

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

JUNE 30, 2009

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JUNE 30, 2009**

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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, 2009

- Received 34 federal, state, or local grants totaling \$1.34 million.
- Updated official statement for borrowing and maintained Moody's "A-1" rating.
- Borrowed \$2,000,000 and \$8,000,000 at 1.9 and 3.6 percent interest rates, respectively.
- Continued participation in Districts Mutual Insurance (DMI), the insurance company formed by the colleges in the Wisconsin Technical College System.
- Increased purchase card activity to over annual 4,500 transactions. As a result, the number of accounts payable checks being issued continues to decrease, saving time and money for the College and increasing vendor satisfaction with payment timing.
- Disbursed student financial aid totaling over \$2,165,000 in grants, \$2,597,000 in loans, and \$63,000 in college work study earnings.

Statement of Revenues, Expenses, and Changes in Net Assets

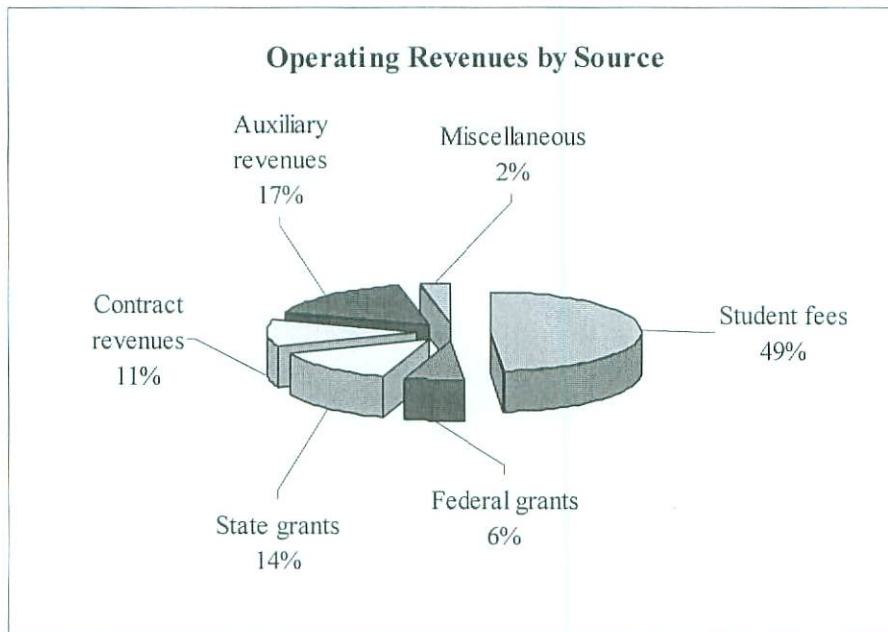
The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. In general, a public college such as SWTC will report an operating deficit or loss, as the financial reporting 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:

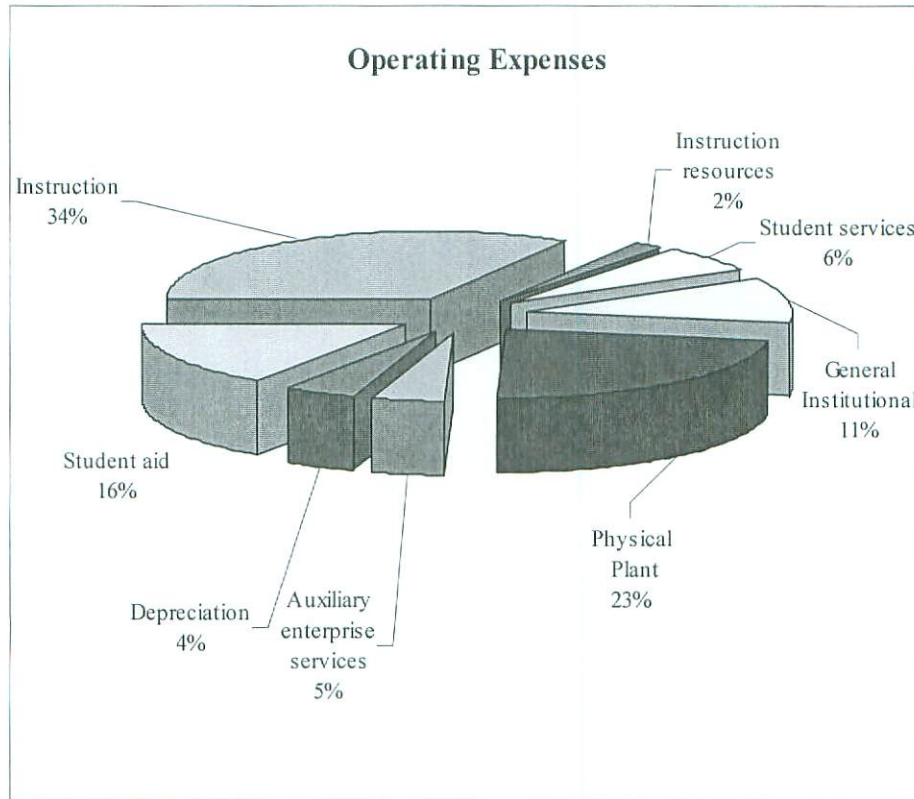
	2009	2008	Increase or (Decrease)	
			\$	%
Operating Revenue				
Student fees	\$ 4,075,594	\$ 4,188,094	\$ (112,500)	(2.7)
Federal grants	534,061	596,851	(62,790)	(10.5)
State grants	1,134,744	886,037	248,707	28.1
Contract revenues	934,707	813,004	121,703	15.0
Auxiliary revenues	1,428,473	1,695,450	(266,977)	(15.7)
Miscellaneous	269,305	174,990	94,315	53.9
Total Operating Revenues	8,376,884	8,354,426	22,458	0.3
Operating Expenses				
Instruction	10,305,073	12,536,143	(2,231,070)	(17.8)
Instructional resources	554,345	552,096	2,249	0.4
Student services	1,945,910	1,824,317	121,593	6.7
General Institutional	3,227,970	2,751,860	476,110	17.3
Physical Plant	7,101,587	2,902,382	4,199,205	144.7
Auxiliary enterprise services	1,428,250	1,662,205	(233,955)	(14.1)
Depreciation	1,345,919	1,419,041	(73,122)	(5.2)
Student aid	4,764,380	4,501,925	262,455	5.8
Total operating expenses	30,673,434	28,149,969	2,523,465	9.0
Non-operating revenues (expenses)				
	2009	2008	Increase or (Decrease)	
			\$	%
Property taxes	13,993,000	12,173,294	1,819,706	14.9
State Appropriations and Other Grants	8,441,399	8,287,866	153,533	1.9
Investment income	252,043	280,967	(28,924)	(10.3)
Interest expense	(462,564)	(249,950)	(212,614)	85.1
Total non-operating revenues	22,223,878	20,492,177	1,731,701	8.5
Increase/(decrease) in Net Assets	(72,672)	696,634	\$ (769,306)	
Net assets - beginning of year	11,672,609	10,975,975		
Net assets - end of year	\$ <u>11,599,937</u>	\$ <u>11,672,609</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 2009, the College generated approximately \$8.4 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 2008-09 due to an increase in tuition rates of approximately 4.5%. However a large number of courses were switched to contract revenue during the current year causing any increase in this category to be tempered. Total revenue from program, material, and other student fees exceeded \$4.1 million.
 - ✓ Nearly \$1.7 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 \$934 thousand for the year and represent revenue from instructional and technical assistance contracts with business and industry, local school districts, UW-Platteville 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 2009, operating expenses totaled more than \$30.6 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, 2009 were approximately \$22.2 million. The most significant components of net non-operating revenues include the following:
 - ✓ Property taxes levied by the College for the year were approximately \$14.0 million.
 - ✓ The increase in property tax revenue combined with an increase in state and federal appropriations resulted in the majority of the net increase in non-operating revenue.
- Net assets for 2009 decreased by \$72,672 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:

	2009	2008	Increase or (Decrease)	
			\$	%
ASSETS				
Cash and Cash equivalents	\$ 8,720,994	\$ 4,201,582	\$ 4,519,412	107.6
Net capital assets	16,915,049	13,148,116	3,766,933	28.6
Other assets	7,683,100	6,684,118	998,982	14.9
Total Assets	<u>33,319,143</u>	<u>24,033,816</u>	<u>9,285,327</u>	<u>38.6</u>
LIABILITIES				
Current Liabilities	6,668,300	5,105,783	1,562,517	30.6
Long-term Liabilities	15,050,906	7,255,424	7,795,482	107.4
Total Liabilities	<u>21,719,206</u>	<u>12,361,207</u>	<u>9,357,999</u>	<u>75.7</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,077,089	9,121,062	(43,973)	(0.5)
Restricted for debt service	468,561	124,825	343,736	275.4
Restricted for student financial aid	14,998	14,998	0	
Unrestricted	2,039,289	2,411,724	(372,435)	(15.4)
Total Net Assets	<u>\$ 11,599,937</u>	<u>\$ 11,672,609</u>	<u>\$ (72,672)</u>	<u>(0.6)</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, 2009 resulted in a net capital asset of \$16.9 million.
- The other assets category is primarily made up of various receivable balances, the largest being property taxes receivable of over \$5.2 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 \$2.3 million.
- Long-term liabilities of \$15.1 million represent the portion of long-term debt and post retirement benefits due after fiscal year 2009-10.

Capital Asset and Debt Administration

The College's investment in capital assets as of June 30, 2009 amounts to \$16,915,049 (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 22 & 23.

At the end of the current fiscal year, the College had total general obligation debt outstanding of \$12,410,000. 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 10-20 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 23-26.

Financial Position

Moody's Investors Service "A1" rating reflects the district's modest and growing tax base, sound financial operations supported by modest taxing margin under its operating levy cap, and average direct debt burden.

"...believes the district's financial operations will remain sound due to conservative financial management that has resulted in healthy reserve levels and additional revenue raising flexibility under the state imposed 1.5 operating mill rate cap.."

"... believes the district's relatively modest (relative to other technical college districts) tax base of \$7.3 billion to continue to experience the positive trends it has seen in the recent past."

"...believes the district's average direct debt burden of 0.2% of full valuation (2.3% overall) will remain elevated but manageable due to expected tax base growth and expected additional borrowing needs."

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 exceptional growth in FTE's of approximately 11.9% percent since 2005-06 (3 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:

- Historically below the state average in equalized valuation growth.
- Declining K-12 population equating to a smaller future customer base from high school graduates.
- Cost of 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.



Engelson & 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, 2009 and 2008 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, 2009 and 2008, 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 22, 2009 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 35 through 40 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 41 to 43 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 22, 2009

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2009 and 2008

Assets	2009	2008
Current assets		
Cash and cash equivalents	\$ 2,396,016	\$ 2,452,074
Taxes receivable	5,245,821	4,340,982
Accounts receivable	523,795	567,503
Student accounts receivable	944,239	898,771
Due from other governments	100,538	188,706
Inventory and prepaid expenses	868,707	688,156
Total current assets	10,079,116	9,136,192
Capital assets		
Cost of capital assets	31,958,629	27,227,299
Less: Accumulated depreciation	(15,043,580)	(14,079,183)
	16,915,049	13,148,116
Other Non-current assets		
Restricted cash and cash equivalents	6,324,978	1,749,508
Total Assets	\$ 33,319,143	\$ 24,033,816
Liabilities		
Current liabilities		
Accounts payable	\$ 2,052,022	\$ 824,550
Accrued salaries and related items	549,220	541,451
Accrued vacation	417,038	448,543
Deferred revenue	932,230	780,180
Accrued self-insurance	400,000	340,000
Accrued interest	43,382	15,474
Current portion of long-term obligations	2,274,408	2,155,585
Total current liabilities	6,668,300	5,105,783
Long-Term Obligations		
Accrued retiree health insurance premiums	4,670,906	3,945,424
General obligation notes payable and capital lease	10,380,000	3,310,000
Total long-term obligations	15,050,906	7,255,424
Total Liabilities	21,719,206	12,361,207
Net Assets		
Invested in capital assets, net of related debt	9,077,089	9,121,062
Restricted for:		
Debt service	468,561	124,825
Student financial assistance	14,998	14,998
Unrestricted	2,039,289	2,411,724
Total Net Assets	\$ 11,599,937	\$ 11,672,609

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 and 2008

	2009	2008
Operating revenues		
Student program fees, net of scholarship allowances of \$27,422	\$ 3,229,297	\$ 3,462,910
Student material fees, net of scholarship allowances of \$2,381	280,434	260,657
Other student fees, net of scholarship allowances of \$4,805	565,863	464,527
Federal grants	534,061	596,851
State grants	1,134,744	886,037
Business and industry contract revenue	858,864	620,318
School District contract revenue	75,843	192,686
Auxiliary enterprise revenues	1,428,473	1,695,450
Miscellaneous	269,305	174,990
Total operating revenues	8,376,884	8,354,426
Operating expenses		
Instructional	10,305,073	12,536,143
Instructional resources	554,345	552,096
Student services	1,945,910	1,824,317
General institutional	3,227,970	2,751,860
Physical Plant	7,101,587	2,902,382
Auxiliary enterprise services	1,428,250	1,662,205
Depreciation	1,345,919	1,419,041
Student aid	4,764,380	4,501,925
Total operating expenses	30,673,434	28,149,969
Operating loss	(22,296,550)	(19,795,543)
Non-operating revenues (expenses)		
Property taxes	13,993,000	12,173,294
Other grants	4,365,805	4,099,772
State appropriations	4,075,594	4,188,094
Investment income earned	252,043	280,967
Interest expense	(462,564)	(249,950)
Total non-operating revenues	22,223,878	20,492,177
Increase (decrease) in net assets	(72,672)	696,634
Net assets - beginning of the year	11,672,609	10,975,975
Net assets - end of year	\$ 11,599,937	\$ 11,672,609

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Tuition and fees received	\$ 4,030,126	\$ 4,153,968
Federal and state grants received	1,756,973	1,534,610
Business, industry and school contract revenues received	934,707	813,004
Payments to employees	(12,398,962)	(12,218,214)
Payments to suppliers	(14,877,397)	(14,745,384)
Auxiliary enterprise revenues received	1,428,473	1,695,450
Other receipts	269,305	174,990
Net cash used in operating activities	(18,856,775)	(18,591,576)
Cash flows from noncapital financing activities		
Local property taxes received	13,088,161	11,963,941
Federal and state appropriations received	8,441,399	8,287,866
Net cash provided by noncapital financing activities	21,529,560	20,251,807
Cash flows from capital and related financing activities		
Net purchases of capital assets	(5,112,852)	(2,621,562)
Proceeds from issuance of capital debt	10,000,000	1,800,000
Principal paid on capital debt	(2,830,000)	(2,205,000)
Interest paid on capital debt	(462,564)	(249,950)
Net cash used in capital and related financing activities	1,594,584	(3,276,512)
Cash flows from investing activities		
Investment income received	252,043	280,967
Net increase in cash and cash equivalents	4,519,412	(1,335,314)
Cash and cash equivalents at beginning of year	4,201,582	5,536,896
Cash and cash equivalents at end of year	\$ 8,720,994	\$ 4,201,582
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet.		
Current cash and cash equivalents	\$ 2,396,016	\$ 2,452,074
Restricted cash	6,324,978	1,749,508
	\$ 8,720,994	\$ 4,201,582

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENT OF CASH FLOWS-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2009 and 2008

	2009	2008
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (22,296,550)	\$ (19,795,543)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	1,345,919	1,419,041
Changes in assets and liabilities:		
Accounts receivable	43,708	121,577
Student accounts receivable	(45,468)	(34,126)
Accrued interest	27,908	(355)
Federal and state aid receivable	88,168	51,722
Inventories	33,502	5,804
Prepaid items	(214,053)	(177,857)
Accounts payable	1,227,472	(541,918)
Accrued payroll	7,769	(91,156)
Accrued vacation	(31,505)	24,816
Deferred program and material fees	152,050	(41,802)
Accrued self insurance	60,000	130,000
Accrued retiree health insurance	744,305	338,221
	\$ (18,856,775)	\$ (18,591,576)
Net cash used in operating activities	\$ (18,856,775)	\$ (18,591,576)

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 some 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, 2009

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, 2009

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.

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 1.4046 mills for 2008-2009 and a debt service mill rate of .4856.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, 2009

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 \$400,000 have been recorded as of June 30, 2009.

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 District receives and disburses cash and, as a result, must record all federal and state loan funds as federal and state grants, and the crediting of the funds to the student's account as student aid expense. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

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, 2009

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, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

S. Sales Taxes

The District reports revenue net of tax amounts collected from customers. Sales tax is collected on retail sales and remitted to government authorities.

T. Financial Instruments

The carrying values of cash, receivables, payables and accrued liabilities approximate fair value due to the short maturities of those instruments. The carrying value of long term debt approximates fair value because the rates approximate the District's incremental borrowing rates.

U. 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, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits

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

	<u>2009</u>	<u>2008</u>
Cash and deposits:		
Cash on hand	\$ 625	\$ 675
Deposit accounts	6,370,026	273,423
Total cash deposits	<u>6,370,651</u>	<u>274,098</u>
Investments:		
Wisconsin Local Government Investment Pool	<u>2,350,343</u>	<u>3,927,484</u>
Total investments	2,350,343	3,927,484
 Total cash and cash equivalents	 <u>\$ 8,720,994</u>	 <u>\$ 4,201,582</u>

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. At June 30, 2009, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above.

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,

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

reduced by any FDIC, State of Wisconsin Guarantee Fund insurance and income on the investments during the calendar quarter a loss occurs.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's carrying values for bank deposits were \$6,366,832 and \$271,386 at June 30, 2009 and 2008, respectively. The bank balances were \$6,793,106 and \$640,638, respectively. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$7,891,098 was secured by pledged securities. 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. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

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 or 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:

- 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.
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds or securities issued or guaranteed by the federal government.
- That state's local government pooled investment fund.
- Any security maturing in seven years or less with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts, if the portfolio is limited to obligations of the U.S. Treasury and U.S. Agencies.
- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- 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.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

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.

NOTE 3 – CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2009:

2009	Balance			Balance
	7/1/2008	Additions	Deletions	6/30/2009
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Land improvements	593,930	-	-	593,930
Buildings & improvements	11,907,553	4,606,898	-	16,514,451
Equipment	14,705,816	513,195	388,763	14,830,248
	<hr/>			<hr/>
Total cost of capital assets	27,227,299	5,120,093	388,763	31,958,629
Less accumulated depreciation for:				
Land improvements	289,567	24,866	-	314,433
Buildings & improvements	3,651,182	313,604	-	3,964,786
Equipment	10,138,434	1,007,449	381,522	10,764,361
	<hr/>			<hr/>
Total accumulated depreciation	14,079,183	1,345,919	381,522	15,043,580
Net capital assets	13,148,116			16,915,049
Less:				
General obligation debt	(5,240,000)			(12,410,000)
Plus:				
Capital project funds borrowed but not spent	1,212,946			4,572,040
Total invested in capital assets, net of related debt	<u>\$ 9,121,062</u>			<u>\$ 9,077,089</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 – CAPITAL ASSETS, CONTINUED

Capital asset activity was as follows for the year ended June 30, 2008:

2008	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Land improvements	593,930	-	-	593,930
Buildings & improvements	10,533,221	1,374,332	-	11,907,553
Equipment	13,734,758	1,254,436	283,378	14,705,816
	<hr/>			
Total cost of capital assets	24,881,909	2,628,768	283,378	27,227,299
Less accumulated depreciation for:				
Land improvements	264,657	24,910	-	289,567
Buildings & improvements	3,397,391	253,791	-	3,651,182
Equipment	9,274,266	1,140,340	276,172	10,138,434
	<hr/>			
Total accumulated depreciation	12,936,314	1,419,041	276,172	14,079,183
Net capital assets	<u>\$ 11,945,595</u>			<u>\$ 13,148,116</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, 2009 and 2008 are as follows:

	Balance 7/1/2008	Additions	Payments	Balance 6/30/2009	Due Within One Year
Notes payable	\$ 5,240,000	\$ 10,000,000	\$ 2,830,000	\$ 12,410,000	\$ 2,030,000
Retiree health insurance	4,171,009	970,163	225,858	4,915,314	244,408
	<hr/>				
Totals	<u>\$ 9,411,009</u>	<u>\$ 10,970,163</u>	<u>\$ 3,055,858</u>	<u>\$ 17,325,314</u>	<u>\$ 2,274,408</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 - GENERAL OBLIGATION DEBT, CONTINUED

	Balance			Balance	Due Within
	7/1/2007	Additions	Payments	6/30/2008	One Year
Notes payable	\$ 5,645,000	\$ 1,800,000	\$ 2,205,000	\$ 5,240,000	\$ 1,930,000
Retiree health insurance	3,832,788	496,805	158,584	4,171,009	225,858
Totals	<u>\$ 9,477,788</u>	<u>\$ 2,296,805</u>	<u>\$ 2,363,584</u>	<u>\$ 9,411,009</u>	<u>\$ 2,155,858</u>

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, 2009 consists of the following:

	Year	Principal	Interest	Total
\$3,750,000 general obligation promissory note issued to UBS Painewebber, Inc. October 15, 2002 to finance remodeling. Annual principal payments of \$200,000 through June 1, 2012, plus semi-annual interest at 2.5 - 3.5%, due 6/1 and 12/1.	2009-10	200,000	20,250	220,250
	2010-11	200,000	14,000	214,000
	2011-12	200,000	7,000	207,000
		<u>600,000</u>	<u>41,250</u>	<u>641,250</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 August 1, 2008, annual principal payments of \$100,000 through August 1, 2013, plus semi-annual interest at 2.0 - 3.0% due 6/1 and 12/1.	2009-10	100,000	12,000	112,000
	2010-11	100,000	9,000	109,000
	2011-12	100,000	6,000	106,000
	2012-13	100,000	3,000	103,000
	<u>400,000</u>	<u>30,000</u>	<u>430,000</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.	2009-10	425,000	14,875	439,875
		<u>425,000</u>	<u>14,875</u>	<u>439,875</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 - GENERAL OBLIGATION DEBT, CONTINUED

<p>\$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.</p>				
	2009-10	380,000	32,300	412,300
	2010-11	380,000	16,150	396,150
		760,000	48,450	808,450
<p>\$1,800,000 general obligation promissory note issued to Bankers Bank of Madison, WI, August 1, 2007 to finance facility improvements, remodeling, and equipment purchases. Annual principal payments of \$375,000 through June 1, 2012, plus semi-annual interest at 4.0% due 6/1 and 12/1.</p>				
	2009-10	375,000	45,000	420,000
	2010-11	375,000	30,000	405,000
	2011-12	375,000	15,000	390,000
		1,125,000	90,000	1,215,000
<p>\$2,000,000 general obligation promissory note issued to Robert W. Baird of Milwaukee, WI, October 15, 2008 to finance facility improvements, remodeling, and equipment purchases. Annual principal payments of \$400,000 through June 1, 2013, plus semi-annual interest at 3.25% - 3.75% due 6/1 and 12/1.</p>				
	2009-10	400,000	56,500	456,500
	2010-11	400,000	43,500	443,500
	2011-12	400,000	29,500	429,500
	2012-13	400,000	15,000	415,000
		1,600,000	144,500	1,744,500
<p>\$8,000,000 general obligation school improvement bonds issued to Sterne, Agee & Leach, Inc. of Birmingham, AL, October 15, 2008 to finance new construction and remodeling. Annual principal payments of \$150,000 - \$585,000 through June 1, 2028, plus semi-annual interest at 4.00% - 4.75% due 6/1 and 12/1.</p>				
	2009-10	150,000	339,656	489,656
	2010-11	270,000	332,719	602,719
	2011-12	285,000	320,231	605,231
	2012-13	295,000	306,694	601,694
	Thereafter	6,500,000	2,582,694	9,082,694
		7,500,000	3,881,994	11,381,994
TOTALS		\$ 12,410,000	\$ 4,251,069	\$ 16,661,069

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 4 - GENERAL OBLIGATION DEBT, CONTINUED

Future debt service requirements as of June 30, 2009 are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2010	2,030,000	520,581	2,550,581
2011	1,725,000	445,369	2,170,369
2012	1,360,000	377,731	1,737,731
2013	795,000	324,694	1,119,694
2014	310,000	292,681	602,681
Thereafter	6,190,000	2,290,013	8,480,013
TOTALS	<u>\$ 12,410,000</u>	<u>\$ 4,251,069</u>	<u>\$ 16,661,069</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, 2009 were as follows:

	Balance 7/1/2008	Additions	Payments	Balance 6/30/2009
Promissory notes, bonds and capital lease	<u>\$ 5,240,000</u>	<u>\$ 10,000,000</u>	<u>\$ 2,830,000</u>	<u>\$ 12,410,000</u>

The Wisconsin State Statutes Chapter 67.03(1) limits general obligation debt of the District to 5% of the equalized value of the taxable property located in the district, as last determined by the Wisconsin Department of Revenue. Chapter 67.03(9) limits bonded indebtedness of the district to 2% of the equalized valuation of the taxable property, including tax incremental districts. The legal debt limit and the margin of indebtedness as of June 30, 2009 is as follows:

	<u>Bonds</u>	<u>Aggregate</u>
Debt limit (2% for bonds; 5% for aggregate)	\$ 149,351,889	\$ 373,379,721
Debt outstanding at June 30, 2009, net of resources available to fund principal and interest payments	<u>7,500,000</u>	<u>11,941,439</u>
Legal debt margin	<u>\$ 141,851,889</u>	<u>\$ 361,438,282</u>
Debt outstanding as a percent of legal debt limitation		3.30%
Debt outstanding as a percent of equalized value		0.16%

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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, 2009 and 2008 respectively was \$11,655,461 and \$10,425,211; the employer's total payroll was \$12,388,735 and \$12,518,214. The total required contributions for the year ended June 30, 2009 and 2008 respectively were \$1,232,937 and \$1,084,222, which was 10.6% and 10.4% of payroll, all from the employer. Total contributions for the years ending June 30, 2007 and 2006 were \$1,120,615 and \$1,015,989, 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 - POST RETIREMENT BENEFITS

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

For employees, any academic staff, administrative staff, or support staff with less than 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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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, 2009 and 2008 respectively was \$11,655,461 and \$10,425,211; the employer's total payroll was \$12,388,735 and \$12,518,214. The total required contributions for the year ended June 30, 2009 and 2008 respectively were \$1,232,937 and \$1,084,222, which was 10.6% and 10.4% of payroll, all from the employer. Total contributions for the years ending June 30, 2007 and 2006 were \$1,120,615 and \$1,015,989, 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 - POST RETIREMENT BENEFITS

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

For employees, any academic, administrative, 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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

At time of separation, support staff with thirteen or more years of service to the District will have one years worth of health insurance premiums banked to pay future post separation premiums. Those with fifteen or more years of service to the District will have two years worth of health insurance premiums banked to pay future post separation premiums. Those with seventeen or more years of service will have three years worth of health insurance premiums banked to pay future separation premiums.

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

These benefits are financed on a pay-as-you-go basis. In the current year, the District paid \$171,713 of health insurance for 36 former employees.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS

The District’s annual other post-employment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District’s cost for the year, the amount actually contributed to the plan, and changes in the District’s OPEB obligation:

Annual required contribution	\$ 762,039
Interest on net OPEB	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>762,039</u>
Contributions made	<u>580,088</u>
Change in net OPEB obligation	181,951
OPEB obligation - July 1, 2008	-
OPEB obligation - June 30, 2009	<u><u>\$ 181,951</u></u>

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Valuation date	June 30, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level
Remaining amortization period	29 years
Actuarial assumptions:	
Investment rate of return	4.00%
Healthcare cost trend rate (medical)	10.0% (initial) 5.0% (ultimate)
Healthcare cost trend rate (dental)	5.0% (initial) 5.0% (ultimate)
Projected salary increase	5%

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 762,039	76.10%	\$ 181,951

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care costs trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. 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.

The District leases several copy machines. The minimum lease payments for the five years subsequent to June 30, 2009 are as follows:

2010	\$ 85,113
2011	70,928
2012	-

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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, 2009 are as follows:

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, 2009 totaled \$19,334,831. The District was committed to six capital projects at June 30, 2009 totaling \$20,704,883.

NOTE 9 –SUBSEQUENT EVENTS

In July 2009, the Board of Directors authorized the issuance of \$23,900,000 in general obligation school improvement bonds for the purpose of acquiring and purchasing sites, constructing new buildings, remodeling and improving existing buildings, and acquiring furnishings, fixtures, and equipment.

In July 2009, the Board of Directors also authorized the issuance of \$2,000,000 in general obligation promissory notes; \$620,000 for building remodeling and improvement, and \$1,380,000 for moveable equipment.

NOTE 10 - 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, 2009 and 2008 was \$2,101 and \$1,711, 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, 2009 and 2008 was \$7,887 and \$8,992, respectively.

NOTE 11 - 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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10 - RISK MANAGEMENT, CONTINUED

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.

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 2009 totaled \$1,418,248 of which the District's portion was \$25,163. For the year ended June 30, 2009, the District paid a premium of \$147,302. 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., 212 W. Pinehurst Trail, Dakota Dunes, SD 57049.

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 12 – 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).

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN
JUNE 30, 2009**

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	Funded Ratio (1) / (2)
2008	\$ -	\$ 7,833,265	\$ 7,833,265	0.00%
2009	\$ -	\$ 7,875,549	\$ 7,875,549	0.00%

See Notes to Required Supplementary Information

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN
JUNE 30, 2009**

<u>Year Ended June 30,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2009	\$ 580,088	\$ 762,039	76.12%

See Notes to Required Supplementary Information

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009**

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45

The District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" for the fiscal year ended June 30, 2009. Information for prior years is not available.

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, 2009

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Local government	\$ 10,289,000	\$ 10,389,000	\$ 10,367,000	\$ -	\$ 10,367,000	\$ (22,000)
Intergovernmental revenue						
State	4,345,000	4,745,000	4,739,665	-	4,739,665	(5,335)
Federal	797,000	547,000	534,061	-	534,061	(12,939)
Tuition and fees						
Statutory program fees	3,709,000	3,209,000	3,229,297	-	3,229,297	20,297
Materials fees	305,000	305,000	280,434	-	280,434	(24,566)
Other student fees	232,000	432,000	434,051	-	434,051	2,051
Institutional	920,000	1,120,000	1,105,309	-	1,105,309	(14,691)
Total revenues	20,597,000	20,747,000	20,689,817	-	20,689,817	(57,183)
Expenditures						
Instruction	14,204,000	14,204,000	14,027,683	(3,140)	14,024,543	179,457
Instructional resources	530,000	530,000	509,822		509,822	20,178
Student services	1,619,000	1,619,000	1,616,003		1,616,003	2,997
General institutional	2,800,000	2,850,000	2,853,198	(5,577)	2,847,621	2,379
Physical plant	1,644,000	1,594,000	1,341,595	4,946	1,346,541	247,459
Total expenditures	20,797,000	20,797,000	20,348,301	(3,771)	20,344,530	452,470
Excess of revenues over expenditures	(200,000)	(50,000)	341,516	3,771	345,287	395,287
Other financing sources (uses)						
Operating transfers in	200,000	50,000	18,106	-	18,106	(31,894)
Operating transfers out	-	-	-	-	-	-
	<u>200,000</u>	<u>50,000</u>	<u>18,106</u>	<u>-</u>	<u>18,106</u>	<u>(31,894)</u>
Excess of revenues and other financing sources over expenditures and other uses	-	-	359,622	3,771	363,393	363,393
Fund balance at July 1, 2008	3,705,133	3,705,133	3,519,354	(17,434)	3,501,920	(203,213)
Fund balance at June 30, 2009	\$ 3,705,133	\$ 3,705,133	\$ 3,878,976	\$ (13,663)	\$ 3,865,313	\$ 160,180

**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, 2009**

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
State aids	\$ 611,000	\$ 611,000	\$ 461,794	\$ -	\$ 461,794	\$ (149,206)
Other student fees	142,000	142,000	131,812	-	131,812	(10,188)
Institutional	104,000	104,000	107,768	-	107,768	3,768
Federal	5,263,000	5,263,000	4,365,805	-	4,365,805	(897,195)
Total revenues	6,120,000	6,120,000	5,067,179	-	5,067,179	(1,052,821)
Expenditures						
Student services	6,120,000	6,120,000	5,094,287	-	5,094,287	1,025,713
Total expenditures	6,120,000	6,120,000	5,094,287	-	5,094,287	1,025,713
Excess of revenues over expenditures	-	-	(27,108)	-	(27,108)	(27,108)
Other financing sources (uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	-	-	(27,108)	-	(27,108)	(27,108)
Fund balance at July 1, 2008	185,391	185,391	199,337	-	199,337	13,946
Fund balance at June 30, 2009	\$ 185,391	\$ 185,391	\$ 172,229	\$ -	\$ 172,229	\$ (13,162)

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, 2009

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Intergovernmental revenue						
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Institutional	100,000	200,000	193,342	-	193,342	(6,658)
Total revenues	100,000	200,000	193,342	-	193,342	(6,658)
Expenditures						
Instruction	800,000	600,000	664,763	(67,357)	597,406	2,594
Instructional resources	75,000	75,000	44,523	(6,756)	37,767	37,233
General institutional	350,000	400,000	374,772	-	374,772	25,228
Physical plant	8,875,000	24,825,000	5,732,084	19,050,102	24,782,186	42,814
Total expenditures	10,100,000	25,900,000	6,816,142	18,975,989	25,792,131	107,869
Excess of revenues over expenditures	(10,000,000)	(25,700,000)	(6,622,800)	(18,975,989)	(25,598,789)	101,211
Other financing sources (uses)						
Operating transfers in	-	-		-	-	-
Operating transfers out	-	(50,000)	(18,106)	-	(18,106)	31,894
Proceeds from general obligations	10,000,000	10,000,000	10,000,000	-	10,000,000	-
	10,000,000	9,950,000	9,981,894	-	9,981,894	31,894
Excess of revenues and other financing sources over expenditures and other uses	-	(15,750,000)	3,359,094	(18,975,989)	(15,616,895)	133,105
Fund balance at July 1, 2008	1,017,542	1,017,542	1,212,946	(346,178)	866,768	(150,774)
Fund balance at June 30, 2009	<u>\$ 1,017,542</u>	<u>\$ (14,732,458)</u>	<u>\$ 4,572,040</u>	<u>\$ (19,322,167)</u>	<u>\$ (14,750,127)</u>	<u>\$ (17,669)</u>

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, 2009

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Local government	\$3,626,000	\$3,626,000	\$3,626,000	\$ -	\$3,626,000	\$ -
Intergovernmental revenue						
State	8,000	8,000	8,879	-	8,879	879
Federal	-	-	-	-	-	-
Institutional	2,000	2,000	1,421	-	1,421	(579)
Total revenues	3,636,000	3,636,000	3,636,300	-	3,636,300	300
Expenditures						
Physical plant	3,636,000	3,636,000	3,292,564	-	3,292,564	343,436
Total expenditures	3,636,000	3,636,000	3,292,564	-	3,292,564	343,436
Excess of revenues over expenditures	-	-	343,736	-	343,736	343,736
Other financing sources (uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Excess of revenues and other financing sources over expenditures and other uses	-	-	343,736	-	343,736	343,736
Fund balance at July 1, 2008	124,979	124,979	124,825	-	124,825	(154)
Fund balance at June 30, 2009	<u>\$ 124,979</u>	<u>\$ 124,979</u>	<u>\$ 468,561</u>	<u>\$ -</u>	<u>\$ 468,561</u>	<u>\$ 343,582</u>

**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, 2009**

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Institutional	\$ 1,747,000	\$ 1,747,000	\$ 1,476,688	\$ -	\$ 1,476,688	\$ (270,312)
Total revenues	1,747,000	1,747,000	1,476,688	-	1,476,688	(270,312)
Expenditures						
Auxiliary services	1,587,000	1,587,000	1,316,628	-	1,316,628	270,372
Total expenditures	1,587,000	1,587,000	1,316,628	-	1,316,628	270,372
Excess of revenues over expenditures	160,000	160,000	160,060	-	160,060	60
Other financing sources (uses)						
Operating transfers out	(200,000)	(200,000)	-	-	-	200,000
	(200,000)	(200,000)	-	-	-	200,000
Excess of revenues and other financing sources over expenditures and other uses	(40,000)	(40,000)	160,060	-	160,060	200,060
Fund balance at July 1, 2008	2,036,173	2,036,173	2,196,868	-	2,196,868	160,695
Fund balance at June 30, 2009	\$ 1,996,173	\$ 1,996,173	\$ 2,356,928	\$ -	\$ 2,356,928	\$ 360,755

**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, 2009**

	Original Budget	Amended Budget	Actual	Adjustment to budgetary Basis	Actual on a budgetary Basis	Variance
Revenues						
Institutional	\$3,400,000	\$3,500,000	\$3,339,523	\$ -	\$3,339,523	\$ (160,477)
Total revenues	3,400,000	3,500,000	3,339,523	-	3,339,523	(160,477)
Expenditures						
Auxiliary services	3,400,000	3,500,000	3,451,145	-	3,451,145	48,855
Total expenditures	3,400,000	3,500,000	3,451,145	-	3,451,145	48,855
Excess of revenues over expenditures	-	-	(111,622)	-	(111,622)	(111,622)
Fund balance at July 1, 2008	602,640	602,640	513,681	-	513,681	(88,959)
Fund balance at June 30, 2009	\$ 602,640	\$ 602,640	\$ 402,059	\$ -	\$ 402,059	\$ (200,581)

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, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Enterprise Funds
Revenues					
Local government	\$ 10,367,000	\$ -	\$ -	\$ 3,626,000	\$ -
Intergovernmental revenue					
State	4,739,665	-	-	8,879	-
Federal	534,061	-	-	-	-
Tuition and fees					
Program fees	3,229,297	-	-	-	-
Materials fees	280,434	-	-	-	-
Other student fees	434,051	-	-	-	-
Institutional	1,105,309	-	193,342	1,421	1,476,688
Total revenues	20,689,817	-	193,342	3,636,300	1,476,688
Expenditures					
Instruction	14,024,543	-	597,406	-	-
Instructional resources	509,822	-	37,767	-	-
Student services	1,616,003	-	-	-	-
General institutional	2,847,621	-	374,772	-	-
Physical plant	1,346,541	-	24,782,186	3,292,564	-
Auxiliary services	-	-	-	-	1,316,628
Depreciation	-	-	-	-	-
Student aid	-	-	-	-	-
Total expenditures	20,344,530	-	25,792,131	3,292,564	1,316,628
Excess of revenues over expenditures	345,287	-	(25,598,789)	343,736	160,060
Other financing sources (uses)					
Operating transfers in	18,106	-	-	-	-
Operating transfers out	-	-	(18,106)	-	-
Proceeds from promissory notes	-	-	10,000,000	-	-
	18,106	-	9,981,894	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	363,393	-	(15,616,895)	343,736	160,060
Fund balance at July 1, 2008	3,501,920	-	866,768	124,825	2,196,868
Fund balance at June 30, 2009	\$ 3,865,313	\$ -	\$ (14,750,127)	\$ 468,561	\$ 2,356,928

Internal Service Funds	Fiduciary Funds	Total	Reconciling items	Statement of revenues expenses and changes in net assets	
\$ -	\$ -	\$ 13,993,000	\$ -	\$ 13,993,000	
-	461,794	5,210,338	-	5,210,338	(1)
-	4,365,805	4,899,866	-	4,899,866	(2)
-	-	3,229,297	-	3,229,297	
-	-	280,434	-	280,434	
-	131,812	565,863	-	565,863	
3,339,523	107,768	6,224,051	(3,339,523)	2,884,528	(3)
3,339,523	5,067,179	34,402,849	(3,339,523)	31,063,326	
-	-	14,621,949	(4,316,876)	10,305,073	
-	-	547,589	6,756	554,345	
-	5,094,287	6,710,290	(4,764,380)	1,945,910	
-	-	3,222,393	5,577	3,227,970	
-	-	29,421,291	(21,857,140)	7,564,151	(4)
3,451,145	-	4,767,773	(3,339,523)	1,428,250	
-	-	-	1,345,919	1,345,919	
-	-	-	4,764,380	4,764,380	
3,451,145	5,094,287	59,291,285	(28,155,287)	31,135,998	
(111,622)	(27,108)	(24,888,436)	24,815,764	(72,672)	
-	-	18,106	-	18,106	
-	-	(18,106)	-	(18,106)	
-	-	10,000,000	(10,000,000)	-	
-	-	10,000,000	(10,000,000)	-	
(111,622)	(27,108)	(14,888,436)	14,815,764	(72,672)	
513,681	199,337	7,403,399	4,269,210	11,672,609	
\$ 402,059	\$ 172,229	\$ (7,485,037)	\$ 19,084,974	\$ 11,599,937	(5)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE TO RECONCILE BUDGET BASIS FINANCIAL STATEMENTS
TO BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009**

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

Operating	\$ 1,134,744
Non-operating	4,075,594
	<u>\$ 5,210,338</u>

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

Operating	\$ 534,061
Non-operating	4,365,805
	<u>\$ 4,899,866</u>

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

Business and industry contract revenue	\$ 858,864
School district contract revenue	75,843
Miscellaneous revenue	269,305
Enterprise fund revenue	1,428,473
Investment income earned	252,043
	<u>\$ 2,884,528</u>

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

Physical Plant	\$ 7,101,587
Interest expense	462,564
	<u>\$ 7,564,151</u>

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

Budgetary basis fund balance	\$ (7,485,037)
General fixed assets capitalized - cost	31,752,953
Accumulated depreciation on general fixed assets	(14,879,522)
General obligation bonds payable	(12,410,000)
Long-term portion of retiree health insurance	(4,670,906)
Accrued interest on Long-term Debt	(43,382)
Encumbrances outstanding at year-end	19,335,831
	<u>19,084,974</u>
Net assets per basic financial statements	<u>\$ 11,599,937</u>

FEDERAL AND STATE SINGLE AUDIT REPORTS

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

<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, 2008</u>
U.S. Department of Education				
Direct Programs:				
Pell Grant	84.063	-	\$ -	\$ -
Federal Student Stafford Loans	84.032	-	-	-
Federal Student Plus Loans	84.032	-	-	-
Supplemental Education Opportunity Grant	84.007	-	-	-
Academic Competitiveness Grant	84.375	-	-	-
College Work Study	84.033	-	-	-
Total SFA Cluster			-	-
U.S. Department of Agriculture				
Direct Programs:				
Crop Insurance/Risk Management	10.450	03-209-000-009	88,347	-
Total Direct Programs			88,347	-
U.S. Department of Education				
Pass-through Programs from:				
Wisconsin Technical College Systems Board				
Adult Education Act				
ABE-Community Connection	84.002	03-114-146-119	24,861	9,268
Forward to civic literacy	84.002	03-111-146-169	23,200	4,116
Adult basic education - disadvantaged	84.002	03-110-146-129	105,000	27,063
TOTAL 84.002			153,061	40,447
Wisconsin Technical College Systems Board				
Continuous Program Improvement Project	84.048	03-193-150-259	37,014	14,843
NTO Connections	84.048	03-194-150-269	9,254	16,487
Exploring Careers through Next Step	84.048	03-196-150-219	63,589	6,404
Special population services	84.048	03-198-150-239	138,807	139
TOTAL 84.048			248,664	37,873
Wisconsin Technical College Systems Board				
Technical Preparation Grant	84.243	03-106-150-409	114,528	35,482
Total Pass-through Programs			516,253	113,802
			\$ 604,600	\$ 113,802

Total Federal Expenditures as stated above
Add alternative loans
Difference in prior year/current year accrued receivables

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, 2009</u>	
\$ 1,651,693	\$ -	\$ 1,651,693	\$ 1,651,693	\$ -	
2,585,958	-	2,585,958	2,585,958	-	
11,299	-	11,299	11,299	-	
34,609	-	34,609	34,609	-	
17,175	-	17,175	17,175	-	
63,221	-	63,221	63,221	-	
4,363,955	-	4,363,955	4,363,955	-	
29,957	58,390	88,347	88,347	-	
4,393,912	58,390	4,452,302	4,452,302	-	
24,387	16,036	40,897	40,897	9,742	
15,118	250	23,450	23,450	12,198	
82,473	133,900	238,900	238,900	49,590	
121,978	150,186	303,247	303,247	71,530	
27,464	1,512	38,526	38,526	24,393	
22,417	104	9,358	9,358	3,324	
20,148	-	51,440	51,440	37,696	
61,432	180,100	318,907	318,907	77,514	
131,461	181,716	418,231	418,231	142,927	
89,357	2,144	116,672	116,672	60,653	
342,796	334,046	838,150	838,150	275,110	
\$ 4,736,708	\$ 392,436	\$ 5,290,452	\$ 5,290,452	\$ 275,110	
\$ 4,736,708					
1,850					
161,308					
\$ 4,899,866					

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2009**

<u>State Grant/Program Title</u>	<u>State Catlog Number</u>	<u>State Grant Award</u>	<u>Accrued Receivable July 1, 2008</u>
Wisconsin Technical College Systems Board			
Vocation Education Instructor Competency Program	292.104	\$ -	\$ 284
State Aids for technical colleges	292.105	4,012,083	-
Project Pivot	292.106	32,400	7,138
Minority Services	292.109	9,000	5,370
Incentive grants:			
Adult Literacy - Certified Nursing Assistant	292.112	33,750	-
Adult Literacy - Grant County Family Ctrs	292.112	-	12,823
Adult Education & Family Resource Center	292.112	34,067	17,795
Adult Education: Linking Students	292.112	35,600	5,826
Barber/Cosmotology	292.112	-	46,001
Midwifery Program	292.112	77,216	78,795
Advanced Mfg Network	292.112	72,026	5,651
Graphic and Web Design	292.112	103,220	-
Total 292.112		355,879	166,891
Transition Services	292.115	23,875	13,352
Land's End Workforce Advancement Training	292.116	3,551	-
Universal Silencer Workforce Advancement Training	292.116	4,088	-
Richland Hospital, Inc. Workforce Advancement Training	292.116	4,075	-
Cabela's Workforce Advancement Training	292.116	4,384	-
Lean Mfg/Safety Quantum Workforce Advancement Train	292.116	6,292	-
Maintenance Workforce Advancement Training	292.116	15,014	-
Lori Knapp Workforce Advancement Training	292.116	1,184	-
Lean Manufactruing Workforce Advancement Training	292.112	15,313	-
Leadership Workforce Advancement Training	292.113	7,778	-
Lean Mfg - Cabelas Workforce Advancement Training	292.114	12,344	-
Prairie du Chien Hospital Workforce Advancement Train.	292.115	11,364	-
Lori Knapp Workforce Advancement Training	292.116	-	6,243
MSC Workforce Advancement Training	292.116	-	10,648
Cummins Emmission Workforce Advancement Training	292.116	-	3,449
Lean Manufacturing Workforce Advancement Training	292.116	-	2,185
Lactalis Workforce Advancement Training	292.116	-	6,767
3M Workforce Advancement Training	292.116	-	13,656
Sielaff Corporation Workforce Advancement Training	292.116	-	6,025
Total 292.116		85,387	48,973
Faculty Development Grant	292.123	39,690	15,939

<u>Revenues</u>					<u>Accrued</u>
<u>Grantor</u>	<u>Local</u>		<u>Expenditures</u>		<u>Receivable</u>
<u>Reimbursement</u>	<u>Share</u>	<u>Totals</u>			<u>July 1, 2009</u>
\$ 284	\$ -	\$ -	\$ -	\$ -	\$ -
4,012,083	-	4,012,083	4,012,083	-	-
25,766	3,662	36,062	36,062	36,062	13,772
9,820	3,103	12,103	12,103	12,103	4,550
16,454	16,045	49,795	49,795	49,795	17,296
12,823	-	-	-	-	-
39,056	12,076	46,143	46,143	46,143	12,806
38,969	-	35,600	35,600	35,600	2,457
46,001	-	-	-	-	-
118,872	49,090	122,725	122,725	122,725	33,558
5,761	14,581	58,325	58,325	58,325	43,634
82,618	45,452	148,672	148,672	148,672	20,602
<u>360,554</u>	<u>137,244</u>	<u>461,260</u>	<u>461,260</u>		<u>130,353</u>
22,498	7,645	30,578	30,578	30,578	13,787
-	118	471	471	471	353
-	22	89	89	89	67
-	218	873	873	873	655
2,179	1,712	6,096	6,096	6,096	2,205
4,581	2,087	8,349	8,349	8,349	1,681
582	4,755	19,021	19,021	19,021	13,684
-	372	1,489	1,489	1,489	1,117
13,862	4,806	19,225	19,225	19,225	557
746	4,509	12,286	12,286	12,286	7,031
-	59	236	236	236	177
-	60	239	239	239	179
6,243	-	-	-	-	-
10,648	-	-	-	-	-
3,449	-	-	-	-	-
2,185	-	-	-	-	-
6,767	-	-	-	-	-
13,656	-	-	-	-	-
6,025	-	-	-	-	-
<u>70,923</u>	<u>18,718</u>	<u>68,374</u>	<u>68,374</u>		<u>27,706</u>
42,581	45,057	84,747	84,747	84,747	13,048

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009**

<u>State Grant/Program Title</u>	<u>State Catlog Number</u>	<u>State Grant Award</u>	<u>Accrued Receivable July 1, 2008</u>
Wisconsin Technical College Systems Board, continued			
Nursing Expanded Program	292.161	\$ 185,733	\$ 117,707
Technology Healthcare - AIT	292.161	-	8,845
Total 292.161		185,733	126,552
Total Wisconsin Technical College System Board		4,744,047	384,499
Department of Transportation			
Motorcycle Safety	20.395(4)(aq)	2,576	2,576
Department of Justice			
Executive Survival-Policing in the 21st Century]	455-231	-	15,558
Criminal Justice Training	455-231	6,000	-
Mental Health Concerns	455-231	1,672	1,723
		7,672	17,281
Wisconsin Higher Education Board			
HEAB - Remission of Fees for Veterans and Dependents	235.105	\$ 24,600	\$ 19,000
HEAB - Academic Excellence Scholarship	235.109	-	-
HEAB - WHEG	235.102	410,769	-
HEAB - Audio/Visual Disability Grant	235.116	3,600	-
HEAB - Minority Undergraduate Retention	235.107	590	-
HEAB - Nursing	235.117	12,135	-
HEAB - Talent Incentive Grant	235.114	34,700	-
Total HEAB		486,394	19,000
 TOTAL STATE FINANCIAL ASSISTANCE		 <u>\$ 5,240,689</u>	 <u>\$ 423,356</u>

Total state revenue as stated above
Add Drivers Education - Local Assistance
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, 2009</u>
\$ 282,571	\$ 63,829	\$ 249,562	\$ 249,562	\$ 20,869	
8,845	-	-	-	-	
<u>291,416</u>	<u>63,829</u>	<u>249,562</u>	<u>249,562</u>	<u>20,869</u>	
<u>4,835,925</u>	<u>279,258</u>	<u>4,954,769</u>	<u>4,954,769</u>	<u>224,085</u>	
2,576	41,021	41,021	41,021	-	
15,558	-	-	-	-	
6,000	134	6,134	6,134	-	
<u>3,395</u>	<u>-</u>	<u>1,672</u>	<u>1,672</u>	<u>-</u>	
<u>24,953</u>	<u>134</u>	<u>7,806</u>	<u>7,806</u>	<u>-</u>	
\$ 19,000	\$ -	\$ 24,600	\$ 24,600	\$ 24,600	
-	-	-	-	-	
410,769	-	410,769	410,769	-	
3,600	-	3,600	3,600	-	
590	-	590	590	-	
12,135	-	12,135	12,135	-	
<u>34,700</u>	<u>-</u>	<u>34,700</u>	<u>34,700</u>	<u>-</u>	
<u>480,794</u>	<u>-</u>	<u>486,394</u>	<u>486,394</u>	<u>24,600</u>	
<u>\$ 5,344,248</u>	<u>\$ 320,413</u>	<u>\$ 5,489,990</u>	<u>\$ 5,489,990</u>	<u>\$ 248,685</u>	
\$ 5,344,248					
6,198					
34,563					
<u>(174,671)</u>					
<u>\$ 5,210,338</u>					

**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, 2009**

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>
Family Resource Center of Iowa County	Adult Literacy-Grant County Family Centers	292.112	\$ 7,148
Grant County Family Connection	Adult Education and Family Resource Center	292.112	\$ 4,971



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, 2009, and have issued our report thereon dated December 15, 2009. 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 22, 2009



Engelson & 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, 2009. 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, 2009.

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.

Engelson and Associates, Ltd.

La Crosse, Wisconsin
December 22, 2009

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

A. Summary of Audit Results

Financial statements

Type of auditors report issued:	Unqualified
Internal control over financial reporting	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None Reported
Noncompliance material to basic financial statements noted?	No

Federal awards

• Internal control over major issues:	
• Material weakness(es) identified:?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None Reported
• Type of auditors' report issued on compliance for major programs?	Unqualified
• Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .51(a)?	No

The programs tested as major programs include:

	<u>CFDA#</u>	<u>Amount</u>
Federal:		
Pell Grant	84.063	\$ 1,651,693
Federal Direct Student Loans	84.032	2,585,960
Federal Direct Student Plus Loans	84.032	11,299
Supplemental Education Opportunity Grant	84.007	34,609
Academic Competitiveness Grant	84.375	17,175
College Work Study	84.033	<u>105,757</u>
Total Student Financial Aid cluster		4,406,493

• Dollar threshold used to distinguish between Types A and Type B programs?	\$300,000
• Auditee qualified as low-risk auditee?	No

State awards

Internal control over financial reporting:	
• Material weakness(es) identified:	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditors' report issued on compliance over programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> :	No

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

The programs tested as major programs include

	<u>CFDA#</u>	<u>Amount</u>
State:		
State Aids for Technical Colleges	292.105	3,800,083
Nursing Expanded Program	292.161	185,733
Graphics and Web Design	292.112	103,220

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

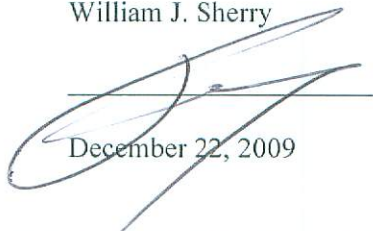
1. Did the auditor have substantial doubt about Southwest Wisconsin Technical College's ability to continue as a going concern? No

2. Does the audit report 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. Was a management letter or other document issued conveying audit comments issued as a result of this audit? No

4. Name of partner: William J. Sherry

Signature of partner:



5. Date of report: December 22, 2009

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

NONE