

**AUDIT REPORT
OF
SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
FENNIMORE, WISCONSIN**

JUNE 30, 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Southwest Wisconsin Technical College (SWTC) Management's Discussion and Analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial positions, and assists the reader of these financial statements in focusing on noteworthy financial issues.

Southwest Wisconsin Technical College provides lifelong learning opportunities with an individualized focus for students and communities.

The financial resources of the College are applied to activities that support meeting the goals of the College's mission. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

This annual report consists of a series of financial statements, prepared in accordance with generally accepted accounting principles, as stated in the Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and Statement 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public College and Universities.

Financial Highlights for the Fiscal Year Ending June 30, 2007

- Received 27 federal, state, or local grants totaling \$1.47 million.
- Updated official statement for borrowing and maintained Moody's "A-1" rating.
- Borrowed \$1,800,000 at a 4.0 percent interest rate
- Continued participation in the start-up of Districts Mutual Insurance (DMI), the insurance company formed by the colleges in the Wisconsin Technical College System.
- Continued purchase card activity level of 22 percent of non-wage disbursements which represents a 40 percent reduction in Accounts Payable checks.
- Increased the use of payroll direct deposit bringing total usage to more than 80 percent.
- Disbursed student financial aid totaling nearly \$1,200,000 in grants, \$2,000,000 in loans, and \$63,000 in college work study earnings.

Statement of Revenues, Expenses, and Changes in Net Assets

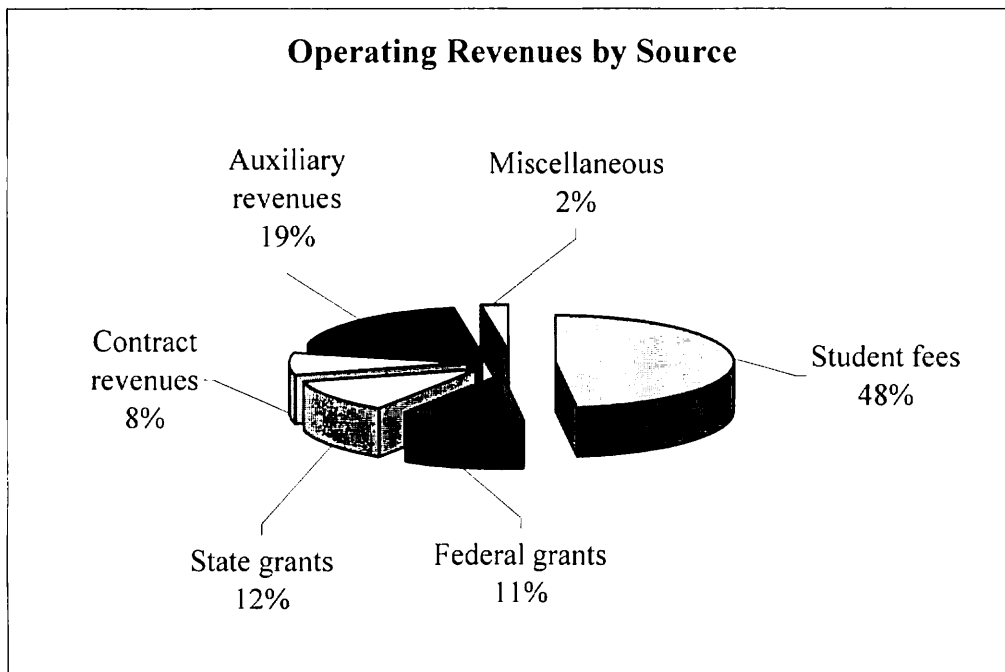
The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. In general, a public college such as SWTC will report an operating deficit or loss, as the financial reporting model classifies state appropriations and property taxes as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation which amortizes the cost of an asset over its expected useful life.

The following is a condensed version of the Statement of Revenues, Expenses, and Changes in Net Assets:

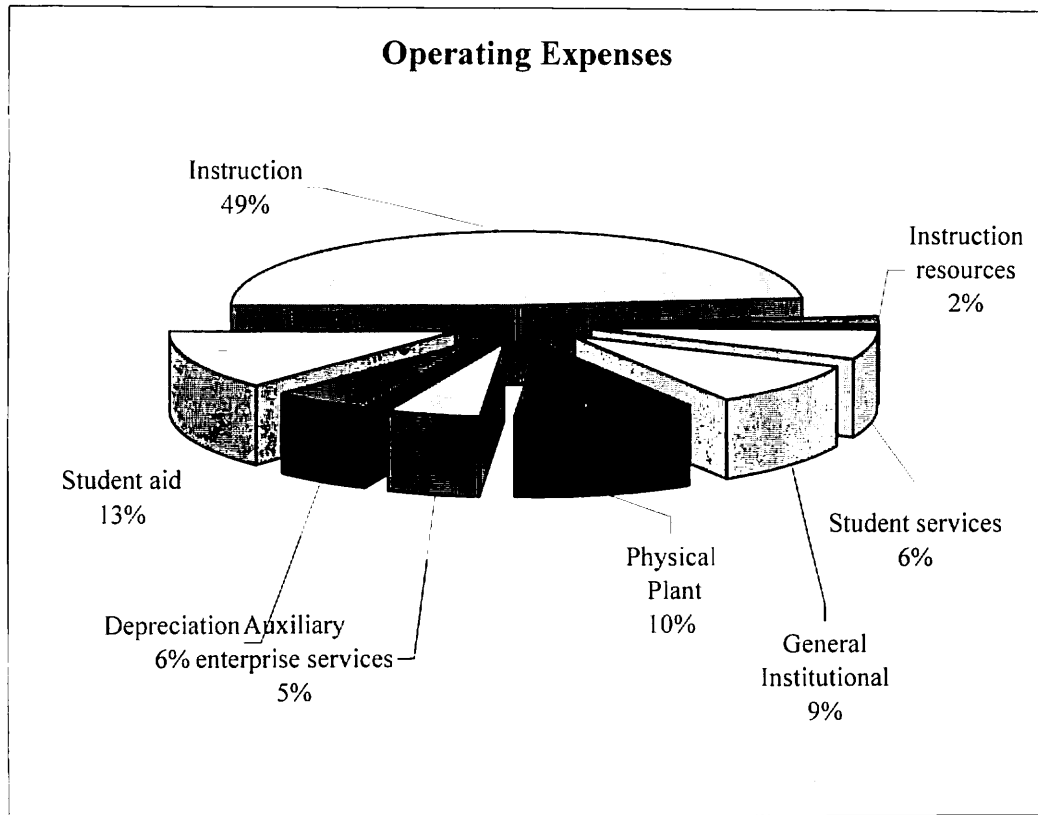
	2007	2006	Increase or (Decrease)	
			\$	%
Operating Revenue				
Student fees	\$ 3,698,935	\$ 3,458,811	\$ 240,124	6.9
Federal grants	854,906	1,001,910	(147,004)	(14.7)
State grants	892,010	639,746	252,264	39.4
Contract revenues	591,173	686,667	(95,494)	(13.9)
Auxiliary revenues	1,455,900	1,342,800	113,100	8.4
Miscellaneous	188,229	174,972	13,257	7.6
Total Operating Revenues	<u>7,681,153</u>	<u>7,304,906</u>	<u>376,247</u>	<u>5.2</u>
Operating Expenses				
Instruction	13,254,392	12,105,580	1,148,812	9.5
Instructional resources	544,757	545,526	(769)	(0.1)
Student services	1,716,654	1,682,017	34,637	2.1
General Institutional	2,595,765	2,885,750	(289,985)	(10.0)
Physical Plant	2,805,883	1,732,274	1,073,609	62.0
Auxiliary enterprise services	1,452,354	1,175,002	277,352	23.6
Depreciation	1,532,795	1,602,970	(70,175)	(4.4)
Student aid	3,506,252	3,388,149	118,103	3.5
Total operating expenses	<u>27,408,852</u>	<u>25,117,268</u>	<u>2,291,584</u>	<u>9.1</u>
	2007	2006	Increase or (Decrease)	
			\$	%
Non-operating revenues (expenses)				
Property taxes	11,590,959	11,036,434	554,525	5.0
State Appropriations and Other Grants	6,747,029	6,488,521	258,508	4.0
Investment income	432,623	352,836	79,787	22.6
Interest expense	(241,660)	(225,564)	(16,096)	7.1
Total non-operating revenues	<u>18,528,951</u>	<u>17,652,227</u>	<u>876,724</u>	<u>5.0</u>
Increase/(decrease) in Net Assets	(1,198,748)	(160,135)	\$ <u>(1,038,613)</u>	
Net assets - beginning of year	12,174,723	12,334,858		
Net assets - end of year	<u>10,975,975</u>	<u>12,174,723</u>		

Some of the most noteworthy results of operations for the current year are reflected below:

- Operating revenues are the charges for services offered by the College. During 2007, the College generated approximately \$7.7 million of operating revenue for the offering of services. Significant items and revenue sources are as follows:
 - ✓ Tuition and fee income was strong in fiscal 2006-07 due to an increase in tuition rates of approximately 8.1%. Total revenue from program, material, and other student fees exceeded \$3.6 million.
 - ✓ Nearly \$1.8 million in operating revenue from state and federal grants was earned by the College during the year. This figure is indicative of the continued efforts of the College to seek out new sources of revenue.
 - ✓ Contract revenues were approximately \$591 thousand for the year and represent revenue from instructional and technical assistance contracts with business and industry, local school districts, and the Department of Corrections.
 - ✓ Auxiliary enterprise revenues include revenues generated by the bookstore, parts store, child care center, salon services, and other similar activities of the College. Revenues of over \$1.4 million were generated by these activities this year.
 - ✓ The graph below depicts the College's operating revenues by source.



- Operating expenses are costs related to the program offerings of the College. During 2007, operating expenses totaled more than \$27.4 million. The majority of the College's expenses, about 60%, are for personnel related costs. Current expense accounts for an additional 23%, while auxiliary services and other expenses account for the remaining 17% of total operating expenses. The graph below categorizes operating expenses by function.



- Non-operating revenues and expenses are items not directly related to providing instruction. Net non-operating revenues for the year ended June 30, 2007 were approximately \$18.5 million. The most significant components of net non-operating revenues include the following:
 - ✓ Property taxes levied by the College for the year were approximately \$11.6 million.
 - ✓ The increase in property tax revenue combined with an increase in state and federal appropriations resulted in net non-operating revenue exceeding \$18.5 million.
- Net assets for 2007 decreased by \$1,198,748 as a result of the above activity.

Statement of Net Assets

The Statement of Net Assets includes all assets (items that the College owns and amounts owed to the College by others) and liabilities (what the College owes to others and what has been collected from others before we have provided the services). This statement is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service to us – regardless of when cash is exchanged.

Below are highlights of the components of the Statement of Net Assets:

	2007	2006	Increase or (Decrease)	
			\$	%
ASSETS				
Cash and Cash equivalents	\$ 5,536,896	\$ 6,019,746	\$ (482,850)	(8.0)
Net capital assets	11,945,595	12,048,125	(102,530)	(0.9)
Other assets	6,441,885	5,721,353	720,532	12.6
Total Assets	<u>23,924,376</u>	<u>23,789,224</u>	<u>135,152</u>	<u>0.6</u>
LIABILITIES				
Current Liabilities	5,534,197	4,363,782	1,170,415	26.8
Long-term Liabilities	7,414,204	7,250,719	163,485	2.3
Total Liabilities	<u>12,948,401</u>	<u>11,614,501</u>	<u>1,333,900</u>	<u>11.5</u>
NET ASSETS				
Invested in capital assets, net of related debt	7,813,890	8,307,448	(493,558)	(5.9)
Restricted for debt service	112,979	118,235	(5,256)	(4.4)
Restricted for student financial aid	14,998	14,998	0	
Unrestricted	3,034,108	3,734,042	(699,934)	(18.7)
Total Net Assets	<u>10,975,975</u>	<u>12,174,723</u>	<u>(1,198,748)</u>	<u>(9.8)</u>

A more detailed analysis would reveal the following facts:

- As shown above, the largest component of the College's assets is capital assets. Total cost of capital assets less accumulated depreciation at June 30, 2007 resulted in a net capital asset of \$11.9 million.
- The other assets category is primarily made up of various receivable balances, the largest being property taxes receivable of over \$4.1 million.
- Current liabilities include accounts payable, various types of accruals, and the portion of long-term debt due within the next fiscal year. At year end, the current portion of the College's long-term debt was \$2.0 million.
- Long-term liabilities of \$7.4 million represent the portion of long-term debt and post retirement benefits due after fiscal year 2007-08.

Capital Asset and Debt Administration

The College's investment in capital assets as of June 30, 2007 amounts to \$11,945,595 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, and moveable equipment. Additional information on the College's capital assets can be found in Note 3 on pages 23 & 24.

At the end of the current fiscal year, the College had total general obligation debt outstanding of \$5,645,000. The College continues to maintain a Moody's Investors Service "A1" rating on its current and outstanding long-term debt. Debt service requirements are current and secured by the taxing authority to levy for principal and interest expense. All general obligation debt for equipment is repaid in five years, while debt related to building and major remodeling is repaid in 10 years. The current debt adequately replaces and expands the equipment and facility needs of the College. Additional information on the College's long-term debt can be found in Note 4 on pages 24-27.

Financial Position

Moody's Investors Service "A1" rating reflects the district's solid financial operations, supported by health reserves; limited, yet growing tax base; and average debt burden, which is mostly attributable to underlying entities.

"...anticipates that the district's sound financial operations will continue due to conservative budgeting practices as well as increased financial flexibility."

"Adding to the district's financial flexibility is an unused margin under the 1.5 operating mill cap."

"Moody's believes the district's relatively modest tax base (compared to other technical college districts), at \$6.8 billion, will continue to grow at an average rate. Since 2001, the district's tax base averaged a solid 6.0% annual growth."

"...expects the district's average debt burden, 2.4%, to remain manageable due to expected tax base growth and limited future borrowing needs."

"Payout is rapid, with 100.0% of principal retired in ten years."

Economic Factors

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

- The College has had moderate growth in FTE's of approximately 7.6% percent since 2001-02 (5 years ago).
- The College has 4 collaborative programs, Clinical Laboratory Technician, Pharmacy Technician, Radiography, and Respiratory Care Practitioner, with other technical colleges 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.
- SWTC 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.
- A higher than average percentage of revenue is gained through grant opportunities.

Southwest Wisconsin Technical College faces challenges among which are:

- Below the state average in equalized valuation growth.
- Declining K-12 population equating to a smaller future customer base from high school graduates.
- Cost of budget growth must be covered by tax revenue.
- Cost of operations continues to increase (wages, benefits, insurance, utilities, etc.).
- Percentage of revenue from state aid expected to decrease.

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



Engel & Associates, Ltd.

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southwest Wisconsin Technical College District
Fennimore, Wisconsin

We have audited the financial statements of Southwest Wisconsin Technical College District as of and for the years ended June 30, 2007 and 2006 as identified in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Wisconsin Technical College District as of June 30, 2007 and 2006, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007 on our consideration of Southwest Wisconsin Technical College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 1 to 7 preceding this report and the budgetary comparison information on pages 31 through 37 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 38 to 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, State Single Audit Guidelines for Programs from the Wisconsin Technical College System Board and Higher Education Aids Board, and is also not a required part of the basic financial statements of Southwest Wisconsin Technical College District. The supplemental schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Engelson and Associates, Ltd

La Crosse, Wisconsin
December 10, 2007

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2007 and 2006

Assets	2007	2006
Current assets		
Cash and cash equivalents	\$ 3,229,159	\$ 3,407,651
Taxes receivable	4,131,629	3,794,544
Accounts receivable	689,080	592,498
Student accounts receivable	864,645	489,692
Interest receivable	-	25,507
Due from other governments	240,428	247,177
Inventory and prepaid expenses	516,103	571,935
Total current assets	9,671,044	9,129,004
Capital assets		
Cost of capital assets	24,881,909	23,728,601
Less: Accumulated depreciation	(12,936,314)	(11,680,476)
	11,945,595	12,048,125
Other Non-current assets		
Restricted cash and cash equivalents	2,307,737	2,612,095
Total Assets	\$ 23,924,376	\$ 23,789,224
Liabilities		
Current liabilities		
Accounts payable	\$ 1,366,468	\$ 534,661
Accrued salaries and related items	632,607	634,944
Accrued vacation	423,727	355,275
Deferred revenue	821,982	529,724
Accrued self-insurance	210,000	194,251
Accrued interest	15,829	14,677
Current portion of long-term obligations	2,063,584	2,100,250
Total current liabilities	5,534,197	4,363,782
Long-Term Obligations		
Accrued retiree health insurance premiums	3,674,204	3,125,719
General obligation notes payable and capital lease	3,740,000	4,125,000
Total long-term obligations	7,414,204	7,250,719
Total Liabilities	12,948,401	11,614,501
Net Assets		
Invested in capital assets, net of related debt	7,813,890	8,307,448
Restricted for:		
Debt service	112,979	118,235
Student financial assistance	14,998	14,998
Unrestricted	3,034,108	3,734,042
Total Net Assets	\$ 10,975,975	\$ 12,174,723

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues		
Student program fees, net of scholarship allowances of \$30,467 & \$26,896	\$ 3,073,222	\$ 2,870,562
Student material fees, net of scholarship allowances of \$2,364 & \$2,272	238,411	242,526
Other student fees, net of scholarship allowances of \$3,840 & \$3,239	387,302	345,723
Federal grants	854,906	1,001,910
State grants	892,010	639,746
Business and industry contract revenue	508,914	602,023
School District contract revenue	82,259	84,644
Auxiliary enterprise revenues	1,455,900	1,342,800
Miscellaneous	188,229	174,972
Total operating revenues	<u>7,681,153</u>	<u>7,304,906</u>
Operating expenses		
Instructional	13,254,392	12,105,580
Instructional resources	544,757	545,526
Student services	1,716,654	1,682,017
General institutional	2,595,765	2,885,750
Physical Plant	2,805,883	1,732,274
Auxiliary enterprise services	1,452,354	1,175,002
Depreciation	1,532,795	1,602,970
Student aid	3,506,252	3,388,149
Total operating expenses	<u>27,408,852</u>	<u>25,117,268</u>
Operating loss	(19,727,699)	(17,812,362)
Non-operating revenues (expenses)		
Property taxes	11,590,959	11,036,434
Other grants	3,163,591	3,064,790
State appropriations	3,583,438	3,423,731
Investment income earned	432,623	352,836
Interest expense	(241,660)	(225,564)
Total non-operating revenues	<u>18,528,951</u>	<u>17,652,227</u>
Decrease in net assets	(1,198,748)	(160,135)
Net assets - beginning of the year	<u>12,174,723</u>	<u>12,334,858</u>
Net assets - end of year	<u>\$ 10,975,975</u>	<u>\$ 12,174,723</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Tuition and fees received	\$ 3,323,982	\$ 3,509,609
Federal and state grants received	1,753,665	1,720,303
Business, industry and school contract revenues received	494,591	686,667
Payments to employees	(11,889,827)	(11,080,329)
Payments to suppliers	(12,162,650)	(12,044,093)
Auxiliary enterprise revenues received	1,455,900	1,342,800
Other receipts	188,229	152,428
Net cash used in operating activities	<u>(16,836,110)</u>	<u>(15,712,615)</u>
Cash flows from noncapital financing activities		
Local property taxes received	11,253,874	10,919,425
Federal and state appropriations received	6,747,029	6,488,521
Net cash provided by noncapital financing activities	<u>18,000,903</u>	<u>17,407,946</u>
Cash flows from capital and related financing activities		
Net purchases of capital assets	(1,430,265)	(1,248,224)
Proceeds from issuance of capital debt	1,800,000	2,000,000
Principal paid on capital debt	(2,235,000)	(2,125,000)
Interest paid on capital debt	(240,508)	(223,577)
Net cash used in capital and related financing activities	<u>(2,105,773)</u>	<u>(1,596,801)</u>
Cash flows from investing activities		
Investment income received	<u>458,130</u>	<u>327,329</u>
Net increase (decrease) in cash and cash equivalents	(482,850)	425,859
Cash and cash equivalents at beginning of year	<u>6,019,746</u>	<u>5,593,887</u>
Cash and cash equivalents at end of year	<u>\$ 5,536,896</u>	<u>\$ 6,019,746</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet.		
Current cash and cash equivalents	\$ 3,229,159	\$ 3,407,651
Restricted cash	2,307,737	2,612,095
	<u>\$ 5,536,896</u>	<u>\$ 6,019,746</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENT OF CASH FLOWS-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2007 and 2006**

	2007	2006
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (19,727,699)	\$ (17,812,362)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	1,532,795	1,602,970
Changes in assets and liabilities:		
Accounts receivable	(96,582)	(50,642)
Student accounts receivable	(374,953)	50,798
Federal and state aid receivable	6,749	78,647
Inventories	82,349	(94,988)
Prepaid items	(26,517)	(70,695)
Accounts payable	831,807	223,804
Accrued payroll	(2,337)	(151,322)
Accrued vacation	68,452	4,933
Deferred program and material fees	292,258	15,004
Accrued self insurance	15,749	(16,481)
Accrued retiree health insurance	561,819	507,719
	<u>\$ (16,836,110)</u>	<u>\$ (15,712,615)</u>
Net cash used in operating activities		

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the District's significant accounting policies consistently applied in the presentation of the accompanying financial statements follows.

A. Reporting Entity

Southwest Wisconsin Technical College District ("District") operates a post secondary education school.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the District for which it exercises oversight responsibility are included. The oversight responsibility includes but is not limited to, financial interdependency between the District and the governmental entity; control by the District over selection of the entity's governing authority or designation of management; the ability of the District to significantly influence operations of the entity; and whether the District is responsible for the accountability for fiscal matters.

The District is affiliated with SWTC Foundation, Inc. (Foundation), a not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of the District. The Foundation is managed by an independent board of directors. SWTC provides office space, certain equipment and furnishings, most related utility services and insurance coverage to the Foundation without charge. The financial resources of the Foundation are not significant to the District as a whole and accordingly, financial information related to the Foundation is not included in these financial statements.

The governing body of the District is the District Board. 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 policy and directives.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to public colleges and universities as well as those prescribed by the Wisconsin Technical College System Board (WTCSB). The District reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant policies.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. 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-district transactions have been eliminated.

C. Budgetary Data

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. Also, the budget does not incorporate changes related to GASB Statements Nos. 34, 35, 37 and 38 as listed previously in Note 1.

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.

D. Use of Estimates

In preparing basic financial statements in conformity with US GAAP, the District is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Cash and Cash Equivalents

Cash includes amounts in petty cash, demand deposits and other short-term interest bearing deposits.

For purposes of the statements of cash flows, cash on hand, demand deposits with financial institutions, investments in the Local Government Investment Pool, and other short-term investments with maturity dates of less than ninety days from when purchased are considered cash equivalents.

F. Investments

Investments are stated at cost or amortized cost which approximates fair value.

G. Inventories

Inventories of books, supplies and food reflected in the proprietary fund types 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, with the exception in the current year of construction materials of \$133,548 used to build a house by carpentry students. These costs are included in inventory at June 30, 2007.

H. Capital Assets

Capital fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value at the time of receipt.

The costs of maintenance and repairs are charged to operations as incurred. Equipment assets having a cost of \$1,000 or more per unit and building or remodeling projects of \$15,000 or more are capitalized. Depreciation on buildings and equipment is provided in amounts sufficient to relate the cost of depreciable assets to operations on the straight -line basis over the estimated service lives, which range from four to ten years for equipment and are fifty years for buildings and remodeling.

I. 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 making capital improvements, acquiring equipment and 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.

The District levied the operational tax levy at 1.3809 mills for 2006-2007 and a debt service mill rate of .3724.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

I. Property Tax and Taxes Receivable, continued

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 December
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.

The District recognizes its property taxes as revenue in the fiscal year for which taxes are levied.

J. Compensated Absences

The District accounts for compensated absences in accordance with the provisions of Statements of the Governmental Accounting Standards Board. The following is a summary of the District's accounting for significant compensated absences:

Vacation – Liabilities for vacation pay are recorded when incurred.

Sick leave - See Note 7.

K. 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 arrangements receivable and program and material fees receivable are stated at amounts due from student's, 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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

L. Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

M. Medical/Health/Self-Insurance Fund

The District has established an internal service fund to account for its medical self-insurance program. The purpose of this fund is to pay medical insurance claims of District employees and their covered dependents and to minimize the total costs of annual insurance to the District. The private insurance carrier determines the premium payments to be made by the District. Annual claims are paid from reserves and individual claims in excess of \$75,000 are paid under a reinsurance policy. Estimated claims incurred but not reported of \$210,000 have been recorded as of June 30, 2007.

N. State and Federal Revenues

The District receives funding from various federal and state contracts and grants. Some of these revenues are earned over fiscal periods different than that of the District and are subject to the Federal Single Audit Act and state single audit guidelines.

O. 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 amount reported as operating revenue and 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.

On July 1, 2002, the District changed procedures related to federal and state student loans. The District now 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. In prior fiscal years, these amounts were credited to the student's account as third party payments as if the student made the payment. Accordingly, the awards were not recorded as student aid.

P. Net Assets

Net assets are classified according to restrictions or availability of assets for satisfaction of District obligations.

Invested in capital assets, net of related debt: This represents the net value of capital assets (land, buildings and equipment) less the debt incurred to acquire or construct the assets plus the borrowed resources not yet expended, but restricted for capital purchases.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

P. Net Assets, Continued

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

- Restricted net assets 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 assets for student financial assistance can only be used for student financial assistance activities.

Unrestricted net assets: Unrestricted net assets represent 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 for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide for students, faculty and staff.

Q. Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study and Federal Family Educational Loans programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A -133 Audit of States, Local Governments and Non-Profit Organizations and the Compliance Supplement.

R. Classification of Revenue and Expenses

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 college's principal ongoing operations. Operating revenues include (1) student tuition and fees, net of scholarship allowances and estimated uncollectible amounts, (2) sales and services of auxiliary enterprises, and (3) most federal, state and local grants and contracts that are essentially the same as contracts for services that finance programs of the college. Operating expenses include the cost of providing educational services, administration expenses and depreciation on capital assets.

Nonoperating revenues/expenses: Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions. Nonoperating revenues include (1) gifts and contributions, and other revenue sources that are defined as nonoperating revenues 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, such as state appropriations, the local property tax levy and investment income, and (2) any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital programs. Nonoperating expenses include interest on long-term obligations.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

S. Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

NOTE 2 - CASH AND INVESTMENTS

A. Deposits

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

	2007	2006
Cash and deposits:		
Cash on hand	\$ 675	\$ 675
Deposit accounts	757,375	357,749
Total cash deposits	758,050	358,424
Investments:		
Wisconsin Local Government Investment Pool	4,778,846	3,661,322
Certificate of Deposit-Citizens State Bank	-	2,000,000
Total investments	4,778,846	5,661,322
 Total cash and cash equivalents	 \$ 5,536,896	 \$ 6,019,746

The Local Government Investment Pool (LGIP) is part of the State Investment Board (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.

Investments in the LGIP are covered by a surety bond issued by Financial Security Assurance, Inc. The bond insures against loss arising from principal defaults on substantially all types of securities acquired by the Pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

Custodial Risk – Custodial risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's carrying values for bank deposits were \$757,375 and \$357,751 at June 30, 2007 and 2006, respectively. The bank balances were \$1,001,046 and \$434,828, respectively. Of the bank balance, \$100,000 was covered by federal depository insurance, and the balance was uninsured and uncollateralized. Additional protection provided in case of losses caused by failure of public depositories is provided by the State Deposit Guarantee Fund. The Fund provides additional coverage in each financial institution and the State of Wisconsin Local Government Investment Pool of \$400,000 above any applicable insurance coverage provided by FDIC.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

B. Investments

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the 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. In addition, 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 of agencies thereof, shares of open-end investment companies, the Wisconsin Investment Pool, or the Wisconsin Investment Series Cooperative. The Wisconsin Investment Pool, Wisconsin Investment Cooperative, and Government Money Market Fund do not carry a credit quality rating.

The District is authorized by Wisconsin Statute 66.04(2) to invest in the following instruments:

- Obligations of the U.S. Treasury and U.S. Agencies.
- Obligations of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Time deposits in any bank, trust company or savings and loan association that is authorized to transact business in this state, if the time deposit maturity is not more than three years.
- That state's local government pooled investment fund.
- Any security maturing in seven years or less with either the highest or second rating category of a nationally recognized rating agency.
- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- Securities of open-end management investment companies or investment trusts, if the portfolio is limited to obligations of the U.S. Treasury and U.S. Agencies.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospitals and Clinics Authority.

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. In addition, the policy indicates that the investment portfolio should be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy sets a maximum duration range of two years with a target duration of one year.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 – CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2007:

2007	Balance			Balance
	7/1/2006	Additions	Deletions	6/30/2007
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Land improvements	593,930	-	-	593,930
Buildings & improvements	10,072,172	461,049	-	10,533,221
Equipment	13,042,499	980,880	288,621	13,734,758
	<hr/>			
Total cost of capital assets	23,728,601	1,441,929	288,621	24,881,909
Less accumulated depreciation for:				
Land improvements	239,703	24,954	-	264,657
Buildings & improvements	3,161,954	235,437	-	3,397,391
Equipment	8,278,819	1,272,404	276,957	9,274,266
	<hr/>			
Total accumulated depreciation	11,680,476	1,532,795	276,957	12,936,314
Net capital assets	12,048,125			11,945,595
Less:				
General obligation debt	(6,080,000)			(5,645,000)
Plus:				
Capital project funds borrowed but not spent	2,339,323			1,513,295
Total invested in capital assets, net of related debt	<u>\$ 8,307,448</u>			<u>\$ 7,813,890</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 – CAPITAL ASSETS, CONTINUED

Capital asset activity was as follows for the year ended June 30, 2006:

2006	Balance 7/1/2005	Additions	Deletions	Balance 6/30/2006
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Land improvements	590,277	3,653	-	593,930
Buildings & improvements	9,964,454	107,718	-	10,072,172
Equipment	12,361,379	1,214,184	533,064	13,042,499
	<hr/>			
Total cost of capital assets	22,936,110	1,325,555	533,064	23,728,601
Less accumulated depreciation for:				
Land improvements	214,822	24,881	-	239,703
Buildings & improvements	2,932,204	229,750	-	3,161,954
Equipment	7,386,213	1,348,339	455,733	8,278,819
	<hr/>			
Total accumulated depreciation	10,533,239	1,602,970	455,733	11,680,476
Net capital assets	<u>\$ 12,402,871</u>			<u>\$ 12,048,125</u>

NOTE 4 - GENERAL OBLIGATION DEBT

Long-term liabilities of the District consist of general obligation notes payable and retiree health insurance premiums.

The changes in long-term liabilities at June 30, 2007 and 2006 are as follows:

	Balance 7/1/2006	Additions	Payments	Balance 6/30/2007	Due Within One Year
Notes payable	1,080,000	\$ 1,800,000	\$ 2,235,000	\$ 5,645,000	\$ 1,905,000
Retiree health insurance	3,270,969	706,133	144,314	3,832,788	158,584
	<hr/>				
Totals	<u>9,350,969</u>	<u>\$ 2,506,133</u>	<u>\$ 2,379,314</u>	<u>\$ 9,477,788</u>	<u>\$ 2,063,584</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 4 - GENERAL OBLIGATION DEBT, CONTINUED

	Balance 7/1/2005	Additions	Payments	Balance 6/30/2006	Due Within One Year
Notes payable	\$ 6,205,000	\$ 2,000,000	\$ 2,125,000	\$ 6,080,000	\$ 1,955,000
Retiree health insurance	2,763,250	715,189	207,470	3,270,969	145,250
Totals	\$ 8,968,250	\$ 2,715,189	\$ 2,332,470	\$ 9,350,969	\$ 2,100,250

The District pledges full faith, credit and resources of the District to pay all outstanding general obligation bonds. The District levies taxes annually to pay the amount of principal and interest due for the debt.

General obligation debt at June 30, 2007 consists of the following:

	Year	Principal	Interest	Total
\$3,750,000 general obligation				
promissory note issued to UBS	2007-08	200,000	31,650	231,650
PaineWebber, Inc. October 15,	2008-09	200,000	26,250	226,250
2002 to finance remodeling, annual	2009-10	200,000	20,250	220,250
principal payments of \$200,000 through	2010-11	200,000	14,000	214,000
June 1, 2012, plus semi-annual interest	2011-12	200,000	7,000	207,000
at 2.5 - 3.5%, due on 6/1 and 12/1.		<u>1,000,000</u>	<u>99,150</u>	<u>1,099,150</u>
\$2,750,000 general obligation				
promissory note issued to Harris Trust & Savings Bank, August 1, 2003 to finance equipment purchases and major remodeling. Annual principal				
payments of \$450,000 through	2007-08	450,000	26,000	476,000
August 1, 2008, annual principal	2008-09	100,000	14,750	114,750
payments of \$100,000 through	2009-10	100,000	12,000	112,000
August 1, 2013, plus semi-annual	2010-11	100,000	9,000	109,000
interest at 2.0 - 3.0% due 6/1	2011-12	100,000	6,000	106,000
and 12/1.	2012-13	100,000	3,000	103,000
		<u>950,000</u>	<u>70,750</u>	<u>1,020,750</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 4 - GENERAL OBLIGATION DEBT, CONTINUED

\$2,250,000 general obligation promissory note issued to UMB Bank, N.A., August 1, 2004 to finance equipment purchases and major remodeling. Annual principal payments of \$450,000 through June 1, 2009, plus semi-annual interest at 2.45 - 2.90% due 6/1 and 12/1.				
	2007-08	450,000	25,200	475,200
	2008-09	450,000	13,050	463,050
		<u>900,000</u>	<u>38,250</u>	<u>938,250</u>

\$2,000,000 general obligation promissory note issued to Robert W. Baird of Milwaukee, WI, August 1, 2005 to finance equipment purchases and major remodeling. Annual principal payments of \$425,000 through June 1, 2010, plus semi-annual interest at 3.25% - 3.50% due 6/1 and 12/1.				
	2007-08	425,000	42,500	467,500
	2008-09	425,000	28,688	453,688
	2009-10	425,000	14,875	439,875
		<u>1,275,000</u>	<u>86,063</u>	<u>1,361,063</u>

\$1,800,000 general obligation promissory note issued to Robert W. Baird of Milwaukee, WI, August 3, 2006 to finance facility improvements, remodeling, and equipment purchases. Annual principal payments of \$380,000 through June 1, 2011, plus semi-annual interest at 4.25% due 6/1 and 12/1.				
	2007-08	380,000	64,600	444,600
	2008-09	380,000	48,450	428,450
	2009-10	380,000	32,300	412,300
	2010-11	380,000	16,150	396,150
		<u>1,520,000</u>	<u>161,500</u>	<u>1,681,500</u>

TOTALS	<u>\$ 5,645,000</u>	<u>\$ 455,713</u>	<u>\$ 6,100,713</u>
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**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 4 - GENERAL OBLIGATION DEBT, CONTINUED

Future debt service requirements as of June 30, 2007 are as follows:

Year Ending June 30, 2007	Principal	Interest	Total
2008	1,905,000	189,950	2,094,950
2009	1,555,000	131,188	1,686,188
2010	1,105,000	79,425	1,184,425
2011	680,000	39,150	719,150
2012	300,000	13,000	313,000
2013	100,000	3,000	103,000
TOTALS	<u>\$ 5,645,000</u>	<u>\$ 455,713</u>	<u>\$ 6,100,713</u>

All general obligation debt is backed by the full faith and taxing power of the District.

Changes in general obligation debt outstanding for the year ended June 30, 2006 was as follows:

	Balance 7/1/2006	Additions	Payments	Balance 6/30/2007
Promissory notes and capital lease	<u>\$ 6,080,000</u>	<u>\$ 1,800,000</u>	<u>\$ 2,235,000</u>	<u>\$ 5,645,000</u>

The Wisconsin State Statues Chapter 67.03(1) provides that the aggregate amount of indebtedness of a District shall not exceed 5% of the value as determined by the Wisconsin Department of Revenue as of October 1, 2006 (most recent valuation) was \$6,594,973,989.

	<u>Bonds</u>	<u>Aggregate</u>
Debt limit (2% for bonds; 5% for aggregate)	\$ 131,899,480	\$ 329,748,699
Debt outstanding at June 30, 2007, net of resources available to fund principal and interest payments	-	5,532,021
Legal debt margin	<u>\$ 131,899,480</u>	<u>\$ 324,216,678</u>
Debt outstanding as a percent of legal debt limitation		1.71%
Debt outstanding as a percent of equalized value		0.08%

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 - EMPLOYEE RETIREMENT PLAN

All eligible employees of the District participate in the Wisconsin Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (non-teachers) and 440 hours a year (teachers) are eligible to participate in the System. Covered employees in the general/teacher category are required by statute to contribute 5.0% of their salary (2.9% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security), to the Plan. Employers may make these contributions to the Plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for employees covered by the System for the year ended June 30, 2007 and 2006 respectively was \$10,663,311 and \$10,552,580; the employer's total payroll was \$11,389,023 and \$10,976,126. The total required contributions for the year ended June 30, 2007 and 2006 respectively were \$1,120,615 and \$1,087,518, which was 10.5% and 10.3% of payroll, all from the employer. Total contributions for the years ending June 30, 2005 and 2004 were \$949,345 and \$856,773, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees), are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees), and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6% (2.0% for Executives, Elected Officials, and Protective Occupations without Social Security) of final average earnings for each year of creditable service. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation after 1/1/90 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the State Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

NOTE 6 - 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. The amount, if any, of liability arising from these audits is not reasonably estimable and, accordingly, no provision is included in the accompanying basic financial statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 - COMMITMENTS AND CONTINGENCIES, CONTINUED

The District leases several copy machines. The minimum lease payments for the five years subsequent to June 30, 2007 are as follows:

2008	85,113
2009	85,113
2010	85,113
2011	70,928

The District entered into a five year lease beginning July 1, 2005, to rent a building for instructional purposes. Minimum future lease payments for the four years subsequent to June 30, 2007 are as follows:

2008, 2009, 2010 An amount equal to the prior year's rent plus an amount equal to the prior's year's rent times the CPI, not to exceed \$1,300 per year.

The District, with Madison Area Technical College and Western Technical College, has formed an operational consortium for the sharing of the cost of implementation, live running and maintenance of administrative software developed by Peoplesoft. The District's share of the cost of the software has been recorded as a capital lease, which is detailed in Note 4. The consortium has a 10 year agreement with Peoplesoft whereby each member of the consortium will share the cost of the procurement, enhancement and maintenance of the system.

Outstanding purchase orders at June 30, 2007 totaled \$176,423. The District was committed to two building projects at June 30, 2007 in the amount of \$51,546 and \$717,899, respectively.

NOTE 7 - POST RETIREMENT BENEFITS

The District's employee fringe benefit program includes a provision which allows both academic staff 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, years of service and number of accumulated hours of sick leave.

For employees, either academic staff or support staff with less than thirteen 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 lay off. An employee can accumulate a maximum of 140 days.

Support staff with thirteen or more years of service to the District will have their health insurance premiums paid by the District for one year. Those with fifteen or more years of service to the District will have their health insurance premiums paid by the District for two years and those with seventeen or more years of service will have their health insurance premiums paid for three years.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7 - POST RETIREMENT BENEFITS, CONTINUED

Academic staff with thirteen or more years of service to the District will have their health insurance premiums paid by the District for three years. Those with fifteen or more years of service will have their health insurance premiums paid for four years and those with seventeen or more years of service will have their health insurance premiums paid for five years.

These benefits are financed on a pay-as-you-go basis. In the current year, the District paid \$144,614 of health insurance for 24 former employees.

NOTE 8 –SUBSEQUENT EVENTS

In June, 2007, the Board of Directors adopted a resolution authorizing borrowing of \$1,800,000; \$570,000 for building remodeling and improvement, and \$1,230,000 for moveable equipment. The board awarded the sale of the bonds in July, 2007.

In August, 2007, the District purchased Professional Design Services from Mead & Hunt, Inc. to update the Campus Master Plan. These services are not to exceed \$82,500.

NOTE 9 - RELATED PARTY TRANSACTIONS

The District periodically rents rooms at a hotel owned by the District's Vice President of Administrative Services. The total amount paid for the years ended June 30, 2007 and 2006 was \$1,711 and \$2,951, respectively. In addition, amounts for building costs were paid to a company owned by a member of the Board of Directors for Southwest Wisconsin Technical College. The total amount paid to this company for the years ended June 30, 2007 and 2006 was \$13,119 and \$20,044, respectively.

NOTE 10 - RISK MANAGEMENT

In July 2004 all sixteen WTCS technical colleges created Districts Mutual Insurance Company (DMI). Districts Mutual Insurance Company is a fully-assessable mutual company authorized under Wisconsin Statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$200,000,000 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 \$5,000 to \$100,000 per occurrence depending on the type of coverage. DMI purchases reinsurance for losses in excess of its retained layer of coverage.

DMI operations are governed by a six-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. Stanley Hollmann, Chief Financial Officer, of the District is a related party in his role as Treasurer of DMI.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 10 - RISK MANAGEMENT, CONTINUED

Each member college was assessed an annual premium that included a capitalization component to establish reserves for the company. The total capitalization amount for all members in fiscal year 2007 totaled \$1,418,248 of which the District's portion was \$25,163. For the year ended June 30, 2007, the District paid a premium of \$134,089. 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.

The audited DMI financial statements can be obtained through Districts Mutual Insurance Co., 200 W. Grand Avenue Suite B, Port Washington, WI 53074.

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 sixteen Wisconsin Technical College System Districts.

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

Foreign 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.

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

NOTE 11 – LIMITATION ON DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues the District may derive from property taxes to 1.5 mills. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt).

SUPPLEMENTAL FINANCIAL INFORMATION

The following supplementary information is provided to document SWTC'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 DISTRICT
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Local government	\$ 9,107,000	\$ 9,157,000	\$ 9,135,209	\$ -	\$ 9,135,209	\$ (21,791)
Intergovernmental revenue						
State	3,885,000	4,085,000	4,061,270	-	4,061,270	(23,730)
Federal	797,000	747,000	712,905	-	712,905	(34,095)
Tuition and fees						
Statutory program fees	3,175,000	3,075,000	3,073,222	-	3,073,222	(1,778)
Materials fees	281,000	281,000	238,411	-	238,411	(42,589)
Other student fees	212,000	312,000	266,560	-	266,560	(45,440)
Institutional	890,000	890,000	862,346	-	862,346	(27,654)
Total revenues	18,347,000	18,547,000	18,349,923	-	18,349,923	(197,077)
Expenditures						
Instruction	12,773,000	13,323,000	13,203,060	84,304	13,287,364	35,636
Instructional resources	513,000	513,000	495,395	5,601	500,996	12,004
Student services	1,424,000	1,524,000	1,497,897	124	1,498,021	25,979
General institutional	2,433,000	2,283,000	2,264,141	-	2,264,141	18,859
Physical plant	1,504,000	1,404,000	1,372,019	296	1,372,315	31,685
Total expenditures	18,647,000	19,047,000	18,832,512	90,325	18,922,837	124,163
Excess of revenues over expenditures	(300,000)	(500,000)	(482,589)	(90,325)	(572,914)	(72,914)
Other financing sources (uses)						
Operating transfers in	100,000	300,000	271,521	-	271,521	(28,479)
Operating transfers out	-	-	-	-	-	-
	<u>100,000</u>	<u>300,000</u>	<u>271,521</u>	<u>-</u>	<u>271,521</u>	<u>(28,479)</u>
Excess of revenues and other financing sources over expenditures and other uses	(200,000)	(200,000)	(211,068)	(90,325)	(301,393)	(101,393)
Fund balance at July 1, 2006	4,570,537	4,570,537	4,008,968	(2,442)	4,006,526	(564,011)
Fund balance at June 30, 2007	<u>\$ 4,370,537</u>	<u>\$ 4,370,537</u>	<u>\$ 3,797,900</u>	<u>\$ (92,767)</u>	<u>\$ 3,705,133</u>	<u>\$ (665,404)</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Intergovernmental revenue						
Federal	\$ 63,000	\$ 163,000	\$ 142,001	\$ -	\$ 142,001	\$ (20,999)
Institutional	20,000	20,000	5,498	-	5,498	(14,502)
Total revenues	83,000	183,000	147,499	-	147,499	(35,501)
Expenditures						
Instruction	83,000	183,000	147,499	-	147,499	35,501
Total expenditures	83,000	183,000	147,499	-	147,499	35,501
Excess of revenues over expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	-	-	-	-	-	-
Fund balance at July 1, 2006	-	-	-	-	-	-
Fund balance at June 30, 2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SPECIAL REVENUE NON-AIDABLE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
State aids	\$ 500,000	\$ 500,000	\$ 405,881	\$ -	\$ 405,881	\$ (94,119)
Other student fees	118,000	118,000	120,742	-	120,742	2,742
Institutional	105,000	105,000	81,684	-	81,684	(23,316)
Federal	3,464,000	3,464,000	3,163,591	-	3,163,591	(300,409)
Total revenues	4,187,000	4,187,000	3,771,898	-	3,771,898	(415,102)
Expenditures						
Student services	4,187,000	4,187,000	3,725,009	-	3,725,009	461,991
Total expenditures	4,187,000	4,187,000	3,725,009	-	3,725,009	461,991
Excess of revenues over expenditures	-	-	46,889	-	46,889	46,889
Other financing sources (uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	-	-	46,889	-	46,889	46,889
Fund balance at July 1, 2006	108,447	108,447	123,502	-	123,502	15,055
Fund balance at June 30, 2007	\$ 108,447	\$ 108,447	\$ 170,391	\$ -	\$ 170,391	\$ 61,944

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Intergovernmental revenue						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Institutional	50,000	150,000	145,957	-	145,957	(4,043)
Total revenues	50,000	150,000	145,957	-	145,957	(4,043)
Expenditures						
Instruction	745,000	845,000	785,613	22,771	808,384	36,616
Instructional resources	75,000	75,000	49,362	-	49,362	25,638
General institutional	440,000	340,000	331,624	813	332,437	7,563
Physical plant	590,000	1,540,000	1,433,865	(41,650)	1,392,215	147,785
Total expenditures	1,850,000	2,800,000	2,600,464	(18,066)	2,582,398	217,602
Excess of revenues over expenditures	(1,800,000)	(2,650,000)	(2,454,507)	18,066	(2,436,441)	213,559
Other financing sources (uses)						
Operating transfers in	-	-		-	-	-
Operating transfers out	-	-	(171,521)	-	(171,521)	(171,521)
Proceeds from general obligations	1,800,000	1,800,000	1,800,000	-	1,800,000	-
	1,800,000	1,800,000	1,628,479	-	1,628,479	(171,521)
Excess of revenues and other financing sources over expenditures and other uses	-	(850,000)	(826,028)	18,066	(807,962)	42,038
Fund balance at July 1, 2006	1,317,665	1,317,665	2,339,323	(513,819)	1,825,504	507,839
Fund balance at June 30, 2007	\$ 1,317,665	\$ 467,665	\$ 1,513,295	\$ (495,753)	\$ 1,017,542	\$ 549,877

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Local government	\$2,466,000	\$2,466,000	\$2,455,750	\$ -	\$2,455,750	\$ (10,250)
Intergovernmental revenue						
State	-	-	8,297	-	8,297	8,297
Federal	-	-	-	-	-	-
Institutional	1,000	1,000	6,204	-	6,204	5,204
Total revenues	2,467,000	2,467,000	2,470,251	-	2,470,251	3,251
Expenditures						
Physical plant	2,482,000	2,482,000	2,475,507	-	2,475,507	6,493
Total expenditures	2,482,000	2,482,000	2,475,507	-	2,475,507	6,493
Excess of revenues over expenditures	(15,000)	(15,000)	(5,256)	-	(5,256)	9,744
Other financing sources (uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	(15,000)	(15,000)	(5,256)	-	(5,256)	9,744
Fund balance at July 1, 2006	118,812	118,812	118,235	-	118,235	(577)
Fund balance at June 30, 2007	\$ 103,812	\$ 103,812	\$ 112,979	\$ -	\$ 112,979	\$ 9,167

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
ENTERPRISE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Institutional	\$ 1,604,000	\$ 1,604,000	\$ 1,566,236	\$ -	\$ 1,566,236	\$ (37,764)
Total revenues	1,604,000	1,604,000	1,566,236	-	1,566,236	(37,764)
Expenditures						
Auxiliary services	1,504,000	1,504,000	1,459,019	3,658	1,462,677	41,323
Total expenditures	1,504,000	1,504,000	1,459,019	3,658	1,462,677	41,323
Excess of revenues over expenditures	100,000	100,000	107,217	(3,658)	103,559	3,559
Other financing sources (uses)						
Operating transfers out	(100,000)	(100,000)	(100,000)	-	(100,000)	-
	(100,000)	(100,000)	(100,000)	-	(100,000)	-
Excess of revenues and other financing sources over expenditures and other uses	-	-	7,217	(3,658)	3,559	3,559
Fund balance at July 1, 2006	1,821,259	1,821,259	2,102,614	-	2,102,614	281,355
Fund balance at June 30, 2007	<u>\$ 1,821,259</u>	<u>\$ 1,821,259</u>	<u>\$ 2,109,831</u>	<u>\$ (3,658)</u>	<u>\$ 2,106,173</u>	<u>\$ 284,914</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
INTERNAL SERVICE FUNDS SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Institutional	\$3,200,000	\$3,200,000	\$2,864,795	\$ -	\$2,864,795	\$ (335,205)
Total revenues	3,200,000	3,200,000	2,864,795	-	2,864,795	(335,205)
Expenditures						
Auxiliary services	3,200,000	3,200,000	2,858,130	-	2,858,130	341,870
Total expenditures	3,200,000	3,200,000	2,858,130	-	2,858,130	341,870
Excess of revenues over expenditures	-	-	6,665	-	6,665	6,665
Fund balance at July 1, 2006	490,818	490,818	695,975	-	695,975	205,157
Fund balance at June 30, 2007	\$ 490,818	\$ 490,818	\$ 702,640	\$ -	\$ 702,640	\$ 211,822

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL
STATEMENTS TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Enterprise Funds
Revenues					
Local government	\$ 9,135,209	\$ -	\$ -	\$ 2,455,750	\$ -
Intergovernmental revenue					
State	4,061,270	-	-	8,297	-
Federal	712,905	142,001	-	-	-
Tuition and fees					
Program fees	3,073,222	-	-	-	-
Materials fees	238,411	-	-	-	-
Other student fees	266,560	-	-	-	-
Institutional	862,346	5,498	145,957	6,204	1,566,236
Total revenues	18,349,923	147,499	145,957	2,470,251	1,566,236
Expenditures					
Instruction	13,287,364	147,499	808,384	-	-
Instructional resources	500,996	-	49,362	-	-
Student services	1,498,021	-	-	-	-
General institutional	2,264,141	-	332,437	-	-
Physical plant	1,372,315	-	1,392,215	2,475,507	-
Auxiliary services	-	-	-	-	1,462,677
Depreciation	-	-	-	-	-
Student aid	-	-	-	-	-
Total expenditures	18,922,837	147,499	2,582,398	2,475,507	1,462,677
Excess of revenues over expenditures	(572,914)	-	(2,436,441)	(5,256)	103,559
Other financing sources (uses)					
Operating transfers in	271,521	-	-	-	-
Operating transfers out	-	-	(171,521)	-	(100,000)
Proceeds from promissory notes	-	-	1,800,000	-	-
	271,521	-	1,628,479	-	(100,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(301,393)	-	(807,962)	(5,256)	3,559
Fund balance at July 1, 2006	4,006,526	-	1,825,504	118,235	2,102,614
Fund balance at June 30, 2007	\$ 3,705,133	\$ -	\$ 1,017,542	\$ 112,979	\$ 2,106,173

Internal Service Funds	Fiduciary Funds	Total	Reconciling items	Statement of revenues expenses and changes in net assets	
\$ -	\$ -	\$ 11,590,959	\$ -	\$ 11,590,959	
-	405,881	4,475,448	-	4,475,448	(1)
-	3,163,591	4,018,497	-	4,018,497	(2)
-	-	3,073,222	-	3,073,222	
-	-	238,411	-	238,411	
-	120,742	387,302	-	387,302	
2,864,795	81,684	5,532,720	(2,864,795)	2,667,925	(3)
2,864,795	3,771,898	29,316,559	(2,864,795)	26,451,764	
-	-	14,243,247	(988,855)	13,254,392	
-	-	550,358	(5,601)	544,757	
-	3,725,009	5,223,030	(3,506,376)	1,716,654	
-	-	2,596,578	(813)	2,595,765	
-	-	5,240,037	(2,192,494)	3,047,543	(4)
2,858,130	-	4,320,807	(2,868,453)	1,452,354	
-	-	-	1,532,795	1,532,795	
-	-	-	3,506,252	3,506,252	
2,858,130	3,725,009	32,174,057	(4,523,545)	27,650,512	
6,665	46,889	(2,857,498)	1,658,750	(1,198,748)	
-	-	271,521	-	271,521	
-	-	(271,521)	-	(271,521)	
-	-	1,800,000	(1,800,000)	-	
-	-	1,800,000	(1,800,000)	-	
6,665	46,889	(1,057,498)	(141,250)	(1,198,748)	
695,975	123,502	8,872,356	3,302,367	12,174,723	
\$ 702,640	\$ 170,391	\$ 7,814,858	\$ 3,161,117	\$ 10,975,975	(5)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE TO RECONCILE BUDGET BASIS FINANCIAL STATEMENTS
TO BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

(1) State grants revenue is presented on the basic financial statements as follows:

Operating	\$ 892,010
Non-operating	3,583,438
	<u>\$ 4,475,448</u>

(2) Federal grants revenue is presented on the basic financial statements as follows:

Operating	\$ 854,906
Non-operating	3,163,591
	<u>\$ 4,018,497</u>

(3) Institutional revenue is reported as five separate line items on the basic financial statements

Business and industry contract revenue	\$ 508,914
School district contract revenue	82,259
Miscellaneous revenue	182,731
Enterprise fund revenue	1,455,900
Special revenue fund revenue	5,498
Investment income earned	432,623
	<u>\$ 2,667,925</u>

(4) Interest expense is reported as a component of physical plant on the budgetary statements:

Physical Plant	\$ 2,805,883
Interest expense	241,660
	<u>\$ 3,047,543</u>

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

Budgetary basis fund balance	\$ 7,814,858
General fixed assets capitalized - cost	24,676,229
Accumulated depreciation on general fixed assets	(12,772,257)
General obligation bonds payable	(5,645,000)
Long-term portion of retiree health insurance	(3,674,204)
Accrued interest on Long-term Debt	(15,829)
Encumbrances outstanding at year-end	592,178
	<u>3,161,117</u>
Net assets per basic financial statements	<u>\$ 10,975,975</u>

FEDERAL AND STATE SINGLE AUDIT REPORTS

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Grant Award</u>	<u>Accrued Receivable July 1, 2006</u>
U.S. Department of Education				
Direct Programs:				
Pell Grant	84.063	-	\$ -	\$ -
Federal Student Stafford Loans	84.032	-	-	-
Federal Student Plus Loans	84.032	-	-	-
Alternative Loans		-	-	-
Supplemental Education Opportunity Grant	84.007	-	-	-
Academic Competitiveness Grant	84.375	-	-	-
Federal Work Study	84.033	-	-	-
Total SFA Cluster			-	-
Higher Education Institutional Aid				
Project Management	84.031A	-	22,664	(471)
Strengthening Institutions	84.031A	-	372,150	43,522
Total 84.031A			394,814	43,051
U.S. Department of Agriculture				
Direct Programs:				
Crop Insurance/Risk Management	10.450	-	99,363	18,743
Total Direct Programs			494,177	61,794
U.S. Department of Education				
Pass-through Programs from:				
Wisconsin Technical College Systems Board				
Adult Education Act				
B E for inmates	84.002	03-114-146-11	33,416	9,535
Forward to civic literacy	84.002	03-111-146-167	20,978	9,224
Adult basic education - disadvantaged	84.002	03-110-146-127	114,600	40,139
Literacy coalition	84.002	03-129-146-137	3,500	6,975
TOTAL 84.002			172,494	65,873
Wisconsin Technical College Systems Board-				
Vocational Education Basic Grants to States				
Work-based learning	84.048	03-192-150-227	-	9,440
Student Effectiveness	84.048	03-193-150-257	35,200	12,179
NTO Connections	84.048	03-194-150-267	50,666	26,350
Exploring Careers through Next Step	84.048	03-195-150-217	11,534	-
Special population services	84.048	03-198-150-237	176,100	56,112
TOTAL 84.048			273,500	104,081
Wisconsin Technical College Systems Board				
Tech-Prep Education	84.243	03-106-150-407	117,217	32,112
Wisconsin Department of Public Instruction				
E-Tech Self-Advocacy	84.323A	03-159-138-186	10,000	-
Transition Services	84.323A	03-158-138-177	10,000	3,075

Revenues		Accrued		
Grantor	Local		Expenditures	Receivable
<u>Reimbursement</u>	<u>Share</u>	<u>Totals</u>		<u>June 30, 2007</u>
\$ 1,104,073	\$ -	\$ 1,104,073	\$ 1,104,073	\$ -
1,855,454	-	1,855,454	1,855,454	-
67,153	-	67,153	67,153	-
30,670	-	30,670	30,670	-
36,670	-	36,670	36,670	-
6,350	-	6,350	6,350	-
63,221	-	63,221	63,221	-
3,163,591	-	3,163,591	3,163,591	-
12,623	2,036	15,130	15,130	-
148,427	25,906	130,811	130,811	-
161,050	27,942	145,941	145,941	-
78,929	6,069	66,255	66,255	-
3,403,570	34,011	3,375,787	3,375,787	-
35,463	11,150	44,566	44,566	7,488
29,305	6,803	27,781	27,781	897
111,719	133,900	248,500	248,500	43,020
7,005	35	3,535	3,535	3,470
183,492	151,888	324,382	324,382	54,875
9,440	-	-	-	-
37,482	7,827	43,027	43,027	9,897
61,420	4	50,670	50,670	15,596
2,519	255	11,789	11,789	9,015
156,264	180,000	356,100	356,100	75,948
267,125	188,086	461,586	461,586	110,456
113,587	6,648	123,865	123,865	35,742
10,000	278	10,278	10,278	-
3,293	431	10,431	10,431	9,782

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Grant Award</u>	<u>Accrued Receivable July 1, 2006</u>
U.S. Department of Health and Human Services				
Department of Workforce Development				
Advance Transformer/ DWD Project	17.200		\$ 9,950	\$ 2,048
Department of Health and Family Services				
Childcare Initiatives	93.596	03-107-000-006	46,946	(577)
Childcare Initiatives	93.596	03-207-000-007	47,017	-
TOTAL 93.596			<u>93,963</u>	<u>(577)</u>
Total Pass-through Programs			<u>687,124</u>	<u>206,612</u>
			<u>\$ 1,181,301</u>	<u>\$ 268,406</u>

Total Federal Expenditures as stated above
Difference in prior year/current year accrued receivables
Total Expenditures of Federal Awards

Plus: Title III Year 4 Revenue prepaid in prior year but earned in current year

TOTAL FEDERAL REVENUE PER COMBINED STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Revenues					Accrued
Grantor	Local				Receivable
<u>Reimbursement</u>	<u>Share</u>	<u>Totals</u>	<u>Expenditures</u>	<u>June 30, 2007</u>	
\$ 6,180	\$ 7,319	\$ 11,697	\$ 11,697	\$	246
29,113	27,673	57,363	57,363		-
8,781	120,000	155,439	155,439		26,658
<u>37,894</u>	<u>147,673</u>	<u>212,802</u>	<u>212,802</u>		<u>26,658</u>
<u>621,571</u>	<u>502,323</u>	<u>1,155,041</u>	<u>1,155,041</u>		<u>237,759</u>
<u>\$ 4,025,141</u>	<u>\$ 536,334</u>	<u>\$ 4,530,828</u>	<u>\$ 4,530,828</u>	<u>\$</u>	<u>237,759</u>
\$ 4,025,141					
(30,647)					
<u>3,994,494</u>					
<u>24,003</u>					
<u>\$ 4,018,497</u>					

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2007**

<u>State Grant/Program Title</u>	<u>State Catlog Number</u>	<u>State Grant Award</u>	<u>Accrued Receivable July 1, 2006</u>
Wisconsin Technical College Systems Board			
Fire training school reimbursement	292.002	\$ -	\$ -
Instructor Occupational Competency	292.104	1,278	1,487
State Aids for Technical Colleges	292.105	3,177,557	-
Displaced Homemakers-WTCS	292.106	44,182	9,670
Minority Student Retention	292.109	8,000	-
Farm training	292.111	-	-
Incentive grants:			
Adult & Family Literacy	292.112	34,422	12,391
Adult & Family Literacy Ctr	292.112	34,550	20,972
Administrative Assistant	292.112	-	-
Basic Ed Outreach	292.112	44,205	15,890
Barber/Cosmotology	292.112	100,000	-
Office Aide	292.112	-	25,993
Advanced Mfg Network	292.112	8,474	7,655
Bldg Trades Carpentry	292.112	<u>70,192</u>	<u>16,230</u>
Total 292.112		291,843	99,131
Transition Services-Disabilities	292.115	23,875	6,979
Lactalis Workforce Advancement Training	292.116	-	19,019
Nu-Pak Workforce Advancement Training	292.116	30,967	-
Cabela's Workforce Advancement Training	292.116	<u>49,379</u>	<u>32,186</u>
Total 292.116		80,346	51,205
Faculty Development Grant	292.123	44,000	23,105

<u>Revenues</u>					<u>Accrued</u>
<u>Grantor</u>	<u>Local</u>				<u>Receivable</u>
<u>Reimbursement</u>	<u>Share</u>	<u>Totals</u>	<u>Expenditures</u>		<u>June 30, 2007</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,486	1,221	2,441	2,441	1,221	
3,177,557	-	3,177,557	3,177,557	-	
43,064	5,237	49,419	49,419	10,788	
2,526	2,667	10,667	10,667	5,474	
-	-	-	-	-	
27,006	12,508	46,930	46,930	19,807	
30,880	11,723	46,273	46,273	24,642	
-	-	-	-	-	
55,439	-	44,205	44,205	4,656	
75,262	58,408	158,408	158,408	24,738	
25,993	-	-	-	-	
9,155	2,825	11,299	11,299	6,974	
42,182	23,517	93,709	93,709	44,240	
<u>265,917</u>	<u>108,981</u>	<u>400,824</u>	<u>400,824</u>	<u>125,057</u>	
16,977	10,645	34,520	34,520	13,877	
19,019	-	-	-	-	
14,791	7,555	30,221	30,221	7,875	
34,309	708	2,831	2,831	-	
<u>68,119</u>	<u>8,263</u>	<u>33,052</u>	<u>33,052</u>	<u>7,875</u>	
48,363	44,233	88,233	88,233	18,742	

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

<u>State Grant/Program Title</u>	<u>State Catlog Number</u>	<u>State Grant Award</u>	<u>Accrued Receivable July 1, 2006</u>
Wisconsin Technical College Systems Board, continued			
Health Care Education:			
Practical Nursing	292.161	\$ 221,320	\$ 81,693
Nursing Assistant	292.161	68,018	18,733
Technology Healthcare - AIT	292.161	119,148	-
Medical Assistant	292.161	-	14,823
Total 292.161		408,486	115,249
Total Wisconsin Technical College System Board		4,079,567	306,826
Department of Transportation			
Motorcycle Safety	20.395(4)(aq)	4,089	-
Department of Justice			
Interview Training	455-231	5,000	-
Tasers	455-231	1,800	-
		6,800	-
Wisconsin Higher Education Aids Board			
HEAB-WHEG	235.133	363,536	-
HEAB - Minority Undergraduate Retention	235.107	410	-
HEAB - Nursing	235.12	13,235	-
HEAB-TIP	235.114	28,700	-
Total HEAB		405,881	-
TOTAL STATE FINANCIAL ASSISTANCE		\$ 4,496,337	\$ 306,826

Total state revenue as stated above
Add Chauffer Training aids
Add state tax exempt computer aid
Difference in prior year/current year accrued receivables

TOTAL STATE REVENUE PER COMBINED STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

<u>Revenues</u>					<u>Accrued</u>
<u>Grantor</u>	<u>Local</u>				<u>Receivable</u>
<u>Reimbursement</u>	<u>Share</u>	<u>Totals</u>	<u>Expenditures</u>		<u>July 1, 2007</u>
\$ 181,041	\$ 6,946	\$ 228,266	\$ 228,266	\$	121,972
64,938	2,373	70,391	70,391		21,813
-	171,077	290,225	290,225		119,148
<u>14,823</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
260,802	180,396	588,882	588,882		262,933
<u>3,884,811</u>	<u>361,643</u>	<u>4,385,595</u>	<u>4,385,595</u>		<u>445,967</u>
1,002	27,416	28,418	28,418		-
3,568	-	3,568	3,568		-
<u>1,800</u>	<u>15</u>	<u>1,815</u>	<u>1,815</u>		<u>-</u>
5,368	15	5,383	5,383		-
363,536	-	363,536	-		-
410	-	410	410		-
13,235	-	13,235	-		-
<u>28,700</u>	<u>-</u>	<u>28,700</u>	<u>-</u>		<u>-</u>
<u>405,881</u>	<u>-</u>	<u>405,881</u>	<u>410</u>		<u>-</u>
<u>\$ 4,297,062</u>	<u>\$ 389,074</u>	<u>\$ 4,825,277</u>	<u>\$ 4,419,806</u>	<u>\$</u>	<u>445,967</u>
\$ 4,297,062					
178					
39,067					
<u>139,141</u>					
<u>\$ 4,475,448</u>					

See accompanying notes to the financial statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwest Wisconsin Technical College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

The District's subrecipients included the following:

<u>Subrecipient</u>	<u>Program</u>	<u>Catalog Number</u>	<u>Amount</u>
Southwestern Wisconsin Childcare Resource & Referral, Inc.	Childcare & Development Grant	93.596	\$ 65,129



Engelson & Associates, Ltd.

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S 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**

To the Board of Directors
Southwest Wisconsin Technical College District
Fennimore, Wisconsin

We have audited the financial statements of Southwest Wisconsin Technical College District ("District") as of and for the year ended June 30, 2007, and have issued our report thereon dated December 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Wisconsin Technical College's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is a more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, management, the board of directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Engelson and Associates, Ltd

La Crosse, Wisconsin
December 10, 2007



Engelton & Associates, Ltd.

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Southwest Wisconsin Technical College District
Fennimore, Wisconsin

Compliance

We have audited the compliance of Southwest Wisconsin Technical College District ("District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration (DOA) that are applicable to each of its major federal and state programs for the year ended June 30, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration (DOA). Those standards, OMB Circular A-133, and the State Single Audit Guidelines issued by the Wisconsin Department of Administration (DOA) require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Southwest Wisconsin Technical College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB

Circular A-133 and the State Single Audit Guidelines issued by the Wisconsin Department of Administration (DOA), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees within a timely period, in the normal course of performing their assigned functions, to prevent or detect noncompliance with applicable requirements of laws, regulations, contracts and grants that would have a direct and material effect on major federal and state programs. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer major federal and state programs in accordance with applicable requirements of laws, regulations, contracts and grants such that there is more than a remote likelihood that noncompliance that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with applicable requirements of laws, regulations, contracts and grants in relation to a major federal or state program will not be prevented or detected by the District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management, the board of directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Engelmann and Associates, Ltd

La Crosse, Wisconsin
December 10, 2007

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Southwest Wisconsin Technical College.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Southwest Wisconsin Technical College were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Southwest Wisconsin Technical College expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include:

	<u>CFDA#</u>	<u>Amount</u>
Federal:		
Pell Grant	84.063	\$ 1,104,073
Federal Direct Student Loans	84.032	1,855,454
Federal Direct Student Plus Loans	84.032	67,153
Supplemental Education Opportunity Grant	84.007	36,670
College Work Study	84.033	63,221
Project Management	84.031A	13,094
Strengthen Institutions	84.031A	104,905
State:		
State Aid	292.105	3,177,557
Wisconsin Higher Education Board	39.435	405,881
Lactalis Workforce Advancement Training	292.116	-
Cabela's Workforce Advancement Training	292.116	49,379
Faculty Development	292.123	44,000

8. The federal threshold for distinguishing Types A and B program was \$300,000. The Wisconsin threshold was \$100,000 for Type A and \$25,000 for Type B.
9. Southwest Wisconsin Technical College was determined to be a low-risk auditee.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

B. Findings - Financial Statement Audit in accordance with Governmental Auditing Standards

NONE

C. Findings and Questioned Costs - Major Federal Award Programs Audit & Major State Award Programs Audit

NONE

D. Findings and Questioned Costs – Other Issues

1. There is no substantial doubt about Southwest Wisconsin Technical College's ability to continue as a going concern.
2. The audit report does not show audit issues (material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiencies, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with *State Single Audit Guidelines*.

i. Department of Health and Family Services	No
ii. Department of the Workforce Development	No
iii. Department of Corrections	N/A
iv. Department of Public Instruction	No
v. Department of Agriculture	No
vi. Department of Education	No
vii. Wisconsin Technical College Systems Board	No

3. A management letter was issued conveying audit comments issued as a result of this audit.

4. Name of partner: Earl Engelson

Signature of partner: 

5. Date of report: December 10, 2007

E. Status of Prior Audit Findings and Questioned Costs – State and Federal Awards

NONE