Buildings and Improvements	14,161,180	1,310,953	-	15,472,133
Equipment	22,905,802	1,657,388	(123,904)	24,439,286
Total Accumulated Depreciation	37,787,301	3,014,303	(123,904)	40,677,700
Total Capital Assets Being Depreciated, Net	43,275,210	1,148,819	(40,743)	44,383,286
Net Capital Assets	45,261,458	<u>\$ 1,957,737</u>	<u>\$ (828,615)</u>	46,390,580
Less: General Obligation Debt	<u>(25,817,263)</u>			<u>(25,941,683)</u>
Total Net Investment in Capital Assets	<u>\$ 19,444,195</u>			<u>\$ 20,448,897</u>



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 LONG-TERM OBLIGATIONS**

Long-term obligations of the District consist of general obligation bonds, general obligation promissory notes, net pension liability, net OPEB liability and compensated absences for vacation and sick pay benefits.

Changes in long-term obligations for the years ended June 30 was as follows:

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
<b>Notes and Bonds Payable</b>					
General Obligation Bonds	\$ 17,215,000	\$ -	\$ (1,705,000)	\$ 15,510,000	\$ 1,755,000
General Obligation Notes	7,900,000	4,000,000	(3,400,000)	8,500,000	3,700,000
Unamortized Premiums	826,683	159,880	(188,231)	798,332	-
Total Bonds and Notes Payable	<u>25,941,683</u>	<u>4,159,880</u>	<u>(5,293,231)</u>	<u>24,808,332</u>	<u>5,455,000</u>
<b>Other Liabilities:</b>					
<b>Net Other Postemployment</b>					
Liability Benefits - Health Insurance	4,155,112	-	(513,209)	3,641,903	590,388
Termination Benefit	2,972,908	253,901	(689,203)	2,537,606	459,189
Accrued Compensated Absences - Vacation	392,893	846,650	(590,388)	649,155	649,155
Total Long-Term Liabilities	<u>\$ 33,462,596</u>	<u>\$ 5,260,431</u>	<u>\$ (7,086,031)</u>	<u>\$ 31,636,996</u>	<u>\$ 7,153,732</u>
	Balance 7/1/2019	Additions	(Reductions)	Balance 6/30/2020	Due Within One Year
<b>Notes and Bonds Payable</b>					
General Obligation Bonds	\$ 18,835,000	\$ -	\$ (1,620,000)	\$ 17,215,000	\$ 1,705,000
General Obligation Notes	6,200,000	4,000,000	(2,300,000)	7,900,000	3,400,000
Unamortized Premiums	782,263	199,744	(155,324)	826,683	-
Total Bonds and Notes Payable	<u>25,817,263</u>	<u>4,199,744</u>	<u>(4,075,324)</u>	<u>25,941,683</u>	<u>5,105,000</u>
<b>Other Liabilities:</b>					
<b>Net Pension Liability</b>					
Net Pension Liability	2,858,425	-	(2,858,425)	-	-
<b>Net Other Postemployment</b>					
Liability Benefits - Health Insurance	4,471,553	209,632	(526,073)	4,155,112	690,081
Termination Benefit	3,467,365	-	(494,457)	2,972,908	527,463
Accrued Compensated Absences - Vacation	404,283	640,445	(651,835)	392,893	392,893
Total Long-Term Liabilities	<u>\$ 37,018,889</u>	<u>\$ 5,049,821</u>	<u>\$ (8,606,114)</u>	<u>\$ 33,462,596</u>	<u>\$ 6,715,437</u>

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the debt service fund.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

Wisconsin State Statute 67.03 (1) limits total general obligation debt of the District to 5% of the equalized value of taxable property located within the district. Wisconsin State Statute 67.03 (9) limits bonded indebtedness of the District to 2% of the equalized value of taxable property, including tax incremental districts. The legal debt limit and the margin of indebtedness, as of June 30 is as follows:

June 30, 2021		
	Bonds	Aggregate
Equalized Value	\$ 10,288,229,441	\$ 10,288,229,441
Debt Limit (2% for Bonds, 5% for Total)	205,764,589	514,411,472
Debt Outstanding at June 30, 2021, Net of Resources Available to Pay Principal	15,510,000	24,010,000
Margin of Indebtedness	\$ 190,254,589	\$ 490,401,472

June 30, 2020		
	Bonds	Aggregate
Equalized Value	\$ 9,708,832,985	\$ 9,708,832,985
Debt Limit (2% for Bonds, 5% for Total)	194,176,660	485,441,649
Debt Outstanding at June 30, 2020, Net of Resources Available to Pay Principal	17,215,000	25,115,000
Margin of Indebtedness	\$ 176,961,660	\$ 460,326,649

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

General obligation debt at June 30, 2021 and 2020 are as follows:

<u>Description</u>	<u>Buyer</u>	<u>2021</u>	<u>2020</u>
2014 \$5,215,000 general obligation refunding bonds payable with annual principal payments of \$30,000-\$575,000 through June 1, 2028, interest at 2.0- 3.0%, payable semi-annually June 1 and December 1.	Robert W. Baird	\$ 3,660,000	\$ 4,125,000
2016 \$2,500,000 promissory notes payable with annual principal payments of \$500,000 through June 1, 2021, interest at 2.0%, payable semi- annually on June 1 and December 1.	UMB Bank, NA	-	500,000
2017 \$2,500,000 promissory notes payable with annual principal payments of \$500,000 through June 1, 2022, interest at 2.0%, payable semi-annually on June 1 and December 1.	Robert W. Baird	500,000	1,000,000
2017 \$6,485,000 general obligation refunding bonds payable with annual 3.0% interest only payments until June 2026. Then 1,555,000 to 1,690,000 of principal payments annually through 2029.	Robert W. Baird	6,485,000	6,485,000
2018 \$4,000,000 promissory notes payable with annual principal payments of \$814,000 - \$892,400 through June 1, 2023, interest at 5.0%, payable semi-annually on June 1 and December 1. Proceeds used to finance remodeling, facility improvements, and equipment purchases.	Robert W. Baird	1,600,000	2,400,000
2019 \$7,775,000 general obligation refunding bonds payable with annual principal payments of \$1,313,550 - \$1,460,625 through June 1, 2025, interest with an average rate of 4.0%, payable semi-annually in June 1 and December 1. Proceeds used to finance construction and remodeling.	Robert W. Baird	5,365,000	6,605,000
2020 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2024, interest at 2.0-4.0%, payable semi-annually on June 1 and December 1. Proceeds used to finance remodeling, facility improvements, and equipment purchases.	Robert W. Baird	2,400,000	4,000,000
2021 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2025, interest at 1.25-2.25%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	4,000,000	-
Total General Obligation Debt		<u>\$ 24,010,000</u>	<u>\$ 25,115,000</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

Future debt service requirements as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,455,000	\$ 705,050	\$ 6,160,050
2023	4,195,000	595,200	4,790,200
2024	3,460,000	482,400	3,942,400
2025	2,750,000	349,500	3,099,500
2026	2,095,000	244,500	2,339,500
2027-2029	6,055,000	349,650	6,404,650
Total	<u>\$ 24,010,000</u>	<u>\$ 2,726,300</u>	<u>\$ 26,736,300</u>

In prior years, the District defeased certain general obligations bonds by placing the proceeds of new debt in an irrevocable trust to provide for the future debt service payments on the old debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, \$11,960,000 of debt outstanding is considered defeased.

**Termination Benefit**

In addition to the District's OPEB plan, the employee fringe benefit program included a provision for employees hired prior to July 1, 2006, which allowed academic, administrative, and support staff to be carried with the group insurance plan or plans at their own expense after retirement or layoff. However, the District would continue to pay health insurance premiums based on the type of employee and years of service or number of accumulated hours of sick leave. These benefits are financed on a pay-as-you-go basis. The District's accrual for termination benefits was \$2,537,606 and \$2,972,908 at June 30, 2021 and 2020.

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS**

**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>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**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.

**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:

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**Post-retirement Adjustments (Continued)**

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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	5.4	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, Executives 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 current and prior reporting period, the WRS recognized \$818,976 and \$800,839 of contributions from the employer, respectively.

Contribution rates as of December 31, 2020, the measurement dates for the year ended June 30, 2021, are as follows:

Employee Category	Employee	Employer
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%

Contribution rates as of December 31, 2019, the measurement dates for the year ended June 30, 2020, are as follows:

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

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

At June 30, 2021, the District reported an asset of \$4,738,443 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. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.07589841% which was a decrease of 0.0014753221% from its proportion measured as of December 31, 2019.

At June 30, 2020, the District reported an asset of \$2,494,865 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability 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. The District's proportion of the net pension asset was based on The District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.0773737321% which was a decrease of 0.002972% from its proportion measured as of December 31, 2018.

For the years ended June 30, 2021 and 2020, the District recognized pension expense (income) of (\$515,645) and \$941,290, respectively.

At June 30, 2021, the District 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	\$ 6,857,981	\$ 1,477,196
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	-	8,896,038
Changes in Assumptions	107,477	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,686	21,297
Employer Contributions Subsequent to the Measurement Date	406,064	-
Total	\$ 7,378,208	\$ 10,394,531

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

\$406,064 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (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 expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (878,924)
2023	(240,766)
2024	(1,617,152)
2025	(685,545)
Total	<u>\$ (3,422,387)</u>

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,735,824	\$ 2,369,963
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	-	5,100,391
Changes in Assumptions	194,415	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	12,732	4,528
Employer Contributions Subsequent to the Measurement Date	422,661	-
Total	<u>\$ 5,365,632</u>	<u>\$ 7,474,882</u>

\$422,661 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date was recognized as a reduction (increase) of the net pension liability (asset) in the year ended June 30, 2021.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (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:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 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.

The total pension liability 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
Measurement Date:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following tables:

**Asset Allocation Targets and Expected Returns  
as of December 31, 2020**

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
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%
Variable Fund Asset Class:			
U.S. 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

**Asset Allocation Targets and Expected Returns  
as of December 31, 2019**

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
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%
Variable Fund Asset Class:			
U.S. 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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**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 the District's proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

For the year ended June 30, 2021, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,510,341	\$ (4,738,443)	\$ (11,531,605)

For the year ended June 30, 2020, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,424,724	\$ (2,494,865)	\$ (9,163,287)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**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>.

**NOTE 6 OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

*Plan Administration.* The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree benefit plan that provides postemployment health and dental insurance benefits to eligible employees and their spouses in accordance with employee contracts. Benefits and eligibility are established and amended by the governing body.

*Plan Membership.* At June 30, 2020, the date of the latest actuarial valuation, there were 199 active and 109 retired members in the plan.

Administrative staff and faculty hired prior to July 1, 2000 with a minimum of 13 years of service with the District as of June 30, 2013 are eligible. Eligible retirees will be provided with a credit/bank from which their premiums may be paid until exhaustion of funds. The benefit amount is based upon the family medical premium amount (annualized) times a factor, ranging from three to five, as determined by years of service as of June 30, 2013.

Support staff hired prior to July 1, 2000 with a minimum of 13 years of service with the District as of June 30, 2013 are eligible. Eligible retirees will be provided with a credit/bank from which their premiums may be paid until exhaustion of funds. The benefit amount is based upon the family medical premium amount (annualized) times a factor, ranging from one to three, as determined by years of service as of June 30, 2013.

As of July 1, 2019, the District eliminated benefits for those hired prior to 2000. Only those that retired prior to July 1, 2019 are eligible to receive the benefits.

*Funding Policy.* Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payments of future benefits as of June 30, 2021 or 2020.

*Contributions.* The District has no invested plan assets accumulated for payment of future benefits. The employer makes all contributions. The District's funding policy is to provide annual contributions on a pay-as-you-go basis.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2020 and 2019, respectively and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and 2018, respectively.

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Discount Rate	2.25%
Healthcare Cost Trend Rates	6.50% decreasing by 0.10% per year down to 5.00% and level thereafter.

The actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	3.50%
Healthcare Cost Trend Rates	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.00%, and level thereafter.

The actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

*The long-term expected rate of return on OPEB plan investments.* Since the District currently holds assets in fixed income funds or as cash equivalents, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*Discount rate.* The discount rate of 2.25 % and 3.50%, respectively, was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 2.25% and 3.50%, respectively).

This rate is equivalent to the Bond Buyer G.O. 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	<u>2021</u>	<u>2020</u>
Balance at Beginning of the Year	\$ 4,155,112	\$ 4,471,553
Changes for the Year:		
Service Cost	5,066	4,761
Interest	133,441	157,909
Changes of Assumptions or Other Inputs	181,039	46,962
Differences Between Expected and Actual Experience	(142,674)	-
Benefit Payments	(690,081)	(526,073)
Net Changes	<u>(513,209)</u>	<u>(316,441)</u>
Balance at End of the Year	<u>\$ 3,641,903</u>	<u>\$ 4,155,112</u>

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

June 30, 2021			
	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total OPEB Liability	\$ 3,847,437	\$ 3,641,903	\$ 3,461,252

June 30, 2020			
	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Total OPEB Liability	\$ 4,357,953	\$ 4,155,112	\$ 3,975,204

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as, what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

June 30, 2021			
	1% Decrease to (5.5% Decreasing to 4.0%)	Current Trends (6.5% Decreasing to 5.0%)	1% Increase to (7.5% Decreasing to 6.0%)
Total OPEB Liability	\$ 3,619,172	\$ 3,641,903	\$ 3,663,286

June 30, 2020			
	1% Decrease to (6.5% Decreasing to 4.0%)	Current Trends (7.5% Decreasing to 5.0%)	1% Increase to (8.5% Decreasing to 6.0%)
Total OPEB Liability	\$ 4,125,783	\$ 4,155,112	\$ 4,183,380

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021 and 2020, the District recognized OPEB expense (income) of (\$57,314) and \$42,742, respectively. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 277,888
Changes in Assumptions or Other Inputs	159,259	46,269
Employer Contributions Subsequent to the Measurement Date	590,388	-
Total	\$ 749,647	\$ 324,157

\$590,388 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ (195,820)
2023	21,330
2024	9,592
Total	\$ (164,898)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

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

**Operating Leases**

The District leases various facilities as outreach center to offer Adult Basic Education, GED/HSED and other course options. Current facilities are located in Richland Center, Fennimore, Dodgeville, Platteville and Darlington.

Future minimum lease payments for the year ending June 30 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 59,720
2023	61,512
2024	59,642
2025	10,130
Total Future Minimum Lease Payments	<u>\$ 191,004</u>



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 RISK MANAGEMENT**

**Districts Mutual Insurance Company (DMI)**

In July 2004, all 16 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 \$350,000,000 per occurrence; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure to 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 losses in excess of its 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 2021 and 2020.

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

**Supplemental Insurance**

In July 1997, 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. The trust is organized under Wisconsin Statutes 66.0301 and is governed by a board of trustees consisting of one trustee from each member college. Member entities include all 16 Wisconsin Technical College System districts.

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

- *Foreign Travel Liability*: \$2,000,000 aggregate general; \$1,000,000 auto per accident; \$1,000,000 employee benefits; includes benefit for accidental death and dismemberment, repatriation, and medical expenses \$1,000 deductible for employee benefits.
- *Crime*: \$750,000 coverage for employee dishonesty, forgery, computer fraud and funds transfer fraud; \$500,000 coverage for theft, robbery, burglary, disappearance and destruction of money and securities; \$25,000 coverage for investigation expenses; \$2,500 deductible for investigation, \$15,000 deductible for employee dishonesty, forgery, and fraud.
- *Business Travel Accident*: Coverage for Local Board of Trustee Members \$1,000,000 aggregate general; \$100,000 for scheduled losses, assistance services medical evacuation and repatriation.

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

**Health Insurance**

As of July 1, 2015, the District joined together with other colleges in the State to form the Wisconsin Technical College Employee Benefits Consortium (WTCEBC). WTCEBC is a public entity risk pool that the District 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. The District 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 the District. Any individual claim exceeding \$100,000 but less than \$250,000 is shared in a pooled layer among all of the colleges participating in the consortium. Individual claims exceeding \$250,000 and aggregate claims exceeding \$1,000,000 are subject to reinsurance.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

**Health Insurance (Continued)**

The District's proportion of the investment in the WTCEBC of \$1,675,672 and \$1,722,221 reported at June 30, 2021 and 2020. The IBNR included in this investment is not material to the financial statement.

**NOTE 9 CLASSIFICATION OF EXPENSES**

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

	<u>2021</u>	<u>2020</u>
Salaries and Wages	\$ 14,211,624	\$ 13,802,152
Fringe Benefits	3,713,067	6,136,281
Travel, Memberships, and Subscriptions	442,954	596,717
Supplies, Printing, and Minor Equipment	1,137,724	692,910
Contracted Services	1,955,639	1,943,428
Rentals, Repairs, and Maintenance	210,427	179,121
Marketing and Advertising	508,327	445,342
Student Activities	136,662	209,425
Enterprise Activities	1,521,463	1,058,558
Utilities	416,527	356,079
Miscellaneous	93,459	71,325
Depreciation	3,121,856	3,014,303
Student Aid	3,189,186	3,483,964
Total Operating Expenses	<u>\$ 30,658,915</u>	<u>\$ 31,989,605</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT**

Southwest Wisconsin Technical College Foundation, Inc. (the Foundation) promotes learning through funding and activities that enable Southwest Wisconsin Technical College (located in Fennimore, Wisconsin) to provide opportunities for success. The Foundation identifies, solicits, and manages alternative sources of funding to:

- Provide leadership and direction through the involvement of the Foundation's board of directors and staff in the continuing development of Southwest Wisconsin Technical College (the District);
- Develop and manage endowment funds to provide scholarships, special awards, and other financial assistance to students of the District;
- Provide and develop alternative financial support to the District for facilities improvement, equipment acquisitions, program development, student financial aid, and staff development; and
- Support and encourage developments in vocational/technical education through various activities.

Southwest Wisconsin Technical College Real Estate Foundation, Inc. (REF) was formed for the purpose of acquiring, developing, and holding real estate for the benefit of the District. The REF supports the District by holding and managing real estate that is integral to the District's mission.

Each of Southwest Wisconsin Technical College (District), the Foundation and the REF are governed by a separate board of directors; however, the REF is operated, supervised, and controlled by the Foundation. Each Foundation maintains an arms-length transaction with the District. While each entity is independently governed, it is recognized that close collaboration and cooperation are essential to attain their separate missions.

The District sets the strategic priorities and objectives consistent with its role as an educational institution. The activities of Foundation and the REF should be consistent with and aligned with the District's objectives. The Foundation is intended to be the primary means through which private donors may assist the District.

**A. Summary of Significant Accounting Policies**

Principles of Consolidation

The financial statements include the financial statements of the Foundation and the REF. The REF is consolidated since the Foundation has both an economic interest in the REF and control of the REF. All material intra-entity transactions have been eliminated.

The consolidated financial statements are included as a component unit in the District's financial statements since the District has an economic interest in the Foundation and REF.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**A Summary of Significant Accounting Policies (Continued)**

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investments

The Foundation reports investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all costs for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The REF is exempt from federal income tax under Section 501(c)(3) of the IRC. In addition, the REF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a supporting organization under Section 509(a)(3).

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**A. Summary of Significant Accounting Policies (Continued)**

Adoption of New Accounting Pronouncement

On May 28, 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in accounting principles generally accepted in the United States of America. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

REF adopted the requirements of the new guidance as of July 1, 2019, using the modified retrospective method of transition. In applying the new guidance, REF elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of REF's revenue is recognized over time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of REF's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on REF's financial statements. The majority of REF's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on REF's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Foundation and REF adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019 or entered into after that date.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**A. Summary of Significant Accounting Policies (Continued)**

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, personnel expenses are allocated on the basis of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

*Scholarships and awards*—Scholarships, special awards, and other financial assistance provided to students and support provided to faculty to continue their education in their respective fields.

*Student housing*—On-campus apartment style units that provide students with a place to reside while attending Southwest Wisconsin Technical College.

*Management and general*—Management and general expenses include the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the Foundation, inform the public about the Foundation's stewardship, and perform other activities related to the overall direction of the Foundation.

*Fundraising*—Fundraising expenses include the costs related to activities that involve inducing potential donors to contribute assets, services, or time to the Foundation.

The following program services and supporting activities are included in the accompanying consolidated financial statements:

*Scholarships and awards*—Scholarships, special awards, and other financial assistance provided to students and support provided to faculty to continue their education in their respective fields.

*Student housing*—On-campus apartment style units that provide students with a place to reside while attending Southwest Wisconsin Technical College.

*Management and general*—Management and general expenses include the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the Foundation, inform the public about the Foundation's stewardship, and perform other activities related to the overall direction of the Foundation.

*Fundraising*—Fundraising expenses include the costs related to activities that involve inducing potential donors to contribute assets, services, or time to the Foundation.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**A. Summary of Significant Accounting Policies (Continued)**

Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through December \_\_, 2021, the date which the consolidated financial statements were available to be issued.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**B. Concentrations of Credit Risk**

The Foundation maintains cash balances at one financial institution located in Dubuque, Iowa. Accounts at the institution are insured by the FDIC up to \$250,000. The Foundation's uninsured cash balances at June 30, 2021 and 2020 total approximately \$232,536 and \$55,000.

**C. Promises to Give**

Unconditional promises to give at June 30 are as follows:

	2021	2020
Receivable in Less than One Year	\$ 84,901	\$ 61,140
Receivable in One to Five Years	91,159	7,000
Unconditional Promises to Give	\$ 176,060	\$ 68,140

**D. Investments**

Investments at June 30 are comprised of the following:

	2021	2020
Money Market Fund	\$ 44,090	\$ 22,970
U.S. Government and Agency Obligations	1,495,010	1,161,238
Mutual Funds	4,570,134	3,152,759
Investments	\$ 6,109,234	\$ 4,336,967

Investments at June 30, 2021 and 2020 include \$5,433,618 and \$3,676,149 of investments held for endowment purposes.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**E. Fair Value Measurements**

Fair values of assets measured on a recurring basis are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets	
		(Level 1)	(Level 2)
Money Market Fund	\$ 44,090	\$ 44,090	\$ -
U.S. Government and Agency Obligations	1,495,010	-	1,495,010
Mutual Funds	4,570,134	4,570,134	-
June 30, 2021	<u>\$ 6,109,234</u>	<u>\$ 4,614,224</u>	<u>\$ 1,495,010</u>
Money Market Fund	\$ 22,970	\$ 22,970	\$ -
U.S. Government and Agency Obligations	1,161,238	-	1,161,238
Mutual Funds	3,152,759	3,152,759	-
June 30, 2020	<u>\$ 4,336,967</u>	<u>\$ 3,175,729</u>	<u>\$ 1,161,238</u>

The valuation methodologies used for assets measured at fair value are as follows. The money market fund held by the Foundation is invested primarily in U.S. Treasury securities and government agency obligations.

The fund generally values its holdings using the amortized cost valuation method or, in unusual circumstances, market prices. Conventional U.S. Treasury notes and bonds are valued at quote prices from independent, third-party pricing agents. Other U.S. Treasury notes and bonds, such as inflation index bonds, are valued using data aggregated from various independent pricing sources. These independent pricing sources are regularly consulted and some judgment is exercised. U.S. government agency bonds, corporate bonds, and state and municipal bonds are valued at quoted prices from independent, third-party pricing agents, which may rely on significant unobservable inputs. Mutual funds are valued at the quoted net asset value of shares held by the Foundation at year-end.

**F. Property and Equipment**

Property and equipment consist of the following:

	2021	2020
Land	\$ 80,000	\$ 80,000
Construction in Progress	-	803,186
Buildings and Improvements	3,989,478	3,112,466
Equipment	66,518	54,046
Property and Equipment	<u>4,135,996</u>	<u>4,049,698</u>
Less: Accumulated Depreciation	(982,720)	(870,109)
Property and Equipment, Net	<u>\$ 3,153,276</u>	<u>\$ 3,179,589</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**G. Long-term Debt**

<u>Description</u>	<u>2021</u>	<u>2020</u>
Note Payable, due in monthly installments of \$2,155, including interest ( 3.51% and 3.85% at June 30, 2021 and 2020, respectively), with single balloon payment due November 2030, secured by property.	\$ 296,767	\$ 311,316
Note Payable, due in monthly installments of \$9,210, including interest ( 3.51% and 3.85% at June 30, 2021 and 2020, respectively), with single balloon payment due November 2030, secured by property.	1,270,104	1,332,219
Note Payable, due in monthly installments of \$3,279, including interest at 3.52%, with single balloon payment due October 2030, secured by property.	<u>622,353</u>	<u>639,163</u>
Subtotal	2,189,224	2,282,698
Less: Current Maturities	<u>100,153</u>	<u>91,214</u>
Total Long-Term Debt	<u>\$ 2,089,071</u>	<u>\$ 2,191,484</u>

The future scheduled maturities of the mortgages are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 100,153
2023	103,736
2024	107,260
2025	111,285
2026	115,267
Thereafter	<u>1,651,523</u>
Total	<u>\$ 2,189,224</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**H. Leasing Arrangements**

The REF leases housing units to students of the District. Lease terms are typically for one District academic year and may be extended through the summer months if requested by the student and units are available. The REF collects a security deposit from each tenant that may be retained due to damages to the leased premises that exceed ordinary wear and tear, waste and neglect of the premises, and nonpayment of rent and amounts owed for utilities.

**I. Net Assets**

The Foundation and the REF's boards of directors have chosen to place the following limitations on unrestricted net assets:

	2021	2020
Property and Equipment Held for Leasing (Net of Accumulated Depreciation and Related Debt)	\$ 964,052	\$ 898,902
Undesignated	561,138	308,400
Net Assets Without Donor Restrictions	\$ 1,525,190	\$ 1,207,302

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Professional Staff Development - Perpetual	\$ 64,045	\$ 56,130
Special Projects and Events - Perpetual	126,208	112,101
Scholarship - Perpetual	3,910,006	3,244,340
Professional Staff Development - Spendable	24,722	5,767
Special Projects and Events - Spendable	367,509	350,374
Scholarships - Spendable	2,008,240	791,525
Net Assets with Donor Restrictions	\$ 6,500,730	\$ 4,560,237

The Foundation has endowment agreements with various donors. Under certain agreements, the donor contributes to an endowment fund periodically. Once the balance of the individual's endowment fund reaches \$12,500, the donor's contributions become permanently endowed and the Foundation may not expend the corpus of the fund below the specified amount.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**J. Endowment Funds**

The Foundation's endowment consists of approximately 70 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted Wisconsin's enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by Wisconsin's enacted version of UPMIFA. In accordance with Wisconsin's enacted version of UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

To achieve its objectives, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the fund if possible. The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Asset classes may include common and preferred stocks, closed-end and open-end mutual funds, real estate investment trusts, American Depositary Receipts (ADRs) of foreign companies, U.S. Treasury securities and government agency obligations, mortgage-backed securities, and domestic corporate bonds typically of investment grade. All investment assets have sufficient liquidity for reasonable price stability and ease of trading. No individual equity-based investment may exceed 5% of the total fair value of all equity-based investments at the time of purchase or 5% of the total fair value of all investment assets at any given time. With the exception of U.S. Treasury securities and government agency obligations, no fixed income investment of any single issuer may in the aggregate exceed 5% of the total fair value of all investment assets at any given time.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**J. Endowment Funds (Continued)**

The Foundation has a spending policy of appropriating for distribution annually a minimum of 3.0% of its endowment fund's average fair value on the last day of each of the three calendar years immediately preceding the fiscal year in which the appropriation is to be made. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment fund to grow at a rate consistent with its objectives of maintaining the purchasing power of the endowment assets as well as providing additional real growth through investment return.

Endowment net asset composition by type of fund is as follows:

	<u>2021</u>	<u>2020</u>
Donor-Restricted Endowment Funds		
Original Donor-Restricted Gift Amount	\$ 4,100,259	\$ 3,397,366
Accumulated Investment Gains	1,412,024	278,783
Total Funds	<u>\$ 5,512,283</u>	<u>\$ 3,676,149</u>

The composition of and changes in donor-restricted endowment net assets as of and for the years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Endowment Net Assets - Beginning	\$ 3,676,149	\$ 3,684,124
Investment Return, Net	1,325,737	84,842
Contributions	640,722	60,208
Appropriation of Endowment Assets for Expenditure	(130,325)	(153,025)
Endowment Net Assets - Ending	<u>\$ 5,512,283</u>	<u>\$ 3,676,149</u>

**K. Related Party Transactions**

The Foundation and the REF have an agreement with the District for services and facilities. The District employed all of the Foundation and REF's employees. During the years ended June 30, 2021 and 2020, the Foundation recorded donated services of \$250,076 and \$277,560, and the REF recorded donated services of \$59,273 and \$49,820 for the personnel-related costs. The District also provided payroll, human resources, and maintenance services, internet and mailing services, office space, and office equipment without charge. Services received from the District are measured at the District's estimate of the costs it incurred in providing those services. Facilities and office equipment are measured at the fair value rental for similar facilities. During the years ended June 30, 2021 and 2020, the Foundation paid \$89,203 and \$234,423 and the REF paid \$88,264 and \$102,938 for expenses incurred by the District.

The Foundation disburses scholarships, professional development awards, project grants and emergency grants to and on behalf of the District. During the years ended June 30, 2021 and 2020, the Foundation disbursed \$786,347 and \$1,171,674.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**L. Liquidity And Availability**

The following table reflects the Foundation's financial assets as of the date of the consolidated statement of financial position of 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date because of donor imposed restrictions:

	<u>2021</u>	<u>2020</u>
Financial Assets - Year-End	\$ 7,077,383	\$ 4,883,800
Less Those Unavailable for General Expenditure		
Within One Year Due to:		
Restricted by Donor with Time or Purpose Restrictions	(988,447)	(884,088)
Restricted for Endowment Purposes	<u>(5,512,283)</u>	<u>(3,676,149)</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 576,653</u>	<u>\$ 323,563</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

## **Required Supplementary Information**

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability Percent	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension of Total Pension Liability
12/31/2014	0.086672%	\$ (2,128,893)	\$ 12,149,964	-17.52%	102.74%
12/31/2015	0.087056%	1,414,636	12,311,841	11.49%	98.20%
12/31/2016	0.086366%	711,859	12,373,045	5.75%	99.12%
12/31/2017	0.083501%	(2,479,236)	11,758,708	-21.08%	102.93%
12/31/2018	0.080345%	2,858,425	11,883,773	24.05%	96.45%
12/31/2019	0.077373%	(2,494,865)	12,228,545	-20.40%	102.96%
12/31/2020	0.075898%	(4,738,443)	12,386,134	-38.26%	105.26%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those year for which information is available.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE OF CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

District 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	\$ 850,618	\$ 850,618	\$ -	\$ 12,010,404	7.08%
6/30/2016	837,279	837,279	-	12,352,788	6.78%
6/30/2017	816,621	816,621	-	11,955,189	6.83%
6/30/2018	792,663	792,663	-	11,915,580	6.65%
6/30/2019	796,212	796,212	-	11,910,676	6.68%
6/30/2020	800,839	800,839	-	12,453,569	6.43%
6/30/2021	818,976	818,976	-	12,132,986	6.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those year for which information is available.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>TOTAL OPEB LIABILITY</b>				
Service Cost	\$ 5,066	\$ 4,761	\$ 93,739	\$ 93,739
Interest	133,441	157,909	226,102	232,922
Changes of Benefit Terms	-	-	(1,262,091)	-
Differences between Expected and Actual Experience	(142,674)	-	(683,532)	-
Changes in Assumptions or Other Input	181,039	46,962	(185,079)	-
Benefit Payments	<u>(690,081)</u>	<u>(526,073)</u>	<u>(261,530)</u>	<u>(781,544)</u>
<b>NET CHANGE IN OPEB LIABILITY</b>	(513,209)	(316,441)	(2,072,391)	(454,883)
Total OPEB Liability - Beginning of Year	<u>4,155,112</u>	<u>4,471,553</u>	<u>6,543,944</u>	<u>6,998,827</u>
<b>TOTAL OPEB LIABILITY - END OF YEAR</b>	<u><u>\$ 3,641,903</u></u>	<u><u>\$ 4,155,112</u></u>	<u><u>\$ 4,471,553</u></u>	<u><u>\$ 6,543,944</u></u>
Covered Payroll	\$ 12,061,085	\$ 11,191,670	\$ 11,191,670	\$ 2,561,028
OPEB Liability as a Percentage of Covered Payroll.	30.20%	37.13%	39.95%	255.52%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those year for which information is available.

See accompanying Notes to the Required Supplementary Information.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING**

The District's reporting structure used in the preparation of the basic financial statements is different than the fund structure used for budgetary accounting. Annual budgets are adopted for all funds in accordance with the requirements of the Wisconsin Technical College System Board. The process includes an administrative compilation and review of campus and departmental requests, public hearings, and approval by the District Board prior to June 30 of each year. Capital outlays for multi-year projects are budgeted annually in the Capital Projects Fund upon planned inception of the project.

Local property taxes are levied on a calendar year basis by various taxing municipalities located in Southwestern Wisconsin. The District records as revenue its share of the local tax when levied.

Annual budgets are prepared on a different basis from the basic financial statements by recognizing encumbrances as expenditures and by recognizing revenues related to encumbrances.

The legal level of control for each budget is by function and within each fund. Budget amendments during the year are legally authorized. Budget transfers (between funds and functional areas within funds) and changes in expenditures (appropriations) require approval by the Board and require publishing a Class I public notice in the District's official newspaper within 10 days according to Wisconsin Statutes. The budget was modified during the year and also subsequent to the fiscal year end. These budget modifications reflect (1) actual property tax revenues in excess of estimates; (2) changes in expected state aid payments, both for the current year and prior year adjustments; (3) various other minor adjustments. Expenditures may not exceed appropriations. Unencumbered appropriations lapse at the end of each fiscal year. Management is authorized to transfer appropriations within functions without the approval of the Board.

**NOTE 2 WISCONSIN RETIREMENT SYSTEM**

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

*Changes of assumptions.* No significant change in assumptions were noted from the prior year.

**NOTE 3 NET OPEB LIABILITY AND RELATED RATIOS ASSUMPTIONS**

Materials and assumptions used to determine OPEB contribution rates are described in Note 6.

### **Other Supplementary Information**

The following supplementary information is provided to document the District's compliance with budgetary requirements. 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 the District. At the end of this section is a reconciliation between the two methods.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Local Government - Tax Levy	\$ 5,366,000	\$ 5,366,000	\$ 5,468,541	\$ 102,541	\$ 5,305,000
Intergovernmental Revenue					
State	10,310,500	10,310,500	10,276,189	(34,311)	10,762,965
Federal	379,500	379,500	1,213,041	833,541	799,525
Tuition and Fees					
Statutory Program Fees	4,546,600	4,546,600	4,485,321	(61,279)	4,498,373
Materials Fees	286,000	286,000	270,491	(15,509)	282,343
Other Student Fees	433,100	433,100	623,036	189,936	522,807
Institutional	1,808,400	1,808,400	1,901,562	93,162	1,775,918
Total Revenues	<u>23,130,100</u>	<u>23,130,100</u>	<u>24,238,181</u>	<u>1,108,081</u>	<u>23,946,931</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	14,811,600	14,361,600	14,319,890	41,710	13,974,073
Instructional Resources	143,900	193,900	145,856	48,044	126,998
Student Services	2,140,400	2,140,400	2,061,086	79,314	2,043,777
General Institutional	4,615,900	5,115,900	5,063,662	52,238	4,987,213
Physical Plant	2,070,300	1,970,300	1,922,059	48,241	1,878,757
Total Expenditures	<u>23,782,100</u>	<u>23,782,100</u>	<u>23,512,553</u>	<u>269,547</u>	<u>23,010,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(652,000)	(652,000)	725,628	1,377,628	936,113
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	53,000	53,000	49,649	(3,351)	218,244
Transfers Out	(47,000)	(47,000)	(35,739)	11,261	(48,044)
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>6,000</u>	<u>13,910</u>	<u>7,910</u>	<u>170,200</u>
<b>NET CHANGE IN FUND BALANCES</b>	(646,000)	(646,000)	739,538	1,385,538	1,106,313
Fund Balance - Beginning of Year	<u>9,446,137</u>	<u>9,446,137</u>	<u>10,037,450</u>	<u>591,313</u>	<u>8,931,137</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 8,800,137</u>	<u>\$ 8,800,137</u>	<u>\$ 10,776,988</u>	<u>\$ 1,976,851</u>	<u>\$ 10,037,450</u>
<b>FUND BALANCE</b>					
Nonspendable - Prepaid Expenses			\$ 366,391		
Assigned for State and Fluctuations			200,000		
Assigned for Post-Employment Benefits			4,882,846		
Unassigned			<u>5,327,751</u>		
Total Fund Balances			<u>\$ 10,776,988</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SPECIAL REVENUE NONAIDABLE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Intergovernmental Revenue					
State	\$ 547,000	\$ 547,000	\$ 516,962	\$ (30,038)	520,445
Federal	6,958,000	6,958,000	4,836,139	(2,121,861)	5,287,211
Student Fees	250,000	250,000	281,142	31,142	267,324
Institutional	245,000	245,000	131,227	(113,773)	165,779
Total Revenues	<u>8,000,000</u>	<u>8,000,000</u>	<u>5,765,470</u>	<u>(2,234,530)</u>	<u>6,240,759</u>
<b>EXPENDITURES</b>					
Student Services	<u>8,000,000</u>	<u>8,000,000</u>	<u>5,760,640</u>	<u>2,239,360</u>	<u>6,267,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	4,830	4,830	(27,024)
<b>OTHER FINANCING SOURCES</b>					
Transfers In	<u>47,000</u>	<u>47,000</u>	<u>35,740</u>	<u>(11,260)</u>	<u>48,044</u>
<b>NET CHANGE IN FUND BALANCE</b>	47,000	47,000	40,570	(6,430)	21,020
Fund Balance - Beginning of Year	<u>567,232</u>	<u>567,232</u>	<u>481,252</u>	<u>(85,980)</u>	<u>460,232</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 614,232</u>	<u>\$ 614,232</u>	<u>\$ 521,822</u>	<u>\$ (92,410)</u>	<u>\$ 481,252</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Intergovernmental Revenue					
Federal	\$ -	\$ -	\$ 167,185	\$ 167,185	\$ -
Institutional	20,000	20,000	69,104	49,104	31,612
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>236,289</u>	<u>216,289</u>	<u>31,612</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	819,800	819,800	692,986	126,814	584,841
Instructional Resources	18,000	68,000	20,457	47,543	56,429
General Institutional	2,760,000	2,760,000	2,567,120	192,880	418,263
Physical Plant	2,264,200	2,214,200	1,948,958	265,242	2,246,556
Total Expenditures	<u>5,862,000</u>	<u>5,862,000</u>	<u>5,229,521</u>	<u>632,479</u>	<u>3,306,089</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,842,000)	(5,842,000)	(4,993,232)	848,768	(3,274,477)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Debt	4,000,000	4,000,000	4,000,000	-	4,000,000
Transfers Out	(53,000)	(53,000)	(49,650)	3,350	(218,244)
Total Other Financing Sources (Uses)	<u>3,947,000</u>	<u>3,947,000</u>	<u>3,950,350</u>	<u>3,350</u>	<u>3,781,756</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,895,000)	(1,895,000)	(1,042,882)	852,118	507,279
Fund Balance - Beginning of Year	<u>2,042,684</u>	<u>2,042,684</u>	<u>1,869,963</u>	<u>(172,721)</u>	<u>1,362,684</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 147,684</u>	<u>\$ 147,684</u>	<u>\$ 827,081</u>	<u>\$ 679,397</u>	<u>\$ 1,869,963</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Local Government - Tax Levy	\$ 5,650,000	\$ 5,650,000	\$ 5,650,000	\$ -	\$ 5,345,000
Intergovernmental Revenue					
State	20,500	20,500	19,793	(707)	20,283
Institutional	20,000	20,000	8,662	(11,338)	42,520
Total Revenues	<u>5,690,500</u>	<u>5,690,500</u>	<u>5,678,455</u>	<u>(12,045)</u>	<u>5,407,803</u>
<b>EXPENDITURES</b>					
Debt Services	<u>6,767,500</u>	<u>6,767,500</u>	<u>5,947,786</u>	<u>819,714</u>	<u>4,805,713</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(1,077,000)	(1,077,000)	(269,331)	807,669	602,090
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on Issuance of Debt	-	-	159,880	159,880	199,744
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>159,880</u>	<u>159,880</u>	<u>199,744</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,077,000)	(1,077,000)	(109,451)	967,549	801,834
Fund Balance - Beginning of Year	<u>2,163,265</u>	<u>2,163,265</u>	<u>2,399,569</u>	<u>236,304</u>	<u>1,597,735</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,086,265</u>	<u>\$ 1,086,265</u>	<u>\$ 2,290,118</u>	<u>\$ 1,203,853</u>	<u>\$ 2,399,569</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
 PROPRIETARY FUNDS – ENTERPRISE FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2021  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>OPERATING REVENUES</b>					
Intergovernmental Revenue					
Federal	\$ -	\$ 450,000	\$ 715,624	\$ 265,624	\$ 5,009
Institutional	1,336,000	1,336,000	1,263,853	(72,147)	1,450,747
Total Operating Revenues	<u>1,336,000</u>	<u>1,786,000</u>	<u>1,979,477</u>	<u>193,477</u>	<u>1,455,756</u>
<b>OPERATING EXPENSES</b>					
Current:					
Physical Plant			-	-	-
Auxiliary Services	1,706,000	2,156,000	2,127,909	28,091	1,571,105
Total Operating Expenditures	<u>1,706,000</u>	<u>2,156,000</u>	<u>2,127,909</u>	<u>28,091</u>	<u>1,571,105</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	<u>(370,000)</u>	<u>(370,000)</u>	<u>(148,432)</u>	<u>165,386</u>	<u>(115,349)</u>
<b>NET CHANGE IN NET POSITION</b>	<u>(370,000)</u>	<u>(370,000)</u>	<u>(148,432)</u>	<u>165,386</u>	<u>(115,349)</u>
Net Position - Beginning of Year	<u>3,761,691</u>	<u>3,761,691</u>	<u>3,708,342</u>	<u>(53,349)</u>	<u>3,823,691</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 3,391,691</u></u>	<u><u>\$ 3,391,691</u></u>	<u><u>\$ 3,559,910</u></u>	<u><u>\$ 112,037</u></u>	<u><u>\$ 3,708,342</u></u>



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
 PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2021  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021			Variance with Final Budget	2020 Actual (Budgetary) Basis
	Original Budget	Final Budget	Actual on a Budgetary Basis		
<b>OPERATING REVENUES</b>					
Institutional	\$ 4,427,000	\$ 4,427,000	\$ 3,930,379	\$ (496,621)	\$ 3,674,390
<b>OPERATING EXPENSES</b>					
Auxiliary Services	4,427,000	4,427,000	4,185,866	241,134	3,443,400
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	-	-	(255,487)	(255,487)	230,990
<b>NET CHANGE IN NET POSITION</b>	-	-	(255,487)	(255,487)	230,990
Net Position - Beginning of Year	1,155,711	1,155,711	1,730,377	574,666	1,499,387
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,155,711</u>	<u>\$ 1,155,711</u>	<u>\$ 1,474,890</u>	<u>\$ 319,179</u>	<u>\$ 1,730,377</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL STATEMENTS**  
**TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2021**

	Governmental				Proprietary Funds		Total	Reconciling Items	Statement of Revenues, Expenses, and Changes in Net Position
	General	Special Revenue	Capital Projects	Debt Service	Enterprise Funds	Internal Service			
<b>REVENUES</b>									
Local Government - Tax Levy	\$ 5,468,541	\$ -	\$ -	\$ 5,650,000	\$ -	\$ -	\$ 11,118,541	\$ -	\$ 11,118,541
Intergovernmental Revenue									
State	10,276,189	516,962	-	19,793	-	-	10,812,944	-	10,812,944
Federal	1,213,041	4,836,139	167,185	-	715,624	-	6,931,989	(2,342,304)	4,589,685
Tuition and Fees									
Statutory Program Fees	4,485,321	-	-	-	-	-	4,485,321	-	4,485,321
Materials Fees	270,491	-	-	-	-	-	270,491	-	270,491
Other Student Fees	623,036	281,142	-	-	-	-	904,178	-	904,178
Institutional	1,901,562	131,227	69,104	8,662	1,263,853	3,930,379	7,304,787	(4,001,867)	3,302,920
Total Revenues	<u>24,238,181</u>	<u>5,765,470</u>	<u>236,289</u>	<u>5,678,455</u>	<u>1,979,477</u>	<u>3,930,379</u>	<u>41,828,251</u>	<u>(6,344,171)</u>	<u>35,484,080</u>
<b>EXPENDITURES/EXPENSES</b>									
Current									
Instruction	14,319,890	-	692,986	-	-	-	15,012,876	(1,955,313)	13,057,563
Instruction Resources	145,856	-	20,457	-	-	-	166,313	(26,956)	139,357
Student Services	2,061,086	5,760,640	-	-	-	-	7,821,726	(5,757,712)	2,064,014
General Institutional	5,063,662	-	2,567,120	-	-	-	7,630,782	(3,338,770)	4,292,012
Physical Plant	1,922,059	-	1,948,958	-	-	-	3,871,017	(1,193,670)	2,677,347
Auxiliary Services	-	-	-	-	2,127,909	4,185,866	6,313,775	(4,196,195)	2,117,580
Depreciation	-	-	-	-	-	-	-	3,121,856	3,121,856
Student Aid	-	-	-	-	-	-	-	3,189,186	3,189,186
Debt Services									
Principal	-	-	-	5,105,000	-	-	5,105,000	(5,105,000)	-
Interest	-	-	-	842,786	-	-	842,786	(163,439)	679,347
Total Expenditures/Expenses	<u>23,512,553</u>	<u>5,760,640</u>	<u>5,229,521</u>	<u>5,947,786</u>	<u>2,127,909</u>	<u>4,185,866</u>	<u>46,764,275</u>	<u>(15,426,013)</u>	<u>31,338,262</u>
Excess (Deficiency) of Revenues									
Over (Under) Expenditures/Expenses	725,628	4,830	(4,993,232)	(269,331)	(148,432)	(255,487)	(4,936,024)	9,081,842	4,145,818
<b>OTHER FINANCING SOURCES (USES)</b>									
Long-Term Debt Issued	-	-	4,000,000	-	-	-	4,000,000	(4,000,000)	-
Premium on Issuance of Debt	-	-	-	159,880	-	-	159,880	(159,880)	-
Transfers In	49,649	35,740	-	-	-	-	85,389	(85,389)	-
Transfers Out	(35,739)	-	(49,650)	-	-	-	(85,389)	85,389	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(2,411,163)	(2,411,163)
Total Other Financing Sources (Uses)	<u>13,910</u>	<u>35,740</u>	<u>3,950,350</u>	<u>159,880</u>	<u>-</u>	<u>-</u>	<u>4,159,880</u>	<u>(6,571,043)</u>	<u>(2,411,163)</u>
<b>NET CHANGE IN FUND BALANCE/NET POSITION</b>	<u>739,538</u>	<u>40,570</u>	<u>(1,042,882)</u>	<u>(109,451)</u>	<u>(148,432)</u>	<u>(255,487)</u>	<u>(776,144)</u>	<u>2,510,799</u>	<u>1,734,655</u>
Fund Balance/Net Position - Beginning of Year	10,037,450	481,252	1,869,963	2,399,569	3,708,342	1,730,377	20,226,953	14,641,749	34,868,702
<b>FUND BALANCE/NET POSITION - END OF YEAR</b>	<u>\$ 10,776,988</u>	<u>\$ 521,822</u>	<u>\$ 827,081</u>	<u>\$ 2,290,118</u>	<u>\$ 3,559,910</u>	<u>\$ 1,474,890</u>	<u>\$ 19,450,809</u>	<u>\$ 17,152,548</u>	<u>\$ 36,603,357</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL  
STATEMENTS  
TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2021**

(a) State Grant Revenue is Presented on the Basic Financial Statement as Follows:

Operating	\$ 2,413,675
Nonoperating	<u>8,399,269</u>
	<u><u>\$ 10,812,944</u></u>

(b) Federal Grant Revenue is Presented on the Basic Financial Statement as Follows:

Operating	\$ 694,406
Nonoperating	<u>3,895,279</u>
	<u><u>\$ 4,589,685</u></u>

(c) Institutional Revenue is Reported on the Basic Financial Statement as Follows:

Nongovernmental Grants and Contracts	\$ 1,999,073
Auxiliary Enterprises	1,254,770
Investment Income	<u>49,077</u>
	<u><u>\$ 3,302,920</u></u>

(d) Reconciliation of Budgetary Basis Fund Balance and Net Position as Presented in the Basic Financial Statements:

Budgetary Basis Fund Balance	\$ 19,450,809
Capital Assets - Cost	72,821,754
Accumulated Depreciation on Capital Assets	(27,797,102)
Net Pension Asset and Deferred Items	1,722,120
General Obligation Bonds and Notes Payable	(24,010,000)
Unamortized Debt Premium	(798,332)
Net Other Postemployment Benefits and Deferred Items	(3,216,413)
Termination Benefit	(2,078,417)
Accrued Interest on Notes Payable	(59,421)
Deferred HEERF Revenues	(172,344)
Encumbrances Outstanding at Year-End	<u>740,703</u>
Net Position per Basic Financial Statements	<u><u>\$ 36,603,357</u></u>



**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 Directors  
Southwest Wisconsin Technical College  
Fennimore, 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 the business-type activity and the aggregate discretely presented component units of the Southwest Wisconsin Technical College (the 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, and have issued our report thereon dated December 30, 2021.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
December 30, 2021