

SOUTHWEST WISCONSIN TECHNICAL COLLEGE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Southwest Wisconsin Technical College
Fennimore, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Southwest Wisconsin Technical College (the District), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Emphasis-of-Matter

As discussed in Notes 1 and 12 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The District adopted the requirements of the guidance during the year ended June 30, 2023, and has applied the provisions of this standard to the beginning of the earliest comparative period presented. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

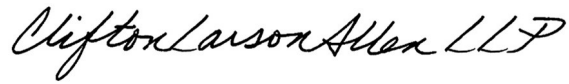
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability (asset), schedule of contributions, schedule of changes in net OPEB liability and related ratios, and notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The fund-level schedules of revenues, expenditures, and changes in fund balance budget and actual (non-GAAP budgetary basis) and the schedule to reconcile budget (non-GAAP budgetary) basis financial statements to statement of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the fund-level schedules of revenues, expenditures, and changes in fund balance budget and actual (non-GAAP budgetary basis) and the schedule to reconcile budget (non-GAAP budgetary) basis financial statements to statement of revenues, expenses, and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024, 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
February 13, 2024

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

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, 2023.

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, 2023

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

- Received and managed federal, state or local grants totaling \$4.81 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 5.00% interest rates, with an effective interest cost of 3.17% after factoring in the premium received.
- 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

FINANCIAL HIGHLIGHTS – YEAR ENDED JUNE 30, 2022

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

- Received and managed federal, state or local grants totaling \$2.893 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 1.25 – 2.25% 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.

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 typically report an operating deficit or loss.

The utilization of capital assets is reflected in the financial statements as depreciation/amortization, 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, 2023 AND 2022**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023**

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

	2023	2022	Change	Percent Change
OPERATING REVENUE				
Student Fees	\$ 5,661,748	\$ 5,348,509	\$ 313,239	5.86%
Federal Grants	2,039,617	610,167	1,429,450	234.27%
State Grants	2,766,472	2,282,755	483,717	21.19%
Contract Revenues	3,440,445	2,482,102	958,343	38.61%
Auxiliary Revenues	1,219,677	1,290,765	(71,088)	-5.51%
Total Operating Revenues	<u>15,127,959</u>	<u>12,014,298</u>	<u>3,113,661</u>	<u>25.92%</u>
OPERATING EXPENSES				
Instruction	14,503,086	12,912,684	1,590,402	12.32%
Instructional Resources	305,652	256,631	49,021	19.10%
Student Services	3,451,780	2,875,055	576,725	20.06%
General Institutional	5,696,131	5,783,520	(87,389)	-1.51%
Physical Plant	2,255,198	1,206,054	1,049,144	86.99%
Auxiliary Enterprise Services	1,759,648	1,498,147	261,501	17.45%
Depreciation	4,120,242	3,822,951	297,291	7.78%
Student Aid	3,185,804	4,835,431	(1,649,627)	-34.12%
Total Operating Expenses	<u>35,277,541</u>	<u>33,190,473</u>	<u>2,087,068</u>	<u>6.29%</u>
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	11,530,419	11,373,622	156,797	1.38%
State Appropriations	9,505,046	8,939,917	565,129	6.32%
Federal Appropriations	2,833,756	6,156,729	(3,322,973)	-53.97%
Investment Income	215,866	50,391	165,475	328.38%
Loss on Disposal of Capital Assets	(25,727)	(25,668)	(59)	0.23%
Interest Expenses	(637,041)	(640,719)	3,678	-0.57%
Total Nonoperating Revenues(Expenses)	<u>23,422,319</u>	<u>25,854,272</u>	<u>(2,431,953)</u>	<u>-9.41%</u>
INCREASE (DECREASE) IN NET POSITION	<u>3,272,737</u>	<u>4,678,097</u>	<u>\$ (1,405,360)</u>	<u>-30.04%</u>
Net Position - Beginning of Year	<u>41,281,454</u>	<u>36,603,357</u>		
NET POSITION - END OF YEAR	<u>\$ 44,554,191</u>	<u>\$ 41,281,454</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023 (Continued)**

Operating revenues are the charges for services offered by the District. Total operating revenues increased \$3,113,661 or 25.92% for fiscal year 2023. The increase is primarily due to the following:

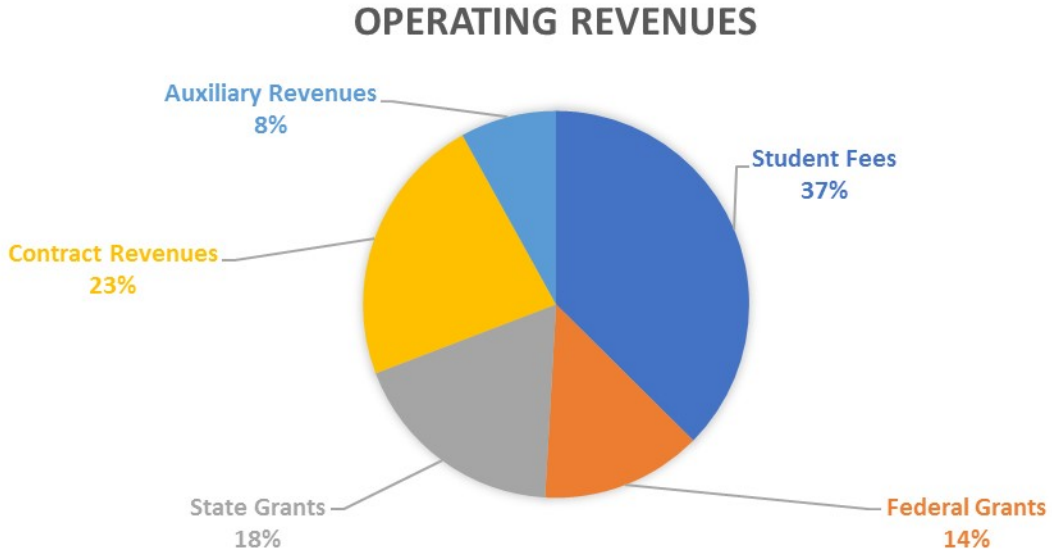
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District received \$4,806,089 from the federal and state governments for 2023 compared to \$2,892,922 for 2022.
 - State revenue increased \$483,717 or 21.19% in 2023 compared to 2022. 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 increased \$1,429,450 or 234.27% in 2023 compared to 2022. 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 \$3,440,445 in 2023 and \$2,482,102 in 2022.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$1,219,677 for 2023 compared to \$1,290,765 in 2022 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses increased \$2,087,068 or 6.29% compared to 2022. The majority of the District's expenses, 41%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 25%, while auxiliary services and other expenses account for the remaining 34% of total operating expenses.

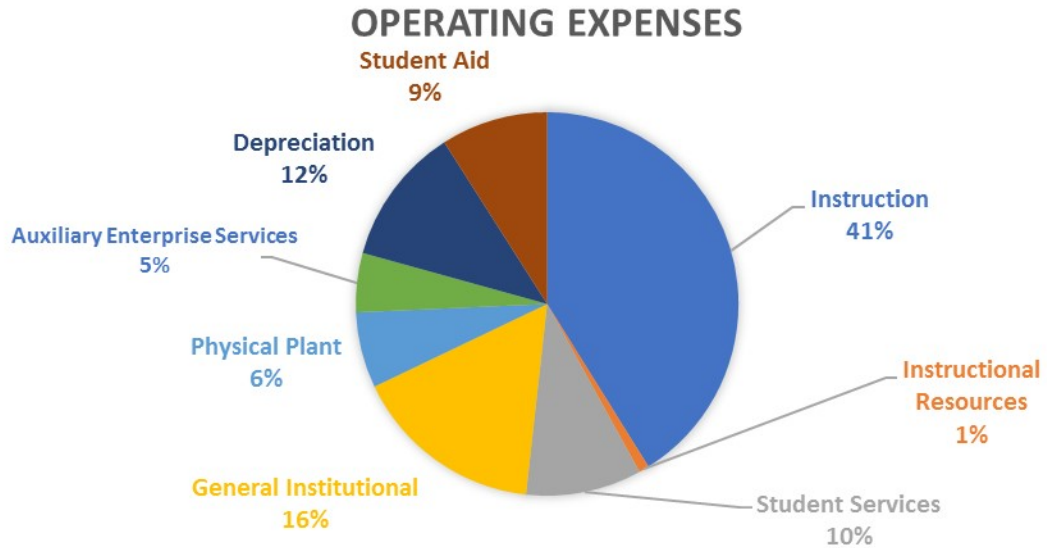
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023 (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, 2023 AND 2022**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023 (Continued)**

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues decreased \$2,431,953 or 9.41% in 2023.

- Federal appropriations decreased \$2,833,756 or 53.97% in 2023. The decrease is a result of the District expending less COVID-19 funding from the Higher Education Emergency Relief Funds (HEERF) as the program expired June 30, 2023.
- State appropriations increased \$565,129 or 6.32% in 2023.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2022**

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/amortization, 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, 2023 AND 2022**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023 (Continued)**

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

	2022	2021	Change	Percent Change
OPERATING REVENUE				
Student Fees	\$ 5,348,509	\$ 5,659,990	\$ (311,481)	-5.50%
Federal Grants	610,167	694,406	(84,239)	-12.13%
State Grants	2,282,755	2,413,675	(130,920)	-5.42%
Contract Revenues	2,482,102	1,999,073	483,029	24.16%
Auxiliary Revenues	1,290,765	1,254,770	35,995	2.87%
Total Operating Revenues	<u>12,014,298</u>	<u>12,021,914</u>	<u>(7,616)</u>	<u>-0.06%</u>
OPERATING EXPENSES				
Instruction	12,912,684	13,057,563	(144,879)	-1.11%
Instructional Resources	256,631	139,357	117,274	84.15%
Student Services	2,875,055	2,064,014	811,041	39.29%
General Institutional	5,783,520	4,292,012	1,491,508	34.75%
Physical Plant	1,206,054	2,677,347	(1,471,293)	-54.95%
Auxiliary Enterprise Services	1,498,147	2,058,924	(560,777)	-27.24%
Depreciation	3,822,951	3,180,512	642,439	20.20%
Student Aid	4,835,431	3,189,186	1,646,245	51.62%
Total Operating Expenses	<u>33,190,473</u>	<u>30,658,915</u>	<u>2,531,558</u>	<u>8.26%</u>
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	11,373,622	11,118,541	255,081	2.29%
State Appropriations	8,939,917	8,399,269	540,648	6.44%
Federal Appropriations	6,156,729	3,895,279	2,261,450	58.06%
Investment Income	50,391	49,077	1,314	2.68%
Loss on Disposal of Capital Assets	(25,668)	(2,411,163)	2,385,495	-98.94%
Interest Expenses	(640,719)	(679,347)	38,628	-5.69%
Total Nonoperating Revenues(Expenses)	<u>25,854,272</u>	<u>20,371,656</u>	<u>5,482,616</u>	<u>26.91%</u>
INCREASE (DECREASE) IN NET POSITION	<u>4,678,097</u>	<u>1,734,655</u>	<u>\$ 2,943,442</u>	<u>169.68%</u>
Net Position - Beginning of Year	<u>36,603,357</u>	<u>34,868,702</u>		
NET POSITION - END OF YEAR	<u>\$ 41,281,454</u>	<u>\$ 36,603,357</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2022 (Continued)**

Operating revenues are the charges for services offered by the District. Total operating revenues decreased \$7,616 or 0.06% for fiscal year 2022. The decrease is primarily due to the following:

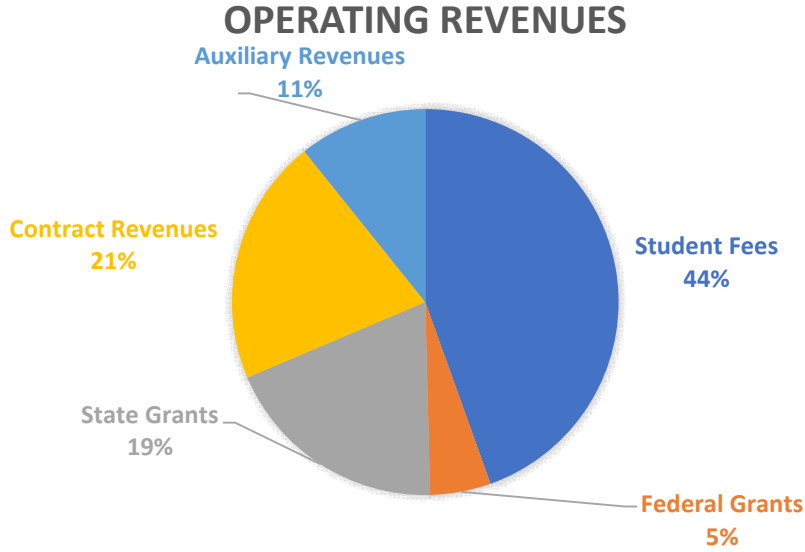
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District received \$2,892,922 from the federal and state governments for 2022 compared to \$3,108,081 for 2021.
 - State revenue decreased \$130,920 or 5.42% in 2022 compared to 2021. 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 \$84,239 or 12.13% in 2022 compared to 2021. 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 \$2,482,102 in 2022 and \$1,999,073 in 2021, offsetting the decrease in federal and state grants.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$1,290,765 for 2022 compared to \$1,254,770 in 2021 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses increased \$2,531,558 or 8.26% compared to 2021. A major cause for the increase related to increased emergency student aid funded by the Federal Education Stabilization Fund. The majority of the District's expenses, 39%, 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 34% of total operating expenses.

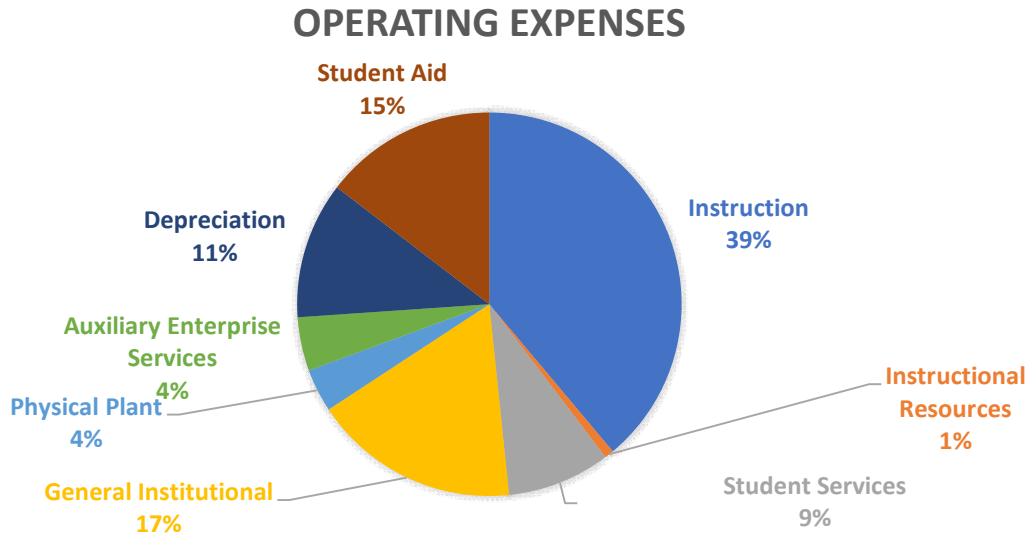
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2022 (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, 2023 AND 2022**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2022 (Continued)**

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues decreased \$5,482,616 or 26.91% in 2022.

- Federal appropriations increased \$2,261,450 in 2022. The increase is a result of the District expending COVID-19 funding from the Higher Education Emergency Relief Funds (HEERF).
- Loss reported on disposal of capital assets decreased \$2,385,495 or 98.94% in 2022 compared to 2021. The District disposed a building and related improvements and equipment representing \$2,340,322 of the total loss on disposal in 2021, while no such occurred in 2022.

STATEMENT OF NET POSITION – JUNE 30, 2023

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 \$3,271,634 or 7.93% in 2023 compared to an increase of \$4,678,097 or 12.78% in 2022. The District ended its fiscal year with net position of \$44,553,088 in 2023 of which \$26,642,010 was net investment in capital assets, \$627,111 was restricted for student financial aid, \$689,489 was restricted for capital projects, \$1,603,529 was restricted for debt service assistance, and \$14,990,949 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

Total assets decreased \$4,860,580 or 6.23% in 2023 and \$6,052,734 or 8.41% in 2022. Net capital assets increased \$2,184,314 or 4.55% in 2023 compared to an increase of \$2,484,409 or 5.45% in 2022.

The District's current liabilities decreased \$93,121 or 0.98% in 2023 compared to an increase of \$141,881 or 1.51% in 2022. Long-term liabilities increased \$597,472 or 2.40% in the current year, which includes the net pension liability of \$3,939,356 for participation in the Wisconsin Retirement System.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

STATEMENT OF NET POSITION – JUNE 30, 2023 (Continued)

The components of the statement of net position are summarized in Table 3:

	2023	2022	Change	Percent Change
ASSETS				
Cash and Cash Equivalents	\$ 13,826,688	\$ 16,183,236	\$ (2,356,548)	-14.56%
Net Pension Asset	-	6,030,006	(6,030,006)	-100.00%
Net Capital Assets*	50,236,292	48,051,978	2,184,314	4.55%
Other Assets	9,136,073	7,794,413	1,341,660	17.21%
Total Assets	<u>73,199,053</u>	<u>78,059,633</u>	<u>(4,860,580)</u>	<u>-6.23%</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension	14,233,694	11,316,527	2,917,167	25.78%
Related to Other Postemployment Benefits-	515,221	590,654	(75,433)	-12.77%
Total Deferred Outflows of Resources	<u>14,748,915</u>	<u>11,907,181</u>	<u>2,841,734</u>	<u>23.87%</u>
LIABILITIES				
Current Liabilities*	9,449,070	9,542,191	(93,121)	-0.98%
Long-Term Liabilities*	25,462,220	24,864,748	597,472	2.40%
Total Liabilities	<u>34,911,290</u>	<u>34,406,939</u>	<u>504,351</u>	<u>1.47%</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	8,251,869	14,207,085	(5,955,216)	-41.92%
Related to Other Postemployment Benefits -				
Health Insurance	231,721	71,336	160,385	224.83%
Total Deferred Outflows of Resources	<u>8,483,590</u>	<u>14,278,421</u>	<u>(5,794,831)</u>	<u>-40.58%</u>
NET POSITION				
Net Invested in Capital Assets	26,642,010	21,642,912	4,999,098	23.10%
Restricted for Pension	-	6,030,006	(6,030,006)	-100.00%
Restricted for Student Financial Aid	627,111	642,161	(15,050)	-2.34%
Restricted for Capital Projects	689,489	933,507	(244,018)	-26.14%
Restricted for Debt Service	1603,529	2,280,896	(677,367)	-29.70%
Unrestricted	14,990,949	9,751,972	5,238,977	53.72%
Total Net Position	<u>\$ 44,553,088</u>	<u>\$ 41,281,454</u>	<u>\$ 3,271,634</u>	<u>7.93%</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

STATEMENT OF NET POSITION – JUNE 30, 2022

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 \$4,678,097 or 12.78% in 2022 compared to an increase of \$1,734,655 or 4.97% in 2021. The District ended its fiscal year with net position of \$41,281,454 in 2022 of which \$21,642,912 was net investment in capital assets, \$6,030,006 was restricted for the net pension asset, \$642,161 was restricted for student financial aid, \$933,507 was restricted for capital projects, \$2,280,896 was restricted for debt service assistance, and \$9,751,972 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 \$4,477,576 or 6.09% in 2022 and \$1,575,158 or 2.19% in 2021. Net capital assets increased \$2,484,409 or 5.45% in 2022 compared to a decrease of \$823,011 or 1.77% in 2021.

The District's current liabilities decreased \$141,881 or 1.51% in 2022 compared to an increase of \$827,525 or 9.65% in 2021.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

STATEMENT OF NET POSITION (continued)

The components of the statement of net position are summarized in Table 4:

	2022	2021	Change	Percent Change
ASSETS				
Cash and Cash Equivalents	\$ 16,183,236	\$ 14,673,270	\$ 1,509,966	10.29%
Net Pension Asset	6,030,006	4,738,443	1,291,563	27.26%
Net Capital Assets*	48,051,978	45,567,569	2,484,409	5.45%
Other Assets	7,794,413	8,602,775	(808,362)	-9.40%
Total Assets	<u>78,059,633</u>	<u>73,582,057</u>	<u>4,477,576</u>	<u>6.09%</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension	11,316,527	7,378,208	3,938,319	53.38%
Related to Other Postemployment Benefits-	590,654	749,647	(158,993)	-21.21%
Total Deferred Outflows of Resources	<u>11,907,181</u>	<u>8,127,855</u>	<u>3,779,326</u>	<u>46.50%</u>
LIABILITIES				
Current Liabilities*	9,542,191	9,400,310	141,881	1.51%
Long-Term Liabilities*	24,864,748	24,987,557	(122,809)	-0.49%
Total Liabilities	<u>34,406,939</u>	<u>34,387,867</u>	<u>19,072</u>	<u>0.06%</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	14,207,085	10,394,531	3,812,554	36.68%
Related to Other Postemployment Benefits -				
Health Insurance	71,336	324,157	(252,821)	-77.99%
Total Deferred Outflows of Resources	<u>14,278,421</u>	<u>10,718,688</u>	<u>3,559,733</u>	<u>33.21%</u>
NET POSITION				
Net Invested in Capital Assets	21642,912	20,222,189	1,420,723	7.03%
Restricted for Pension	6,030,006	4,738,443	1,291,563	27.26%
Restricted for Student Financial Aid	642,161	521,822	120,339	23.06%
Restricted for Capital Projects	933,507	827,081	106,426	12.87%
Restricted for Debt Service	2,280,896	2,230,697	50,199	2.25%
Unrestricted	9,751,972	8,063,125	1,688,847	20.95%
Total Net Position	<u>\$ 41,281,454</u>	<u>\$ 36,603,357</u>	<u>\$ 4,678,097</u>	<u>12.78%</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION – JUNE 30, 2023

Capital Assets

At June 30, 2023, the District had \$85,914,829 in capital assets, including land, construction in progress, land improvements, buildings and improvements, moveable equipment, and right-to-use assets from leases and subscriptions. Total accumulated depreciation/amortization on these assets was \$35,678,537. Asset acquisitions totaled \$6,330,283. Asset disposals totaled \$193,210 net of related accumulated depreciation/amortization of \$167,483. The District recognized depreciation/amortization expense of \$4,120,242. Detailed information about capital assets can be found in Note 3 to the financial statements.

Long-term Debt

As of June 30, 2023, the District had \$19,960,000 in general obligation debt outstanding compared to \$22,555,000 in 2022. 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, 2022

Capital Assets

At June 30, 2022, the District had \$79,777,756 in capital assets, including land, construction in progress, land improvements, buildings and improvements, moveable equipment, and right-to-use assets from leases and subscriptions. Total accumulated depreciation/amortization on these assets was \$31,725,778. Asset acquisitions totaled \$3,708,925. Asset disposals totaled \$244,989 net of related accumulated depreciation/amortization of \$219,321. The District recognized depreciation/amortization expense of \$3,822,951. Detailed information about capital assets can be found in Note 3 to the financial statements.

Long-term Debt

As of June 30, 2023/2022, the District had \$22,555,000 in general obligation debt outstanding compared to \$24,010,000 in 2022. 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, 2023 AND 2022**

FINANCIAL POSITION – JUNE 30, 2023

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 broad tax base in southwestern Wisconsin (Aa1 stable) with solid resident incomes and stabilizing enrollment following a few years of declines driven by the coronavirus pandemic. The rating also reflects the maintenance of strong financial reserves and liquidity despite limited revenue raising ability that is constrained by state control of tuition and fee increases. The District's debt and pension liabilities are modest.

FINANCIAL POSITION – JUNE 30, 2022

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 broad tax base in southwestern Wisconsin (Aa1 stable) with solid resident incomes and stabilizing enrollment following a few years of declines driven by the coronavirus pandemic. The rating also reflects the maintenance of strong financial reserves and liquidity despite limited revenue raising ability that is constrained by state control of tuition and fee increases. The District's debt and pension liabilities are modest.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2023

The region's current economy, persistent inflationary pressures and recessionary risks causes considerable concern for future budgets. The District's strengths in countering an economic downturn are summarized in the following statements:

- The District's newly granted authority to offer associate level collegiate transfer programs directly and the gains made in articulation agreements with other institutions of higher learning 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 directly 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 and other modern advancements.

Southwest Wisconsin Technical College faces challenges among which are:

- Limited revenue generating flexibility due to state-imposed levy restrictions
- 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, 2022

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
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2022 (Continued)

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.

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, 2023 AND 2022

	District		Foundation	
	2023	2022 - Restated	2023	2022
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 13,826,688	\$ 16,183,236	\$ 1,359,593	\$ 1,367,194
Taxes Receivable	3,416,143	3,374,341	-	-
Accounts Receivable	163,186	163,282	413,683	161,410
Student Accounts Receivable, Net	634,762	586,328	-	-
Due from Other Governments	1,811,918	406,199	-	-
WTCEBC Consortium	2,865,645	2,398,438	-	-
Inventories	162,624	473,181	-	-
Prepaid Expenses	81,795	392,644	78	-
Total Current Assets	<u>22,962,761</u>	<u>23,977,649</u>	<u>1,773,354</u>	<u>1,528,604</u>
NON CURRENT ASSETS				
Net Pension Asset	-	6,030,006	-	-
Investments	-	-	6,109,027	5,413,530
Accounts Receivable	-	-	367,131	362,177
Capital Assets not Being Depreciated/Amortized	3,287,231	2,602,504	80,000	80,000
Capital Assets Being Depreciated/Amortized, Net	46,949,061	45,449,474	2,868,944	2,980,017
Total Noncurrent Assets	<u>50,236,292</u>	<u>54,081,984</u>	<u>9,425,102</u>	<u>8,835,724</u>
Total Assets	<u>73,199,053</u>	<u>78,059,633</u>	<u>11,198,456</u>	<u>10,364,328</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension	14,233,694	11,316,527	-	-
Related to Other Postemployment Benefits	515,221	590,654	-	-
Total Deferred Outflows of Resources	<u>14,748,915</u>	<u>11,907,181</u>	<u>-</u>	<u>-</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable and Other Current Liabilities	1,315,574	1,051,304	56,288	13,306
Accrued Salaries and Benefits	385,767	323,908	-	-
Accrued Interest	57,533	58,007	-	-
Deferred Revenue	548,803	586,864	-	-
Current Portion of Compensated Absences\Termination Benefits	1,001,334	898,341	-	-
Current Portion of Lease Liability	52,720	49,595	-	-
Current Portion of Subscription Liability	585,389	290,776	-	-
Current Portion of Long-Term Debt	5,060,000	5,795,000	107,260	103,736
Current Portion of Other Postemployment Benefits	441,950	488,396	-	-
Total Current Liabilities	<u>9,449,070</u>	<u>9,542,191</u>	<u>163,548</u>	<u>117,042</u>
NONCURRENT LIABILITIES				
Compensated Absences\Termination Benefits	1,576,481	1,946,307	-	-
Lease Liability	401,978	454,698	-	-
Subscription Liability	2,139,010	2,462,966	-	-
Long-Term Debt	14,900,000	16,760,000	1,878,068	1,985,335
Unamortized Debt Premiums	455,185	596,031	-	-
Net Pension Liability	3,939,356	-	-	-
Other Postemployment Benefits	2,050,210	2,644,746	-	-
Total Noncurrent Liabilities	<u>25,462,220</u>	<u>24,864,748</u>	<u>1,878,068</u>	<u>1,985,335</u>
Total Liabilities	<u>34,911,290</u>	<u>34,406,939</u>	<u>2,041,616</u>	<u>2,102,377</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	8,251,869	14,207,085	-	-
Related to Other Postemployment Benefits	231,721	71,336	-	-
Total Deferred Inflows of Resources	<u>8,483,590</u>	<u>14,278,421</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	26,642,010	21,642,912	963,616	970,946
Restricted				
Net Pension Asset	-	6,030,006	-	-
Student Financial Assistance	627,111	642,161	-	-
Capital Projects	689,489	933,507	-	-
Debt Service	1,603,529	2,280,896	-	-
Donor Restrictions	-	-	7,517,913	6,774,725
Unrestricted	<u>14,990,949</u>	<u>9,751,972</u>	<u>675,311</u>	<u>516,280</u>
Total Net Position	<u>\$ 44,553,088</u>	<u>\$ 41,281,454</u>	<u>\$ 9,156,840</u>	<u>\$ 8,261,951</u>

See accompanying Notes to Financial Statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	District		Foundation	
	2023	2022 - Restated	2023	2022
OPERATING REVENUES				
Tuition and Fees				
Program Fees (Net of \$414,793 and \$299,439 Scholarship Allowances, Respectively	\$ 4,490,977	\$ 4,343,652	\$ -	\$ -
Material Fees (Net of \$23,673 and \$16,822 Scholarship Allowances, Respectively	256,308	244,019	-	-
Other Student Fees(Net of \$84,461 and \$52,450 Scholarship Allowances, Respectively	914,463	760,838	-	-
State Grants and Contracts	2,766,472	2,282,755	-	-
Federal Grants and Contracts	2,039,617	610,167	-	-
Non-Governmental Grants and Contracts	3,440,445	2,482,102	-	-
Auxiliary Enterprise Services	1,219,677	1,290,765	-	-
Contributions and Other Support	-	-	1,402,653	2,148,154
Rental Income	-	-	646,730	539,544
Total Operating Revenues	<u>15,127,959</u>	<u>12,014,298</u>	<u>2,049,383</u>	<u>2,687,698</u>
OPERATING EXPENSES				
Instruction	14,502,521	12,912,684	-	-
Instructional Resources	305,653	256,631	-	-
Student Services	3,451,777	2,875,055	-	-
General Institution	5,696,150	5,783,520	-	-
Physical Plant	2,255,200	1,206,054	-	-
Auxiliary Enterprise Services	1,761,297	1,498,147	-	-
Depreciation/Amortization	4,120,242	3,822,951	-	-
Student Aid	3,185,804	4,835,431	-	-
Program Activities and Other	-	-	1,748,893	1,333,552
Total Operating Expenses	<u>35,278,644</u>	<u>33,190,473</u>	<u>1,748,893</u>	<u>1,333,552</u>
OPERATING INCOME (LOSS)	(20,150,685)	(21,176,175)	300,490	1,354,146
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	9,505,046	8,939,917	-	-
Federal Appropriations	2,833,756	6,156,729	-	-
Local Property Taxes	11,530,419	11,373,622	-	-
Loss on Disposal of Capital Assets	(25,727)	(25,668)	(61,974)	-
Investment Income (Loss)	215,866	50,391	656,373	(1,118,115)
Interest Expense	(637,041)	(640,719)	-	-
Total Nonoperating Revenues (Expenses)	<u>23,422,319</u>	<u>25,854,272</u>	<u>594,399</u>	<u>(1,118,115)</u>
CHANGE IN NET POSITION	3,271,634	4,678,097	894,889	236,031
Net Position - Beginning of Year	<u>41,281,454</u>	<u>36,603,357</u>	<u>8,261,951</u>	<u>8,025,920</u>
NET POSITION - END OF YEAR	<u>\$ 44,553,088</u>	<u>\$ 41,281,454</u>	<u>\$ 9,156,840</u>	<u>\$ 8,261,951</u>

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022 - Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees Received	\$ 5,575,253	\$ 5,196,714
Federal and State Grants Received	4,806,089	2,892,922
Business, Industry, and School District Contract Revenues Received	3,440,541	2,591,778
Payments to Employees for Operating Payroll	(24,843,095)	(26,005,794)
Payments to Suppliers	(5,650,965)	(6,391,997)
Auxiliary Enterprise Revenues Received	1,219,677	1,290,765
Net Cash Used by Operating Activities	(15,452,500)	(20,425,612)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Property Taxes Received	11,488,617	11,492,441
State Appropriations Received	9,505,046	8,939,917
Federal Grants Received	1,428,037	7,502,259
Net Cash Provided by Noncapital Financing Activities	22,421,700	27,934,617
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Acquisition and Construction of Capital Assets	(5,830,756)	(3,349,134)
Lease Payments	(49,595)	(59,720)
Subscription Payments	(287,902)	(368,107)
Proceeds from Issuance of Debt	4,000,000	4,000,000
Premium on Debt Issue	193,240	14,376
Debt Retired	(6,595,000)	(5,455,000)
Interest Paid	(971,601)	(831,845)
Net Cash Used by Capital and Related Financial Activities	(9,541,614)	(6,049,430)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Received	215,866	50,391
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,356,548)	1,509,966
Cash and Cash Equivalents - Beginning of Year	16,183,236	14,673,270
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,826,688	\$ 16,183,236
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Acquisition and Construction of Capital Assets Included in Accounts Payable	\$ 612,404	\$ 371,436
Noncash Acquisition of Right-to-Use Assets - Subscriptions	\$ 258,559	\$ 470,036

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	2023	2022 - Restated
Operating Loss	\$ (20,150,685)	\$ (21,176,175)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization	4,120,242	3,822,951
(Increase) Decrease in Assets:		
Accounts Receivable	96	109,676
Student Accounts Receivable, Net	(48,434)	15,212
Inventories	310,557	(31,858)
Prepaid Expenses and Other Assets	(156,358)	(749,017)
Net Pension Asset/Liability	9,969,362	(1,291,563)
(Increase) Decrease in Deferred Outflows of Resources:		
Pension	(2,917,167)	(3,938,319)
OPEB	75,433	158,993
Increase (Decrease) in Liabilities:		
Accounts Payable and Other Current Liabilities	23,302	185,558
Accrued Salaries and Benefits	61,859	(72,922)
Compensated Absences	(266,833)	(342,113)
Unearned Revenue	(38,061)	(167,007)
Post-Employment Benefits	(640,982)	(508,761)
Increase (Decrease) in Deferred Inflows of Resources:		
Pension	(5,955,216)	3,812,554
OPEB	160,385	(252,821)
Total Net Cash Used by Operating Activities	\$ (15,452,500)	\$ (20,425,612)

See accompanying Notes to Financial Statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Southwest Wisconsin Technical College (the District), 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 governmental 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 unit. 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, 2023 AND 2022**

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 includes the Southwest Wisconsin Technical College Real Estate Foundation, Inc. (REF) as a consolidated entity. REF was formed for the purpose of acquiring, developing, and holding real estate for the benefit of the District. The Foundation and REF are each managed by an independent board of directors. REF is operated, supervised, and controlled by the Foundation. 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, 2023 AND 2022

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, 2023 and 2022, 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, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Subscription-Based Information Technology Arrangements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology asset.

Leases

The District is a lessee for building space and recognizes a lease liability and an intangible right-to-use lease asset based on the criteria dictated in GASB Statement No. 87 – *Leases*. At the commencement of a lease, the District determines if the lease is a financed purchased lease or a right-to-use lease based on the criteria in GASB Statement No. 87 – *Leases*. The District then measures the lease liability at the present value of payments expected to be made during the lease term. During the lease term, the lease liability is reduced by the principal portion of lease payments made.

An intangible right-to-use lease asset is initially measured as the amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight-line basis over the term of the lease. The intangible right-to-use lease asset is reported with the District's capital assets in a stand-alone Leased Assets (Right to Use) category.

The District utilizes estimates and judgements to determine (1) the discount rate used to discount expected lease payments to present value, (2) lease term, and (3) lease payments.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Leases (Continued)

The District uses the interest rate charged by the lessor as the discount rate when the lessor provides it. If the interest rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise. The District accounts for lease and nonlease components separately when possible. In cases where the lease does not provide separate cost information for lease and nonlease components, the District treats the components as a single lease unit if it is impractical to estimate cost information. The District monitors changes in circumstances that would require re-measurement of the lease asset and liability.

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 .44533 and .50646 mills for fiscal years ending 2023 and 2022, respectively. The debt service mill rate was .57790 and .62064 for the fiscal years ending 2023 and 2022, 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

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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The District has deferred outflows as of June 30, 2023 and 2022 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 assets 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, 2023 and 2022 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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
(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/amortization 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, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
(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, equipment, and intangible right-to-use assets) 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.
- Restricted net position for net pension asset can only be used for future pension-related obligations.

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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The District adopted the requirements of the guidance during the year ended June 30, 2023, and has applied the provisions of this standard to the beginning of the earliest comparative period presented.

NOTE 2 CASH AND CASH EQUIVALENTS

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

	2023	2022	Risk
Cash and Cash Equivalents:			
Cash on Hand	\$ 2,940	\$ 2,940	
Deposit Accounts	4,413,435	14,945,010	Custodial Credit
Local Government Investment Pool	9,410,313	1,235,286	Credit and Interest Rate
Total Cash and Cash Equivalents	<u>\$ 13,826,688</u>	<u>\$ 16,183,236</u>	

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2023 and 2022, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported in these financial statements.

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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk (continued)

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:

	2023	2022
Bank Balances - Deposit Accounts	\$ 4,662,569	\$ 15,246,178
Amounts Secured by FDIC Coverage or Collateral Agreements	(4,662,569)	(15,246,178)
Custodial Credit Risk Exposure	\$ -	\$ -

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.

At June 30, 2023 and 2022, the District did not hold any investments other than funds with the LGIP, which are classified as cash equivalents in the financial statements.

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, 2023 and 2022, the LGIP investments have a maturity of 12 months or less.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance* 7/1/2022	Additions	(Deletions)	Balance 6/30/2023
Capital Assets not Being Depreciated/Amortized				
Land	\$ 1,022,011	\$ -	\$ -	\$ 1,022,011
Construction in Progress	1,580,493	1,679,365	(994,638)	2,265,220
Total Capital Assets not Being Depreciated/Amortized	2,602,504	1,679,365	(994,638)	3,287,231
Capital Assets Being Depreciated/Amortized				
Right-to-Use Assets - Leases	595,704	-	-	595,704
*Right-to-Use Assets - Subscriptions	3,121,849	258,559	(40,843)	3,339,565
Land Improvements	692,735	6,077	-	698,812
Buildings and Improvements	44,420,583	422,406	(17,186)	44,825,803
Equipment	28,344,381	4,958,514	(135,181)	33,167,714
Total Capital Assets Being Depreciated/Amortized	77,175,252	5,645,556	(193,210)	82,627,598
Less: Accumulated Depreciation/Amortization for				
Right-to-Use Assets - Leases	117,312	58,656	-	175,968
*Right-to-Use Assets - Subscriptions	384,941	434,259	(40,843)	778,357
Land Improvements	352,082	31,134	-	383,216
Buildings and Improvements	13,227,789	1,279,551	(8,402)	14,498,938
Equipment	17,643,654	2,316,642	(118,238)	19,842,058
Total Accumulated Depreciation/Amortization	31,725,778	4,120,242	(167,483)	35,678,537
Total Capital Assets Being Depreciated/Amortized, Net	45,449,474	1,525,314	(25,727)	46,949,061
Net Capital Assets	48,051,978	<u>\$ 3,204,679</u>	<u>\$ (1,020,365)</u>	50,236,292
Less: General Obligation Debt	(23,151,031)			(20,415,185)
*Less: Subscription Liability	(2,753,742)			(2,724,399)
Less: Lease Liability	(504,293)			(454,698)
Total Net Investment in Capital Assets	<u>\$ 21,642,912</u>			<u>\$ 26,642,010</u>

*Amounts have been adjusted from the prior year and restated for the implementation of GASB Statement No. 96.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance* 7/1/2021	Additions*	(Deletions)*	Balance* 6/30/2022
Capital Assets not Being Depreciated/Amortized				
Land	\$ 1,022,011	\$ -	\$ -	\$ 1,022,011
Construction in Progress	32,971	1,575,232	(27,710)	1,580,493
Total Capital Assets not Being Depreciated/Amortized	1,054,982	1,575,232	(27,710)	2,602,504
Capital Assets Being Depreciated/Amortized				
Right-to-Use Assets - Leases	595,704	-	-	595,704
*Right-to-Use Assets - Subscriptions	2,651,813	470,036	-	3,121,849
Land Improvements	692,735	-	-	692,735
Buildings and Improvements	44,218,398	202,185	-	44,420,583
Equipment	27,127,898	1,461,472	(244,989)	28,344,381
Total Capital Assets Being Depreciated/Amortized	75,286,548	2,133,693	(244,989)	77,175,252
Less: Accumulated Depreciation/Amortization for				
Right-to-Use Assets - Leases	58,656	58,656	-	117,312
*Right-to-Use Assets - Subscriptions	-	384,941	-	384,941
Land Improvements	319,080	33,002	-	352,082
Buildings and Improvements	11,966,288	1,261,501	-	13,227,789
Equipment	15,778,124	2,084,851	(219,321)	17,643,654
Total Accumulated Depreciation/Amortization	28,122,148	3,822,951	(219,321)	31,725,778
Total Capital Assets Being Depreciated/Amortized, Net	47,164,400	(1,689,258)	(25,668)	45,449,474
Net Capital Assets	48,219,382	<u>\$ (114,026)</u>	<u>\$ (53,378)</u>	48,051,978
Less: General Obligation Debt	(24,808,332)			(23,151,031)
*Less: Subscription Liability	(2,651,813)			(2,753,742)
Less: Lease Liability	(537,048)			(504,293)
Total Net Investment in Capital Assets	<u>\$ 20,222,189</u>			<u>\$ 21,642,912</u>

*Amounts have been adjusted from the prior year and restated for the implementation of GASB Statement No. 96.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 LONG-TERM OBLIGATIONS

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

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

	Balance* 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Notes and Bonds Payable					
General Obligation Bonds	\$ 13,755,000	\$ -	\$ (1,795,000)	\$ 11,960,000	\$ 1,860,000
General Obligation Notes	8,800,000	4,000,000	(4,800,000)	8,000,000	3,200,000
Unamortized Premiums	596,031	193,240	(334,086)	455,185	-
Total Bonds and Notes Payable	<u>23,151,031</u>	<u>4,193,240</u>	<u>(6,929,086)</u>	<u>20,415,185</u>	<u>5,060,000</u>
Other Liabilities:					
Net Other Postemployment					
Liability Benefits - Health Insurance	3,133,142	108,820	(749,802)	2,492,160	441,950
Termination Benefit	2,248,833	4,212	(293,247)	1,959,798	383,317
Accrued Compensated Absences - Vacation	595,815	689,070	(666,868)	618,017	618,017
*Subscription Liability	2,753,742	258,559	(287,902)	2,724,399	585,389
Lease Liability	504,293	-	(49,595)	454,698	52,720
Total Long-Term Liabilities	<u>\$ 32,386,856</u>	<u>\$ 5,253,901</u>	<u>\$ (8,976,500)</u>	<u>\$ 28,664,257</u>	<u>\$ 7,141,393</u>
Notes and Bonds Payable					
General Obligation Bonds	\$ 15,510,000	\$ -	\$ (1,755,000)	\$ 13,755,000	\$ 1,795,000
General Obligation Notes	8,500,000	4,000,000	(3,700,000)	8,800,000	4,000,000
Unamortized Premiums	798,332	14,376	(216,677)	596,031	-
Total Bonds and Notes Payable	<u>24,808,332</u>	<u>4,014,376</u>	<u>(5,671,677)</u>	<u>23,151,031</u>	<u>5,795,000</u>
Other Liabilities:					
Net Other Postemployment					
Liability Benefits - Health Insurance	3,641,903	81,627	(590,388)	3,133,142	488,396
Termination Benefit	2,537,606	12,196	(300,969)	2,248,833	302,526
Accrued Compensated Absences - Vacation	649,155	640,902	(694,242)	595,815	595,815
*Subscription Liability	2,651,813	470,036	(368,107)	2,753,742	290,776
Lease Liability	537,048	-	(32,755)	504,293	49,595
Total Long-Term Liabilities	<u>\$ 34,825,857</u>	<u>\$ 5,219,137</u>	<u>\$ (7,658,138)</u>	<u>\$ 32,386,856</u>	<u>\$ 7,522,108</u>

*Amounts have been adjusted from the prior year and restated for the implementation of GASB Statement No. 96.

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, 2023 AND 2022**

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, 2023		
	Bonds	Aggregate
Equalized Value	\$ 13,117,644,361	\$ 13,117,644,361
Debt Limit (2% for Bonds, 5% for Total)	262,352,887	655,882,218
Debt Outstanding at June 30, 2023, Net of Resources Available to Pay Principal	11,960,000	19,960,000
Margin of Indebtedness	\$ 250,392,887	\$ 635,922,218
June 30, 2022		
	Bonds	Aggregate
Equalized Value	\$ 11,579,996,110	\$ 11,579,996,110
Debt Limit (2% for Bonds, 5% for Total)	231,599,922	578,999,806
Debt Outstanding at June 30, 2022, Net of Resources Available to Pay Principal	13,755,000	22,555,000
Margin of Indebtedness	\$ 217,844,922	\$ 556,444,806

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General obligation debt at June 30, 2023 and 2022 are as follows:

<u>Description</u>	<u>Buyer</u>	<u>2023</u>	<u>2022</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	\$ 2,695,000	\$ 3,185,000
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	-	800,000
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	2,780,000	4,085,000
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	800,000	1,600,000
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	1,600,000	2,400,000
2022 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2026, interest at 2.00%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	2,400,000	4,000,000
2023 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2027, interest at 5.00%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	<u>3,200,000</u>	<u>-</u>
Total General Obligation Debt		<u>\$ 19,960,000</u>	<u>\$ 22,555,000</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Future debt service requirements as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,060,000	\$ 690,400	\$ 5,750,400
2025	4,350,000	501,500	4,851,500
2026	3,695,000	340,500	4,035,500
2027	2,945,000	221,650	3,166,650
2028	2,220,000	117,300	2,337,300
2029	1,690,000	50,700	1,740,700
Total	<u>\$ 19,960,000</u>	<u>\$ 1,922,050</u>	<u>\$ 21,882,050</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, 2023 and 2022, \$9,375,000 and \$10,680,000 of debt outstanding is considered defeased, respectively.

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 \$1,959,798 and \$2,248,833 at June 30, 2023 and 2022.

NOTE 5 LEASES

The District, acting as lessee, leases building space under long-term, noncancellable lease agreements. The leases expire at various dates and provide for additional renewable options that are expected to be exercised through the year ending June 30, 2034. During the year ended June 30, 2023 and 2022, the District recognized \$11,916 and \$13,119 in interest expense, respectively, pursuant to these contracts. The District utilizes an estimated incremental borrowing rate of 2.5%.

Total future minimum lease payments under these lease agreements as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 52,720	\$ 10,637	\$ 63,357
2025	55,980	9,278	65,258
2026	59,380	7,836	67,216
2027	62,925	6,307	69,232
2028	66,622	4,687	71,309
2029 - 2033	157,071	7,393	164,464
Total	<u>\$ 454,698</u>	<u>\$ 46,138</u>	<u>\$ 500,836</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS

Plan Description

The WRS is a cost-sharing multiemployer 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 <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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 December 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Post-retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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 \$906,969 and \$849,302 of contributions from the employer, respectively.

Contribution rates as of December 31, 2022, the measurement dates for the year ended June 30, 2023, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Contributions (Continued)

Contribution rates as of December 31, 2021, the measurement dates for the year ended June 30, 2022, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

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

At June 30, 2023, the District reported a liability of \$3,939,356 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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 liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.07435970% which was a decrease of 0.00045257% from its proportion measured as of December 31, 2021.

At June 30, 2022, the District reported an asset of \$6,030,006 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the District's proportion was 0.07481227% which was a decrease of 0.00108614% from its proportion measured as of December 31, 2020.

For the years ended June 30, 2023 and 2022, the District recognized pension expense (income) of \$2,008,560 and (\$521,563), respectively.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

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

At June 30, 2023, 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	\$ 6,274,174	\$ 8,242,856
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	6,692,057	-
Changes in Assumptions	774,640	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	25,838	9,013
Employer Contributions Subsequent to the Measurement Date	466,985	-
Total	<u>\$ 14,233,694</u>	<u>\$ 8,251,869</u>

\$466,985 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, 2024. 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 Ending June 30,</u>	<u>Amount</u>
2024	\$ 229,973
2025	1,142,738
2026	1,174,565
2027	2,967,564
Total	<u>\$ 5,514,840</u>

At June 30, 2022, 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	\$ 9,741,170	\$ 702,443
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	-	13,489,626
Changes in Assumptions	1,124,993	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	11,988	15,016
Employer Contributions Subsequent to the Measurement Date	438,376	-
Total	<u>\$ 11,316,527</u>	<u>\$ 14,207,085</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 AND 2022**

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

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

\$438,376 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, 2023.

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020; Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

Actuarial Valuation Date:	December 31, 2020
Measurement Date:	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020; Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actual assumptions used to measure the total pension liability changed from the 2020, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Long-Term Expected Return on Plan Assets (Continued)

**Asset Allocation Targets and Expected Returns
as of December 31, 2022**

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	48.0%	7.6%	5.0%
Public Fixed income	25.0%	5.3%	2.7%
Inflation Sensitive Assets	19.0%	3.6%	1.1%
Real Estate	8.0%	5.2%	2.6%
Private Equity/Debt	15.0%	9.6%	6.9%
Total Core Fund	<u>115.0%</u>	7.4%	4.8%
Variable Fund Asset Class:			
U.S. Equities	70.0%	7.2%	4.6%
International Equities	30.0%	8.1%	5.5%
Total Variable Fund	<u>100.0%</u>	7.7%	5.1%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100 %. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**Asset Allocation Targets and Expected Returns
as of December 31, 2021**

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	52.00%	6.8%	4.2%
Fixed Income	25.00%	4.3%	1.8%
Inflation Sensitive Assets	19.00%	2.7%	0.2%
Real Estate	7.00%	5.6%	3.0%
Private Equity/Debt	12.00%	9.7%	7.0%
Total Core Fund	<u>115.00%</u>	6.6%	4.0%
Variable Fund Asset Class:			
U.S. Equities	70.00%	6.3%	3.7%
International Equities	30.00%	7.2%	4.6%
Total Variable Fund	<u>100.00%</u>	6.8%	4.2%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100 %. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Single Discount Rate

A single discount rate of 6.8% 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 6.8% and a municipal bond rate of 4.05% for the current year and 1.84% for the prior year, respectively (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, 2022 and 2021, respectively. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 (Asset) to Changes in the Discount Rate

For the year ended June 30, 2023, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, 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 (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's Proportionate Share of Net Pension Liability (Asset)	\$ 13,074,596	\$ 3,939,356	\$ (2,344,904)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Sensitivity of the District's proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate (Continued)

For the year ended June 30, 2022, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, 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 (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,278,717	\$ (6,030,006)	\$ (13,450,369)

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>.

As of June 30, 2023 and 2022, the District reported payables to the plan of \$169,003 and \$164,100, respectively.

NOTE 7 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, 2022, the date of the latest actuarial valuation, there were 189 active and 95 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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 assets accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits as of June 30, 2023 or 2022.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2022 and 2021, respectively and was determined by an actuarial valuation as of June 30, 2022 and 2020, respectively.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	4.00%
Healthcare Cost Trend Rates	7.00% decreasing by 0.10% per year down to 4.50% and level thereafter.

The actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020. 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, 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability (Continued)

The long-term expected rate of return on OPEB plan investments. Since the District has no assets held in trust, 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.

Discount rate. The discount rate of 4.00% and 2.25%, 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 4.00% and 2.25%, 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.

Changes in the Total OPEB Liability

	2023	2022
Balance at Beginning of the Year	\$ 3,133,142	\$ 3,641,903
Changes for the Year:		
Service Cost	6,397	6,256
Interest	65,073	75,371
Changes of Assumptions or Other Inputs	(261,406)	-
Differences Between Expected and Actual Experience	37,350	-
Benefit Payments	(488,396)	(590,388)
Net Changes	(640,982)	(508,761)
Balance at End of the Year	\$ 2,492,160	\$ 3,133,142

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total 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, 2023			
	1% Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	1% Increase to Discount Rate (5.00%)
Total OPEB Liability	\$ 2,619,298	\$ 2,492,160	\$ 2,378,531
June 30, 2022			
	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total OPEB Liability	\$ 3,308,541	\$ 3,133,142	\$ 2,979,398

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total 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, 2023			
	1% Decrease to (6.0% Decreasing to 3.5%)	Current Trends (7.0% Decreasing to 4.5%)	1% Increase to (8.0% Decreasing to 5.5%)
Total OPEB Liability	\$ 2,475,830	\$ 2,492,160	\$ 2,508,312
June 30, 2022			
	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	\$ 3,109,076	\$ 3,133,142	\$ 3,156,013

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

For the year ended June 30, 2023 and 2022, the District recognized OPEB expense (income) of \$36,786 and (\$114,193), respectively. At June 30, 2023, 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	\$ 28,012	\$ 35,667
Changes in Assumptions or Other Inputs	45,259	196,054
Employer Contributions Subsequent to the Measurement Date	441,950	-
Total	\$ 515,221	\$ 231,721

\$441,950 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 total OPEB liability in the year ended June 30, 2024. 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
2024	\$ (46,422)
2025	(56,014)
2026	(56,014)
Total	\$ (158,450)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 71,336
Changes in Assumptions or Other Inputs	102,258	-
Employer Contributions Subsequent to the Measurement Date	488,396	-
Total	<u>\$ 590,654</u>	<u>\$ 71,336</u>

\$488,396 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date was recognized as a reduction of the total OPEB liability in the year ended June 30, 2023.

NOTE 8 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.

NOTE 9 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 \$500,000,000 per occurrence; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 RISK MANAGEMENT (CONTINUED)

Districts Mutual Insurance Company (DMI) (Continued)

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 2023 and 2022.

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

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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 RISK MANAGEMENT (CONTINUED)

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.

The District's proportion of the investment in the WTCEBC of \$2,865,645 and \$2,398,438 reported at June 30, 2023 and 2022. The IBNR included in this investment is not material to the financial statements.

NOTE 10 CLASSIFICATION OF EXPENSES

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

	<u>2023</u>	<u>2022</u>
Salaries and Wages	\$ 15,443,997	\$ 14,576,221
Fringe Benefits	6,298,007	2,879,556
Travel, Memberships, and Subscriptions	643,255	486,045
Supplies, Printing, and Minor Equipment	785,211	1,328,959
Contracted Services	2,103,801	2,057,060
Rentals, Repairs, and Maintenance	271,620	232,289
Marketing and Advertising	389,221	344,618
Student Activities	311,882	207,262
Enterprise Activities	1,023,500	1,573,468
Utilities	535,141	504,006
Miscellaneous	165,860	342,607
Depreciation/Amortization	4,120,242	3,822,951
Student Aid	3,185,804	4,835,431
Total Operating Expenses	<u>\$ 35,277,541</u>	<u>\$ 33,190,473</u>

NOTE 11 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The District has entered into subscription-based information technology arrangements (SBITAs) for various educational and security software. The SBITAs expire at various dates through 2033 and provide for renewal options. However, most are only two to three years in term due to the evolving technology applications.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 11 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$3,339,565 and \$778,357, respectively. As of June 30, 2022, SBITA assets and the related accumulated amortization totaled \$3,121,849 and \$384,941, respectively.

Interest has been calculated utilizing an interest rate of 4.43%, which is the District's estimated incremental borrowing rate for the agreements.

The future subscription payments under SBITA agreements are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 585,389	\$ 97,055	\$ 682,444
2025	292,295	82,160	374,455
2026	276,892	68,258	345,150
2027	216,146	58,121	274,267
2028	230,168	48,165	278,333
2029 - 2033	1,123,509	78,227	1,201,736
Total	<u>\$ 2,724,399</u>	<u>\$ 431,986</u>	<u>\$ 3,156,385</u>

There were no termination penalties, no commitments under SBITAs prior to the commencement of the SBITA term and no impairment related losses on SBITA assets.

NOTE 12 RESTATEMENT

As part of the implementation of GASB Statements No. 96 the District reported the following restatements to previously reported amounts:

Net position, previously reported as of June 30, 2022	\$ 41,593,340
Restatement due to GASB No. 96 implementation	<u>(311,886)</u>
Net position, restated as of June 30, 2022	<u>\$ 41,281,454</u>

Statement of revenues, expenses and changes in net position, previously reported for year ended June 30, 2022	
General Institution	\$ 5,976,110
Depreciation/Amortization	3,438,010
Interest Expense	521,184

Statement of revenues, expenses and changes in net position, restated for year ended June 30, 2022	
General Institution	\$ 5,783,520
Depreciation/Amortization	3,822,951
Interest Expense	640,719

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 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 the 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, 2023 AND 2022

NOTE 13 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. At June 30, 2023 and 2022, the Foundation determined the amounts recorded to be fully collectible.

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 and amortization is computed using primarily the straight-line method over the useful lives of the assets ranging from 5 to 40 years.

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).

Revenue Recognition

Revenue is recognized when performance obligations are met. Rental income is recognized ratably over the rental period.

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, 2023 AND 2022**

NOTE 13 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.

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.

B. Promises to Give

Unconditional promises to give at June 30 are as follows:

	2023	2022
Receivable in Less than One Year	\$ 353,352	\$ 115,357
Receivable in One to Five Years	367,131	362,177
Unconditional Promises to Give	<u>\$ 720,483</u>	<u>\$ 477,534</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

C. Investments

Investments at June 30 are comprised of the following:

	2023	2022
Money Market Fund	\$ 45,279	\$ 64,978
Mutual Funds - Equity	4,511,976	3,747,332
Mutual Funds - Fixed Income	1,551,772	1,601,220
Investments	<u>\$ 6,109,027</u>	<u>\$ 5,413,530</u>

Investments at June 30, 2023 and 2022 include \$5,047,266 and \$4,351,769 of investments held for endowment purposes.

D. 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)
Mutual Funds			
Equity	\$ 4,511,976	\$ 4,511,976	\$ -
Fixed Income	1,551,772	1,551,772	-
Total Investments at Fair Value	<u>6,063,748</u>	<u>\$ 6,063,748</u>	<u>\$ -</u>
Investments Not Measured at Fair Value on a Recurring Basis			
Cash and Cash Equivalents	45,279		
Total Investments at June 30, 2023	<u>\$ 6,109,027</u>		
Mutual Funds			
Equity	\$ 3,747,332	\$ 3,747,332	\$ -
Fixed Income	1,601,220	1,601,220	-
Total Investments at Fair Value	<u>5,348,552</u>	<u>\$ 5,348,552</u>	<u>\$ -</u>
Investments Not Measured at Fair Value on a Recurring Basis			
Cash and Cash Equivalents	64,978		
Total Investments at June 30, 2022	<u>\$ 5,413,530</u>		

The valuation methodologies used for assets measured at fair value are as follows:

Mutual funds are valued at the quoted market prices, which represent the net asset value of the shares held by the Foundation at year-end.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

E. Property and Equipment

Property and equipment consist of the following:

	2023	2022
Land	\$ 80,000	\$ 80,000
Buildings and Improvements	3,828,738	4,009,837
Equipment	115,915	66,518
Property and Equipment	<u>4,024,653</u>	<u>4,156,355</u>
Less: Accumulated Depreciation	(1,075,709)	(1,096,338)
Property and Equipment, Net	<u>\$ 2,948,944</u>	<u>\$ 3,060,017</u>

F. Long-term Debt

<u>Description</u>	2023	2022
Note Payable, due in monthly installments of \$2,155, including interest at 3.51% with single balloon payment due November 2030, secured by property.	\$ 264,807	\$ 281,067
Note Payable, due in monthly installments of \$9,210, including interest at 3.51% with single balloon payment due November 2030, secured by property.	1,133,648	1,203,072
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>586,873</u>	<u>604,932</u>
Subtotal	1,985,328	2,089,071
Less: Current Maturities	<u>107,260</u>	<u>103,736</u>
Total Long-Term Debt	<u>\$ 1,878,068</u>	<u>\$ 1,985,335</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

F. Long-term Debt (Continued)

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>
2024	\$ 107,260
2025	111,285
2026	115,267
2027	627,335
2028	101,998
Thereafter	922,183
Total	<u>\$ 1,985,328</u>

G. 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.

H. Net Assets

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

	<u>2023</u>	<u>2022</u>
Property and Equipment Held for Leasing (Net of Accumulated Depreciation and Related Debt)	\$ 963,616	\$ 970,946
Undesignated	675,311	516,280
Net Assets Without Donor Restrictions	<u>\$ 1,638,927</u>	<u>\$ 1,487,226</u>

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

	<u>2023</u>	<u>2022</u>
Professional Staff Development - Perpetual	\$ 61,290	\$ 57,620
Special Projects and Events - Perpetual	153,529	143,283
Scholarship - Perpetual	4,537,789	4,390,114
Professional Staff Development - Spendable	8,984	5,677
Special Projects and Events - Spendable	667,517	686,072
Scholarships - Spendable	2,088,804	1,491,959
Net Assets with Donor Restrictions	<u>\$ 7,517,913</u>	<u>\$ 6,774,725</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

H. Net Assets (Continued)

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.

I. Endowment Funds

The Foundation's endowment consists of approximately 90 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

I. Endowment Funds (Continued)

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 Depository 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.

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>2023</u>	<u>2022</u>
Donor-Restricted Endowment Funds		
Original Donor-Restricted Gift Amount	\$ 4,752,608	\$ 4,591,017
Accumulated Investment Gains	623,762	265,479
Total Funds	<u>\$ 5,376,370</u>	<u>\$ 4,856,496</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

I. Endowment Funds (Continued)

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

	2023	2022
Endowment Net Assets - Beginning	\$ 4,856,496	\$ 5,575,293
Invstment Return, Net	593,388	(990,382)
Contributions	136,118	449,680
Transfers	25,472	41,078
Appropriation of Endowment Assets for Expenditure	(235,104)	(219,173)
Endowment Net Assets - Ending	\$ 5,376,370	\$ 4,856,496

J. 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, 2023 and 2022, the Foundation recorded donated services of \$209,792 and \$245,546, and the REF recorded donated services of \$49,145 and \$59,519 for the personnel-related costs. The District also provided payroll, human resources, and maintenance services, internet and mailing services, office space, and office equipment. 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, 2023 and 2022, the Foundation paid \$193,280 and \$74,588 and the REF paid \$77,970 and \$29,462 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, 2023 and 2022, the Foundation disbursed \$528,480 and \$644,128, respectively.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

K. Liquidity and Availability

The following table reflects the Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date:

	2023	2022
Financial Assets - Year-End	\$ 8,249,512	\$ 7,304,311
Less Those Unavailable for General Expenditure		
Within One Year Due to:		
Restricted by Donor with Time or Purpose Restrictions	(2,141,543)	(1,918,229)
Restricted for Endowment Purposes	(5,376,370)	(4,856,496)
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	\$ 731,599	\$ 529,586

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.

NOTE 14 SUBSEQUENT EVENTS

On December 7, 2023, the District issued General Obligation Promissory Notes, Series 2022A (the Notes), totaling \$4,000,000, with an interest rate of 5%, payable on June 1 and December 1 annually. Principal payments of \$800,000 are due on June 1 of each year until maturity on June 1, 2028. Proceeds will be used for building remodeling and improvements projects and acquiring movable equipment. The Notes are not subject to redemption prior to maturity.

Required Supplementary Information

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

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%
12/31/2021	0.074812%	(6,030,006)	12,772,078	-47.21%	106.02%
12/31/2022	0.0743597%	3,939,356	13,491,037	29.20%	95.72%

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%
6/30/2022	849,302	849,302	-	12,832,045	6.62%
6/30/2023	906,969	906,969	-	13,636,412	6.65%

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 TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 MEASUREMENT PERIODS**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
TOTAL OPEB LIABILITY						
Service Cost	\$ 6,397	\$ 6,256	\$ 5,066	\$ 4,761	\$ 93,739	\$ 93,739
Interest	65,073	75,371	133,441	157,909	226,102	232,922
Changes of Benefit Terms	-	-	-	-	(1,262,091)	-
Differences between Expected and Actual Experience	37,350	-	(142,674)	-	(683,532)	-
Changes in Assumptions or Other Input	(261,406)	-	181,039	46,962	(185,079)	-
Benefit Payments	<u>(488,396)</u>	<u>(590,388)</u>	<u>(690,081)</u>	<u>(526,073)</u>	<u>(261,530)</u>	<u>(781,544)</u>
NET CHANGE IN OPEB LIABILITY	(640,982)	(508,761)	(513,209)	(316,441)	(2,072,391)	(454,883)
Total OPEB Liability - Beginning of Year	<u>3,133,142</u>	<u>3,641,903</u>	<u>4,155,112</u>	<u>4,471,553</u>	<u>6,543,944</u>	<u>6,998,827</u>
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 2,492,160</u>	<u>\$ 3,133,142</u>	<u>\$ 3,641,903</u>	<u>\$ 4,155,112</u>	<u>\$ 4,471,553</u>	<u>\$ 6,543,944</u>
Covered Payroll	\$ 12,908,469	\$ 12,061,085	\$ 12,061,085	\$ 11,191,670	\$ 11,191,670	\$ 2,561,028
OPEB Liability as a Percentage of Covered Payroll.	19.31%	25.98%	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, 2023

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. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitions from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitions from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

Significant methods and assumptions used in calculating the Wisconsin Retirement System Actuarially Determined Contributions:

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

NOTE 3 TOTAL OPEB LIABILITY AND RELATED RATIOS ASSUMPTIONS

Materials and assumptions used to determine OPEB contribution rates are described in Note 7.

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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023				2022
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
REVENUES					
Local Government - Tax Levy	\$ 5,118,300	\$ 5,118,300	\$ 5,020,419	\$ (97,881)	\$ 5,163,622
Intergovernmental Revenue					
State	11,649,600	11,649,600	11,586,409	(63,191)	10,718,350
Federal	585,400	1,585,400	1,876,872	291,472	1,066,285
Tuition and Fees					
Statutory Program Fees	4,629,000	4,629,000	4,490,977	(138,023)	4,343,652
Materials Fees	270,000	270,000	256,308	(13,692)	244,019
Other Student Fees	511,000	511,000	647,281	136,281	482,819
Institutional	1,994,000	2,694,000	2,662,708	(31,292)	2,225,450
Total Revenues	<u>24,757,300</u>	<u>26,457,300</u>	<u>26,540,974</u>	<u>83,674</u>	<u>24,244,197</u>
EXPENDITURES					
Current:					
Instruction	13,687,100	15,887,000	15,837,617	49,383	13,533,503
Instructional Resources	299,000	299,000	297,990	1,010	265,455
Student Services	2,823,900	2,973,900	2,925,392	48,508	2,875,650
General Institutional	6,347,500	5,897,500	5,869,948	27,552	5,218,232
Physical Plant	2,107,900	2,307,900	2,298,273	9,627	2,010,734
Auxiliary Services	-	50,000	10,491	39,509	-
Total Expenditures	<u>25,265,400</u>	<u>27,415,300</u>	<u>27,239,711</u>	<u>175,589</u>	<u>23,903,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(508,100)	(958,000)	(698,737)	259,263	340,623
OTHER FINANCING SOURCES (USES)					
Transfers In	10,000	415,000	1,308,833	893,833	61,760
Transfers Out	(45,000)	-	(38,812)	(38,812)	(39,121)
Total Other Financing Sources (Uses)	<u>(35,000)</u>	<u>415,000</u>	<u>1,270,021</u>	<u>855,021</u>	<u>22,639</u>
NET CHANGE IN FUND BALANCES	(543,100)	(543,000)	571,284	1,114,284	363,262
Fund Balance - Beginning of Year	<u>10,854,310</u>	<u>10,854,310</u>	<u>11,140,250</u>	<u>285,940</u>	<u>10,776,988</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,311,210</u>	<u>\$ 10,311,310</u>	<u>\$ 11,711,534</u>	<u>\$ 1,400,224</u>	<u>\$ 11,140,250</u>
FUND BALANCE					
Nonspendable - Prepaid Expenses			\$ 119,002		
Assigned for State and Fluctuations			200,000		
Assigned for Post-Employment Benefits			4,882,846		
Unassigned			<u>6,509,686</u>		
Total Fund Balances			<u>\$ 11,711,534</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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023				2022
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
REVENUES					
Intergovernmental Revenue					
State	\$ 553,000	\$ 553,000	\$ 660,407	\$ 107,407	\$ 480,483
Federal	6,555,400	6,555,400	4,729,070	(1,826,330)	6,474,039
Student Fees	877,000	877,000	267,182	(609,818)	278,019
Institutional	317,400	317,400	970,494	653,094	213,332
Total Revenues	<u>8,302,800</u>	<u>8,302,800</u>	<u>6,627,153</u>	<u>(1,675,647)</u>	<u>7,445,873</u>
EXPENDITURES					
Instruction	-	-	-	-	-
Institutional Resources	-	-	-	-	-
Student Services	7,664,400	7,514,400	5,954,904	1,559,496	7,355,263
Auxiliary Services	38,400	38,400	31,481	6,919	9,392
Total Expenditures	<u>7,702,800</u>	<u>7,552,800</u>	<u>5,986,385</u>	<u>1,566,415</u>	<u>7,364,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	600,000	750,000	640,768	(116,151)	81,218
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	38,812	38,812	39,121
Transfers Out	(555,000)	(705,000)	(694,630)	10,370	-
Total Other Financing Sources (Uses)	<u>(555,000)</u>	<u>(705,000)</u>	<u>(655,818)</u>	<u>49,182</u>	<u>39,121</u>
NET CHANGE IN FUND BALANCE	45,000	45,000	(15,050)	(66,969)	120,339
Fund Balance - Beginning of Year	<u>976,822</u>	<u>976,822</u>	<u>642,161</u>	<u>(334,661)</u>	<u>521,822</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,021,822</u>	<u>\$ 1,021,822</u>	<u>\$ 627,111</u>	<u>\$ (401,630)</u>	<u>\$ 642,161</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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023			2022	
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
REVENUES					
Intergovernmental Revenue					
Federal	\$ 250,000	\$ 250,000	\$ 370,246	\$ 120,246	\$ 486,696
Institutional	25,000	25,000	109,484	84,484	134,563
Total Revenues	<u>275,000</u>	<u>275,000</u>	<u>479,730</u>	<u>204,730</u>	<u>621,259</u>
EXPENDITURES					
Current:					
Instruction	547,000	647,000	619,797	27,203	652,530
Instructional Resources	64,000	64,000	6,342	57,658	-
General Institutional	1,832,000	1,832,000	1,721,534	110,466	1,641,788
Physical Plant	2,691,000	1,291,000	1,067,242	223,758	2,173,131
Total Expenditures	<u>5,134,000</u>	<u>3,834,000</u>	<u>3,414,915</u>	<u>419,085</u>	<u>4,467,449</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,859,000)	(3,559,000)	(2,935,185)	623,815	(3,846,190)
OTHER FINANCING SOURCES (USES)					
Proceeds from Debt	4,000,000	4,000,000	4,000,000	-	4,014,376
Transfers Out	(10,000)	(1,310,000)	(1,308,833)	1,167	(61,760)
Total Other Financing Sources (Uses)	<u>3,990,000</u>	<u>2,690,000</u>	<u>2,691,167</u>	<u>1,167</u>	<u>3,952,616</u>
NET CHANGE IN FUND BALANCE	(869,000)	(869,000)	(244,018)	624,982	106,426
Fund Balance - Beginning of Year	<u>886,081</u>	<u>886,081</u>	<u>933,507</u>	<u>47,426</u>	<u>827,081</u>
FUND BALANCE - END OF YEAR	<u>\$ 17,081</u>	<u>\$ 17,081</u>	<u>\$ 689,489</u>	<u>\$ 672,408</u>	<u>\$ 933,507</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, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023				2022
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
REVENUES					
Local Government - Tax Levy	\$ 6,510,000	\$ 6,510,000	\$ 6,510,000	\$ -	\$ 6,210,000
Intergovernmental Revenue					
State	20,000	20,000	24,702	4,702	23,839
Institutional	8,500	8,500	38,898	30,398	9,221
Total Revenues	<u>6,538,500</u>	<u>6,538,500</u>	<u>6,573,600</u>	<u>35,100</u>	<u>6,243,060</u>
EXPENDITURES					
Debt Services	<u>7,401,644</u>	<u>7,451,644</u>	<u>7,422,281</u>	<u>29,363</u>	<u>6,194,275</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(863,144)	(913,144)	(848,681)	64,463	48,785
OTHER FINANCING SOURCES (USES)					
Premium on Issuance of Debt	-	-	170,840	170,840	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>170,840</u>	<u>170,840</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(863,144)	(913,144)	(677,841)	235,303	48,785
Fund Balance - Beginning of Year	<u>2,335,618</u>	<u>2,335,618</u>	<u>2,338,903</u>	<u>3,285</u>	<u>2,290,118</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,472,474</u>	<u>\$ 1,422,474</u>	<u>\$ 1,661,062</u>	<u>\$ 238,588</u>	<u>\$ 2,338,903</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, 2023
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023			Variance with Final Budget	2022
	Original Budget	Final Budget	Actual on a Budgetary Basis		Actual (Budgetary) Basis
OPERATING REVENUES					
Intergovernmental Revenue					
Federal	\$ -	\$ -	\$ 76,449	\$ 76,449	\$ 616,024
Institutional	1,547,000	1,547,000	1,219,677	(327,323)	1,299,438
Total Operating Revenues	<u>1,547,000</u>	<u>1,547,000</u>	<u>1,296,126</u>	<u>(250,874)</u>	<u>1,915,462</u>
OPERATING EXPENSES					
Current:					
Instruction	-	-	208	(208)	-
Institutional Resources	-	-	-	-	-
Physical Plant	-	-	-	-	-
Auxiliary Services	1,815,700	-	2,155,780	(2,155,780)	2,341,106
Total Operating Expenditures	<u>1,815,700</u>	<u>-</u>	<u>2,155,988</u>	<u>(2,155,988)</u>	<u>2,341,106</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	<u>(268,700)</u>	<u>1,547,000</u>	<u>(859,862)</u>	<u>1,905,114</u>	<u>(425,644)</u>
NONOPERATING EXPENSES					
Transfers In	600,000	600,000	694,630	(94,630)	-
Transfers Out	-	-	-	-	-
Total Nonoperating Expenses	<u>600,000</u>	<u>600,000</u>	<u>694,630</u>	<u>(94,630)</u>	<u>-</u>
NET CHANGE IN NET POSITION	331,300	2,147,000	(165,232)	1,810,484	(425,644)
Net Position - Beginning of Year	<u>3,558,342</u>	<u>3,558,342</u>	<u>3,134,266</u>	<u>(424,076)</u>	<u>3,559,910</u>
NET POSITION - END OF YEAR	<u>\$ 3,889,642</u>	<u>\$ 5,705,342</u>	<u>\$ 2,969,034</u>	<u>\$ 1,386,408</u>	<u>\$ 3,134,266</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, 2023
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023			2022	
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
OPERATING REVENUES					
Institutional	\$ 4,455,000	\$ 4,455,000	\$ 3,909,921	\$ (545,079)	\$ 3,963,038
Total Operating Revenues	4,455,000	4,455,000	3,909,921	(545,079)	3,963,038
OPERATING EXPENSES					
General Institutional	-	50,000	1,518	48,482	-
Auxiliary Services	4,455,000	4,405,000	3,654,711	750,289	3,446,357
Total Operating Expenditures	4,455,000	4,455,000	3,656,229	798,771	3,446,357
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	-	-	253,692	205,210	516,681
NET CHANGE IN NET POSITION	-	-	253,692	205,210	516,681
Net Position - Beginning of Year	1,664,890	1,664,890	1,991,571	326,681	1,474,890
NET POSITION - END OF YEAR	<u>\$ 1,664,890</u>	<u>\$ 1,664,890</u>	<u>\$ 2,245,263</u>	<u>\$ 531,891</u>	<u>\$ 1,991,571</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, 2023

	Governmental Funds				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			
REVENUES									
Local Government - Tax Levy	\$ 5,020,419	\$ -	\$ -	\$ 6,510,000	\$ -	\$ -	\$ 11,530,419	\$ -	\$ 11,530,419
Intergovernmental Revenue									
State	11,586,409	660,407	-	24,702	-	-	12,271,518	-	12,271,518 (a)
Federal	1,876,872	4,729,070	370,246	-	76,449	-	7,052,637	(2,179,264)	4,873,373 (b)
Tuition and Fees									
Statutory Program Fees	4,490,977	-	-	-	-	-	4,490,977	-	4,490,977
Materials Fees	256,308	-	-	-	-	-	256,308	-	256,308
Other Student Fees	647,281	267,182	-	-	-	-	914,463	-	914,463
Institutional	2,662,708	970,494	109,484	38,898	1,219,677	3,909,921	8,911,182	(4,035,194)	4,875,988 (c)
Total Revenues	<u>26,540,974</u>	<u>6,627,153</u>	<u>479,730</u>	<u>6,573,600</u>	<u>1,296,126</u>	<u>3,909,921</u>	<u>45,427,504</u>	<u>(6,214,458)</u>	<u>39,213,046</u>
EXPENDITURES/EXPENSES									
Current									
Instruction	15,837,617	-	619,797	-	208	-	16,457,622	(1,955,101)	14,502,521
Instruction Resources	297,990	-	6,342	-	-	-	304,332	1,321	305,653
Student Services	2,925,392	5,954,904	-	-	-	-	8,880,296	(5,428,519)	3,451,777
General Institutional	5,869,948	-	1,721,534	-	-	1,518	7,593,000	(1,896,850)	5,696,150
Physical Plant	2,298,273	-	1,067,242	-	-	-	3,365,515	(1,110,315)	2,255,200
Auxiliary Services	10,491	31,481	-	-	2,155,780	3,654,711	5,852,463	(4,091,166)	1,761,297
Depreciation/Amortization	-	-	-	-	-	-	-	4,120,242	4,120,242
Student Aid	-	-	-	-	-	-	-	3,185,804	3,185,804
Debt Services									
Principal	-	-	-	6,595,000	-	-	6,595,000	(6,595,000)	-
Interest	-	-	-	827,281	-	-	827,281	(190,240)	637,041
Total Expenditures/Expenses	<u>27,239,711</u>	<u>5,986,385</u>	<u>3,414,915</u>	<u>7,422,281</u>	<u>2,155,988</u>	<u>3,656,229</u>	<u>49,875,509</u>	<u>(13,959,824)</u>	<u>35,915,685</u>
Excess (Deficiency) of Revenues									
Over (Under) Expenditures/Expenses	(698,737)	640,768	(2,935,185)	(848,681)	(859,862)	253,692	(4,448,005)	7,745,366	3,297,361
OTHER FINANCING SOURCES (USES)									
Long-Term Debt Issued	-	-	4,000,000	-	-	-	4,000,000	(4,000,000)	-
Premium on Issuance of Debt	-	-	-	170,840	-	-	170,840	(170,840)	-
Transfers In	1,308,833	38,812	-	-	694,630	-	2,042,275	(2,042,275)	-
Transfers Out	(38,812)	(694,630)	(1,308,833)	-	-	-	(2,042,275)	2,042,275	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(25,727)	(25,727)
Total Other Financing Sources (Uses)	<u>1,270,021</u>	<u>(655,818)</u>	<u>2,691,167</u>	<u>170,840</u>	<u>694,630</u>	<u>-</u>	<u>4,170,840</u>	<u>(4,196,567)</u>	<u>(25,727)</u>
NET CHANGE IN FUND BALANCE/NET POSITION	<u>571,284</u>	<u>(15,050)</u>	<u>(244,018)</u>	<u>(677,841)</u>	<u>(165,232)</u>	<u>253,692</u>	<u>(277,165)</u>	<u>3,548,799</u>	<u>3,271,634</u>
Fund Balance/Net Position - Beginning of Year	11,140,250	642,161	933,507	2,338,903	3,134,266	1,991,571	20,180,658	21,100,796	41,281,454
FUND BALANCE/NET POSITION - END OF YEAR	<u>\$ 11,711,534</u>	<u>\$ 627,111</u>	<u>\$ 689,489</u>	<u>\$ 1,661,062</u>	<u>\$ 2,969,034</u>	<u>\$ 2,245,263</u>	<u>\$ 19,903,493</u>	<u>\$ 24,649,595</u>	<u>\$ 44,553,088 (d)</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, 2023**

(a)	State Grant Revenue is Presented on the Basic Financial Statement as Follows:	
	Operating	\$ 2,766,472
	Nonoperating	<u>9,505,046</u>
		<u>\$ 12,271,518</u>
(b)	Federal Grant Revenue is Presented on the Basic Financial Statement as Follows:	
	Operating	\$ 2,039,617
	Nonoperating	<u>2,833,756</u>
		<u>\$ 4,873,373</u>
(c)	Institutional Revenue is Reported on the Basic Financial Statement as Follows:	
	Nongovernmental Grants and Contracts	\$ 3,440,445
	Auxiliary Enterprises	1,219,677
	Investment Income	<u>215,866</u>
		<u>\$ 4,875,988</u>
(d)	Reconciliation of Budgetary Basis Fund Balance and Net Position as Presented in the Basic Financial Statements:	
	Budgetary Basis Fund Balance	\$ 19,903,493
	Capital Assets - Cost	84,549,273
	Accumulated Depreciation/Amortization on Capital Assets	(35,176,693)
	Prepaid Expense Adjustment	(10,807)
	Lease Liabilities	(454,698)
	Subscription Liabilities	(2,724,399)
	Net Pension Liability and Deferred Items	2,042,469
	General Obligation Bonds and Notes Payable	(19,960,000)
	Unamortized Debt Premium	(455,185)
	Net Other Postemployment Benefits and Deferred Items	(2,208,660)
	Termination Benefit	(1,576,481)
	Accrued Interest on Notes Payable	(57,533)
	Encumbrances Outstanding at Year-End	<u>682,309</u>
	Net Position per Basic Financial Statements	<u>\$ 44,553,088</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 business-type activity and the discretely presented component unit of the Southwest Wisconsin Technical College (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 13, 2024.

The consolidated financial statements of the Southwest Wisconsin Technical College Foundation, Inc. (the Foundation) were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on 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 District'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 or significant deficiencies may exist that were not identified.

Report on 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
February 13, 2024



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