

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

JUNE 30, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Southwest Wisconsin Technical College (Southwest Tech) 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 Colleges and Universities.

Financial Highlights for the Fiscal Year Ending June 30, 2010

- Received 43 federal, state, or local grants totaling \$2.21 million.
- Updated official statement for borrowing and improved the College's rating to AA-through Standard and Poor's.
- Borrowed \$2,000,000 and \$23,900,000 at 1.74 and 3.43 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 4,600 annual 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 \$3,074,000 in grants, \$3,061,000 in loans, and \$63,000 in college work study earnings.

Statement of Revenues, Expenses, and Changes in Net Assets

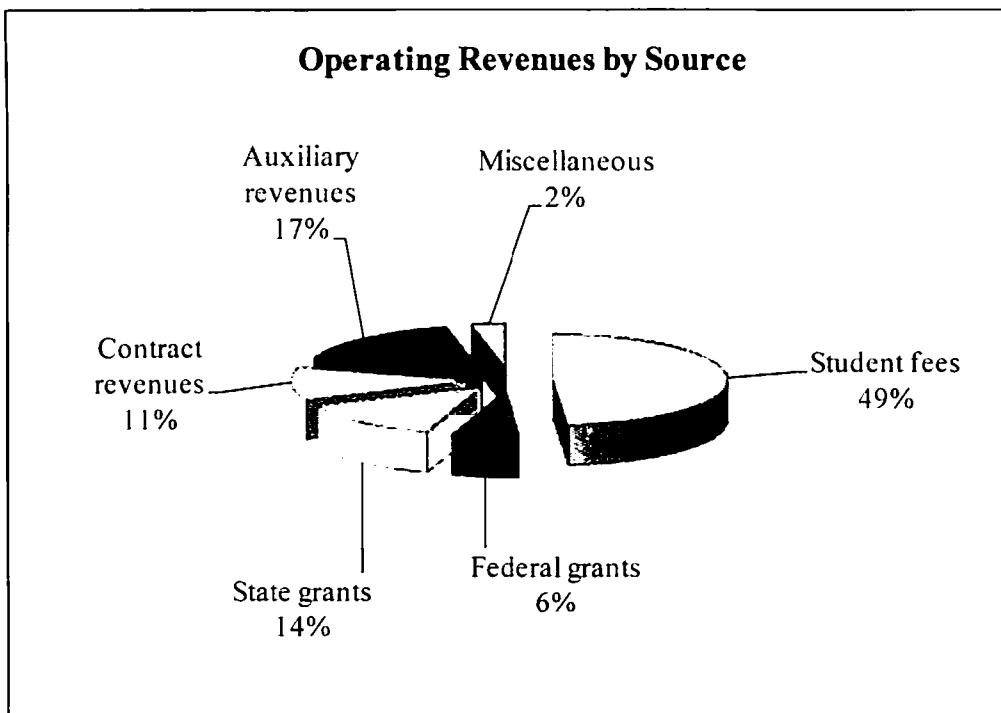
The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. In general, a public college such as Southwest Tech will report an operating deficit or loss, as the financial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

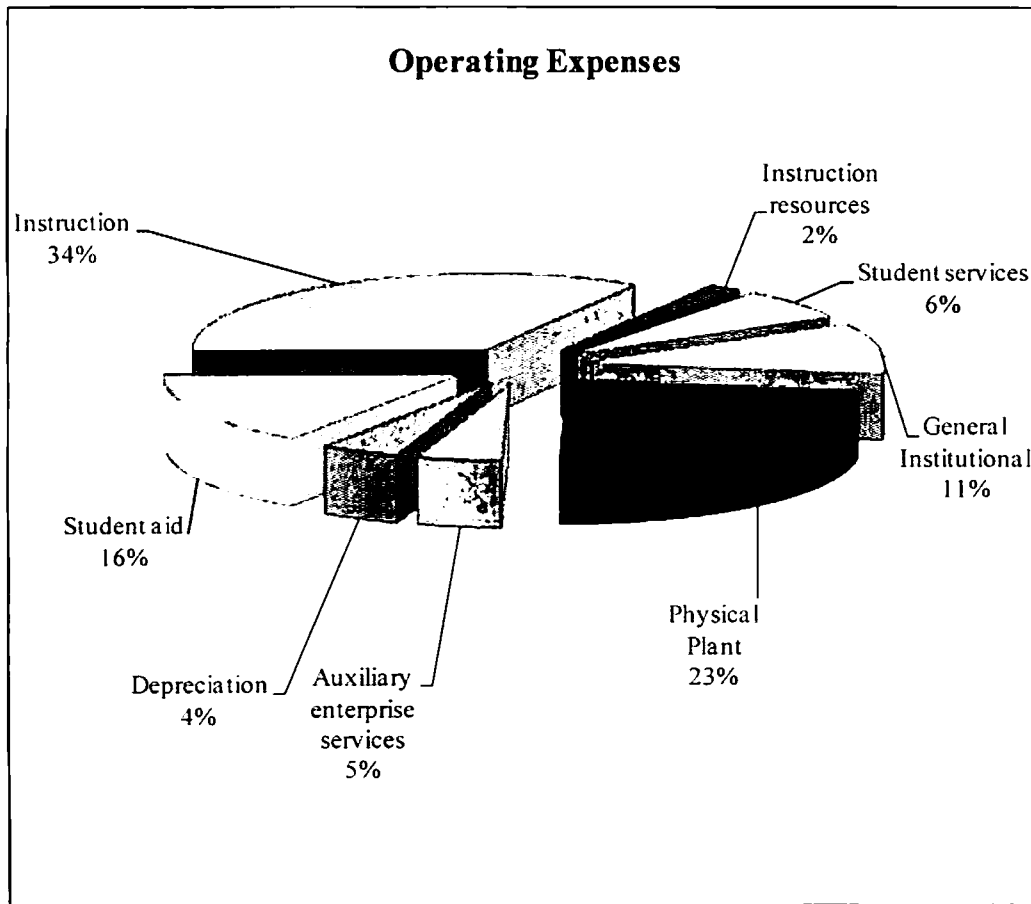
| | 2010 | 2009 | Increase or (Decrease) | |
|--|-------------------|-------------------|---------------------------|--------------|
| | | | \$ | % |
| Operating Revenues | | | | |
| Student fees | \$ 4,558,202 | \$ 4,075,594 | \$ 482,608 | 11.8 |
| Federal grants | 1,266,313 | 534,061 | 732,252 | 137.1 |
| State grants | 4,160,934 | 1,134,744 | 3,026,190 | 266.7 |
| Contract revenues | 1,116,467 | 934,707 | 181,760 | 19.4 |
| Auxiliary revenues | 1,529,269 | 1,428,473 | 100,796 | 7.1 |
| Miscellaneous | 334,699 | 269,305 | 65,394 | 24.3 |
| Total Operating Revenues | 12,965,884 | 8,376,884 | 4,589,000 | 54.8 |
| Operating Expenses | | | | |
| Instruction | 13,608,322 | 10,305,073 | 3,303,249 | 32.1 |
| Instructional resources | 568,603 | 554,345 | 14,258 | 2.6 |
| Student services | 2,092,562 | 1,945,910 | 146,652 | 7.5 |
| General Institutional | 3,810,260 | 3,227,970 | 582,290 | 18.0 |
| Physical Plant | 3,700,297 | 7,101,587 | (3,401,290) | (47.9) |
| Auxiliary enterprise services | 1,489,397 | 1,428,250 | 61,147 | 4.3 |
| Depreciation | 1,625,581 | 1,345,919 | 279,662 | 20.8 |
| Student aid | 6,072,342 | 4,764,380 | 1,307,962 | 27.5 |
| Total operating expenses | 32,967,364 | 30,673,434 | 2,293,930 | 7.5 |
| Non-operating revenues (expenses) | | | | |
| Property taxes | 16,009,308 | 13,993,000 | 2,016,308 | 14.4 |
| State Appropriations and Other Grants | 6,135,562 | 8,441,399 | (2,305,837) | (27.3) |
| Investment income | 225,533 | 252,043 | (26,510) | (10.5) |
| Interest expense | (1,194,139) | (462,564) | (731,575) | 158.2 |
| Total non-operating revenues | 21,176,264 | 22,223,878 | (1,047,614) | (4.7) |
| Increase/(decrease) in Net Assets | 1,174,784 | (72,672) | \$ 1,247,456 | |
| Net assets - beginning of year | 11,599,937 | 11,672,609 | | |
| Net assets - end of year | <u>12,774,721</u> | <u>11,599,937</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 2010, the College generated approximately \$13.0 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 2009-10 due to an increase in tuition rates of approximately 4.5% and an increase of students on a full-time equivalency basis of 7.6%. Total revenue from program, material, and other student fees exceeded \$4.5 million.
 - ✓ Nearly \$10.0 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 \$1.1 million 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 \$1.5 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 2010, operating expenses totaled more than \$32.9 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, 2010 were approximately \$21.1 million. The most significant components of net non-operating revenues include the following:
 - ✓ Property taxes levied by the College for the year were approximately \$16.0 million.
 - ✓ The decrease in state appropriations combined with an increase in interest expense resulted in the majority of the net increase in non-operating revenue.
- Net assets for 2010 increased by \$1,174,784 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:

| | 2010 | 2009 | Increase or (Decrease) | |
|--|-------------------|-------------------|---------------------------|--------------|
| | | | \$ | % |
| ASSETS | | | | |
| Cash and Cash equivalents | \$ 8,857,201 | \$ 8,720,994 | \$ 136,207 | 1.6 |
| Net capital assets | 38,041,527 | 16,915,049 | 21,126,478 | 124.9 |
| Other assets | 11,904,828 | 7,683,100 | 4,221,728 | 54.9 |
| Total Assets | <u>58,803,556</u> | <u>33,319,143</u> | <u>25,484,413</u> | <u>76.5</u> |
| LIABILITIES | | | | |
| Current Liabilities | 8,600,316 | 6,668,300 | 1,932,016 | 29.0 |
| Long-term Liabilities | <u>37,428,519</u> | <u>15,050,906</u> | <u>22,377,613</u> | <u>148.7</u> |
| Total Liabilities | <u>46,028,835</u> | <u>21,719,206</u> | <u>24,309,629</u> | <u>111.9</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 8,929,338 | 9,077,089 | (147,751) | (1.6) |
| Restricted for debt service | 1,255,372 | 468,561 | 786,811 | 167.9 |
| Restricted for student financial aid | 14,998 | 14,998 | 0 | |
| Unrestricted | <u>2,575,013</u> | <u>2,039,289</u> | <u>535,724</u> | <u>26.3</u> |
| Total Net Assets | <u>12,774,721</u> | <u>11,599,937</u> | <u>1,174,784</u> | <u>10.1</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, 2010 resulted in a net capital asset of \$38.0 million.
- Major components of the other assets category include property taxes receivable of over \$6.0 million and a \$3.0 million eleven month certificate of deposit.
- 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 \$3.2 million.
- Long-term liabilities of \$37.4 million represent the portion of long-term debt and post-retirement benefits due after fiscal year 2010-11.

Capital Asset and Debt Administration

The College's investment in capital assets as of June 30, 2010 amounts to \$38,041,527 (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 \$35,280,000. The College improved its debt rating to Standard & Poor's "AA-" 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

Standard & Poor's "AA-" rating reflects the district's:

- Large, diverse, and growing economic base with consistently low unemployment rates compared with state;
- Adequate economic indicators as measured by per capita and median household effective buying income;
- Very strong financial reserves paired with good financial management practices; and
- Low overall net debt burden with rapid amortization.

"...believes the district's management will maintain at least a strong level of financial reserves in the foreseeable future as it continues to manage the constant growth in enrollment and related capacity needs."

Economic Factors

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

- The College has had exceptional growth in FTE's of approximately 20.4% percent since 2005-06 (4 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.
- Southwest Tech 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, 2010 and 2009 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, 2010 and 2009, 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 23, 2010 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 and state 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*, and the *State Single Audit Guidelines*, 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 and state 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 23, 2010

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2010 and 2009

| Assets | 2010 | 2009 |
|--|-----------------------------|-----------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ (343,111) | \$ 2,396,016 |
| Taxes receivable | 6,039,222 | 5,245,821 |
| Accounts receivable | 1,011,892 | 523,795 |
| Student accounts receivable | 954,687 | 944,239 |
| Interest receivable | 47,436 | - |
| Due from other governments | 178,174 | 100,538 |
| Inventory and prepaid expenses | <u>673,417</u> | <u>868,707</u> |
| Total current assets | <u>8,561,717</u> | <u>10,079,116</u> |
| Capital assets | | |
| Cost of capital assets | 54,612,879 | 31,958,629 |
| Less: Accumulated depreciation | <u>(16,571,352)</u> | <u>(15,043,580)</u> |
| | <u>38,041,527</u> | <u>16,915,049</u> |
| Other Non-current assets | | |
| Certificates of Deposit | 3,000,000 | - |
| Restricted cash and cash equivalents | <u>9,200,312</u> | <u>6,324,978</u> |
| Total Assets | <u>\$ 58,803,556</u> | <u>\$ 33,319,143</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | \$ 2,716,278 | \$ 2,052,022 |
| Accrued salaries and related items | 570,117 | 549,220 |
| Accrued vacation | 445,579 | 417,038 |
| Deferred revenue | 1,160,097 | 932,230 |
| Accrued self-insurance | 400,000 | 400,000 |
| Accrued interest | 99,797 | 43,382 |
| Current portion of long-term obligations | <u>3,208,448</u> | <u>2,274,408</u> |
| Total current liabilities | <u>8,600,316</u> | <u>6,668,300</u> |
| Long-Term Obligations | | |
| Accrued retiree health insurance premiums | 5,053,519 | 4,670,906 |
| General obligation notes payable and capital lease | <u>32,375,000</u> | <u>10,380,000</u> |
| Total long-term obligations | <u>37,428,519</u> | <u>15,050,906</u> |
| Total Liabilities | <u>46,028,835</u> | <u>21,719,206</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 8,929,338 | 9,077,089 |
| Restricted for: | | |
| Debt service | 1,255,372 | 468,561 |
| Student financial assistance | 14,998 | 14,998 |
| Unrestricted | <u>2,575,013</u> | <u>2,039,289</u> |
| Total Net Assets | <u>\$ 12,774,721</u> | <u>\$ 11,599,937</u> |

The accompanying notes are an integral part of these financial statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|----------------------|----------------------|
| Operating revenues | | |
| Student program fees, net of scholarship allowances of \$28,958 | \$ 3,759,360 | \$ 3,229,297 |
| Student material fees, net of scholarship allowances of \$2,578 | 334,725 | 280,434 |
| Other student fees, net of scholarship allowances of \$3,575 | 464,117 | 565,863 |
| Federal grants | 1,266,313 | 534,061 |
| State grants | 4,160,934 | 1,134,744 |
| Business and industry contract revenue | 1,022,037 | 858,864 |
| School District contract revenue | 94,430 | 75,843 |
| Auxiliary enterprise revenues | 1,529,269 | 1,428,473 |
| Miscellaneous | 334,699 | 269,305 |
| Total operating revenues | <u>12,965,884</u> | <u>8,376,884</u> |
| Operating expenses | | |
| Instructional | 13,608,322 | 10,305,073 |
| Instructional resources | 568,603 | 554,345 |
| Student services | 2,092,562 | 1,945,910 |
| General institutional | 3,810,260 | 3,227,970 |
| Physical Plant | 3,700,297 | 7,101,587 |
| Auxiliary enterprise services | 1,489,397 | 1,428,250 |
| Depreciation | 1,625,581 | 1,345,919 |
| Student aid | 6,072,342 | 4,764,380 |
| Total operating expenses | <u>32,967,364</u> | <u>30,673,434</u> |
| Operating loss | (20,001,480) | (22,296,550) |
| Non-operating revenues (expenses) | | |
| Property taxes | 16,009,308 | 13,993,000 |
| Federal student financial aid | 5,772,425 | 4,365,805 |
| State appropriations | 363,137 | 4,075,594 |
| Investment income earned | 225,533 | 252,043 |
| Interest expense | (1,194,139) | (462,564) |
| Total non-operating revenues | <u>21,176,264</u> | <u>22,223,878</u> |
| Increase (decrease) in net assets | <u>1,174,784</u> | <u>(72,672)</u> |
| Net assets - beginning of the year | 11,599,937 | 11,672,609 |
| Net assets - end of year | <u>\$ 12,774,721</u> | <u>\$ 11,599,937</u> |

The accompanying notes are an integral part of these financial statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 and 2009**

| | 2010 | 2009 |
|--|--------------|--------------|
| Cash flows from operating activities | | |
| Tuition and fees received | \$ 4,547,754 | \$ 4,030,126 |
| Federal and state grants received | 5,349,611 | 1,756,973 |
| Business, industry and school contract revenues received | 1,116,467 | 934,707 |
| Payments to employees | (17,792,780) | (12,398,962) |
| Payments to suppliers | (12,449,617) | (14,877,397) |
| Auxiliary enterprise revenues received | 1,529,269 | 1,428,473 |
| Other receipts | 334,699 | 269,305 |
| Net cash used in operating activities | (17,364,597) | (18,856,775) |
| Cash flows from noncapital financing activities | | |
| Local property taxes received | 15,215,907 | 13,088,161 |
| Federal and state appropriations received | 6,135,562 | 8,441,399 |
| Net cash provided by noncapital financing activities | 21,351,469 | 21,529,560 |
| Cash flows from capital and related financing activities | | |
| Net purchases of capital assets | (22,752,059) | (5,112,852) |
| Proceeds from issuance of capital debt | 25,900,000 | 10,000,000 |
| Principal paid on capital debt | (3,030,000) | (2,830,000) |
| Interest paid on capital debt | (1,194,139) | (462,564) |
| Net cash used in capital and related financing activities | (1,076,198) | 1,594,584 |
| Cash flows from investing activities | | |
| Certificates of Deposit purchased | (3,000,000) | |
| Investment income received | 225,533 | 252,043 |
| Net cash provided by/(used in) investing activities | (2,774,467) | 252,043 |
| Net increase in cash and cash equivalents | 136,207 | 4,519,412 |
| Cash and cash equivalents at beginning of year | 8,720,994 | 4,201,582 |
| Cash and cash equivalents at end of year | \$ 8,857,201 | \$ 8,720,994 |
| Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet. | | |
| Current cash and cash equivalents | \$ (343,111) | \$ 2,396,016 |
| Restricted cash | 9,200,312 | 6,324,978 |
| | \$ 8,857,201 | \$ 8,720,994 |

The accompanying notes are an integral part of these financial statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
STATEMENT OF CASH FLOWS-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2010 and 2009

| | 2010 | 2009 |
|--|------------------------|------------------------|
| Reconciliation of operating loss to net cash used in operating activities | | |
| Operating loss | \$ (20,001,480) | \$ (22,296,550) |
| Adjustments to reconcile operating loss to net cash used in operating activities | | |
| Depreciation | 1,625,581 | 1,345,919 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (488,097) | 43,708 |
| Student accounts receivable | (10,448) | (45,468) |
| Interest receivable | (47,436) | |
| Accrued interest | 56,415 | 27,908 |
| Federal and state aid receivable | (77,636) | 88,168 |
| Inventories | (246,456) | 33,502 |
| Prepaid items | 441,746 | (214,053) |
| Accounts payable | 664,256 | 1,227,472 |
| Accrued payroll | 20,897 | 7,769 |
| Accrued vacation | 28,541 | (31,505) |
| Deferred program and material fees | 227,867 | 152,050 |
| Accrued self insurance | - | 60,000 |
| Accrued retiree health insurance | 441,653 | 744,305 |
| | <u>\$ (17,364,597)</u> | <u>\$ (18,856,775)</u> |
| Net cash used in operating activities | | |

The accompanying notes are an integral part of these financial statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010

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, 2010

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 1.4647 mills for 2009-2010 and a debt service mill rate of .6650.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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.

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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2010.

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.

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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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>2010</u> | <u>2009</u> |
|--|---------------------|---------------------|
| Cash and deposits: | | |
| Cash on hand | \$ 1,075 | \$ 625 |
| Deposit accounts | 7,699,833 | 6,366,832 |
| Total cash deposits | <u>7,700,908</u> | <u>6,367,457</u> |
| Investments: | | |
| Wisconsin Local Government Investment Pool | 1,153,802 | 2,350,343 |
| Total investments | <u>1,153,802</u> | <u>2,350,343</u> |
| | | |
| Total cash and cash equivalents | <u>\$ 8,854,710</u> | <u>\$ 8,717,800</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, 2010, 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, 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 \$7,700,908 and \$6,366,832 at June 30, 2010 and 2009, respectively. The bank balances were \$7,881,535 and \$6,793,106, respectively. Of the bank balance, \$560,330 was covered by federal depository insurance, and \$2,774,809 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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

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.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than five years from the date of purchase or in accordance with state and local statutes and ordinances. In addition, the policy indicates that the investment portfolio should be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy sets a maximum duration range of two years with a target duration of one year.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

| Investment Type | Amount | Remaining Maturity | |
|--|---------------------|---------------------|---------------------|
| | | 12 months or less | More than 12 Months |
| Wisconsin Local Government Investment Pool | \$ 1,153,802 | \$ 1,153,802 | \$ - |
| Certificates of Deposit | 3,000,000 | 3,000,000 | - |
| Totals | \$ 4,153,802 | \$ 4,153,802 | \$ - |

NOTE 3 – FAIR VALUE MEASUREMENTS

The District's investments are reported at fair value. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs rather than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs including the organization's own assumptions. Appropriate valuation techniques are used based on the available inputs to measure the fair value of its investments. When available, fair value is measured using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available. Certificates of deposit are valued based on quoted market prices for similar assets, and are considered to be Level 2 investments.

Fair value measurements at July 31, 2010 and 2009, respectively, are as follows:

| | Fair Value Measurements Using: | | | |
|-------------------------|---------------------------------------|---|--|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| June 30, 2010 | | | | |
| Certificates of Deposit | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - |
| June 30, 2009 | | | | |
| Certificates of Deposit | \$ - | \$ - | \$ - | \$ - |

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4 – CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2010:

| 2010 | Balance 7/1/2009 | Additions | Deletions | Balance 6/30/2010 |
|--|-----------------------------|------------------|------------------|------------------------------|
| Land | \$ 20,000 | \$ 793,445 | \$ - | \$ 813,445 |
| Land improvements | 593,930 | - | - | 593,930 |
| Buildings & improvements | 16,514,451 | 18,764,617 | - | 35,279,068 |
| Equipment | 14,830,248 | 3,198,062 | 101,874 | 17,926,436 |
| | <hr/> | | | |
| Total cost of capital assets | 31,958,629 | 22,756,124 | 101,874 | 54,612,879 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 314,433 | 24,866 | - | 339,299 |
| Buildings & improvements | 3,964,786 | 548,507 | - | 4,513,293 |
| Equipment | 10,764,361 | 1,052,208 | 97,809 | 11,718,760 |
| | <hr/> | | | |
| Total accumulated depreciation | 15,043,580 | 1,625,581 | 97,809 | 16,571,352 |
| Net capital assets | 16,915,049 | | | 38,041,527 |
| Less: | | | | |
| General obligation debt | (12,410,000) | | | (35,280,000) |
| Plus: | | | | |
| Capital project funds borrowed but not spent | 4,572,040 | | | 6,167,811 |
| Total invested in capital assets, net of related debt | <u>\$ 9,077,089</u> | | | <u>\$ 8,929,338</u> |

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4 – CAPITAL ASSETS, CONTINUED

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

| 2009 | Balance 7/1/2008 | Additions | Deletions | Balance 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/> | | | |
| 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 | 10,764,362 |
| | <hr/> | | | |
| Total accumulated depreciation | 14,079,183 | 1,345,918 | 381,522 | 15,043,580 |
| Net capital assets | <u>\$ 13,148,116</u> | | | <u>\$ 16,915,049</u> |

NOTE 5 - 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, 2010 and 2009 are as follows:

| | Balance 7/1/2009 | Additions | Payments | Balance 6/30/2010 | Due Within One Year |
|--------------------------|-----------------------------|------------------|-----------------|------------------------------|--------------------------------|
| Notes payable | \$12,410,000 | \$25,900,000 | \$ 3,030,000 | \$35,280,000 | \$ 2,905,000 |
| Retiree health insurance | 4,915,314 | 686,061 | 244,408 | 5,356,967 | 303,448 |
| | <hr/> | | | | |
| Totals | \$17,325,314 | \$26,586,061 | \$ 3,274,408 | \$40,636,967 | \$ 3,208,448 |

| | 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 | \$ 9,411,009 | \$10,970,163 | \$ 3,055,858 | \$17,325,314 | \$ 2,274,408 |

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - GENERAL OBLIGATION DEBT, CONTINUED

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, 2010 consists of the following:

| | Year | Principal | Interest | Federal Subsidy | 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 on 6/1 and 12/1. | 2010-11 | 200,000 | 14,000 | | 214,000 |
| | 2011-12 | 200,000 | 7,000 | | 207,000 |
| | | <u>400,000</u> | <u>21,000</u> | | <u>421,000</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. | 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>300,000</u> | <u>18,000</u> | | <u>318,000</u> |
| \$1,800,000 general obligation promissory note issued to Robert W. Baird of Milwaukee, WI. August 3, 2006 to finance facility improvements, remodeling, and equipment purchases. Annual principal payments of \$380,000 through June 1, 2011, plus semi-annual interest at 4.25% due 6/1 and 12/1. | 2010-11 | 380,000 | 16,150 | | 396,150 |
| | | <u>380,000</u> | <u>16,150</u> | | <u>396,150</u> |
| \$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. | 2010-11 | 375,000 | 30,000 | | 405,000 |
| | 2011-12 | 375,000 | 15,000 | | 390,000 |
| | | <u>750,000</u> | <u>45,000</u> | | <u>795,000</u> |

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - GENERAL OBLIGATION DEBT, CONTINUED

\$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. | 2010-11 | 400,000 | 43,500 | | 443,500 |
| | 2011-12 | 400,000 | 29,500 | | 429,500 |
| | 2012-13 | 400,000 | 15,000 | | 415,000 |
| | | 1,200,000 | 88,000 | | 1,288,000 |

\$8,000,000 general obligation school improvement bond 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.

| | | | | |
|------------|-----------|-----------|---|------------|
| 2010-11 | 270,000 | 332,719 | | 602,719 |
| 2011-12 | 285,000 | 320,231 | | 605,231 |
| 2012-13 | 295,000 | 306,694 | | 601,694 |
| 2013-14 | 310,000 | 292,681 | | 602,681 |
| 2014-15 | 325,000 | 277,956 | | 602,956 |
| Thereafter | 5,865,000 | 2,012,056 | | 7,877,056 |
| | 7,350,000 | 3,542,338 | - | 10,892,338 |

\$2,000,000 general obligation promissory note issued to First Trust Portfolios, L.P., Lisle, IL, August 3, 2009 to finance facility improvements, remodeling, and equipment purchases. Annual principal payments of \$400,000 through June 1, 2013, plus semi-annual interest at 2.0%-2.50% due 6/1 and 12/1.

| | | | | |
|---------|-----------|--------|--|-----------|
| 2010-11 | 400,000 | 36,000 | | 436,000 |
| 2011-12 | 400,000 | 28,000 | | 428,000 |
| 2012-13 | 400,000 | 19,000 | | 419,000 |
| 2013-14 | 400,000 | 10,000 | | 410,000 |
| | 1,600,000 | 93,000 | | 1,693,000 |

\$23,900,000 taxable general obligation school improvement bonds issued to Robert W. Baird, Milwaukee, WI, August 3, 2009 to finance new construction and remodeling. Annual principal payments of \$600,000 - \$1,745,000 through June 1, 2029, plus semi-annual interest at 1.65%-6.125%, due 6/1 and 12/1. Interest payments are reduced by a 35% federal subsidy through the Build America Bond program as authorized under the American Recovery and Reinvestment Act of 2009.

| | | | | |
|------------|------------|------------|-------------|------------|
| 2010-11 | 780,000 | 1,186,553 | (415,293) | 1,551,259 |
| 2011-12 | 810,000 | 1,171,343 | (409,970) | 1,571,373 |
| 2012-13 | 850,000 | 1,150,283 | (402,599) | 1,597,684 |
| 2013-14 | 890,000 | 1,124,783 | (393,674) | 1,621,109 |
| 2014-15 | 935,000 | 1,093,633 | (382,771) | 1,645,861 |
| Thereafter | 19,035,000 | 9,042,620 | (3,164,917) | 24,912,703 |
| | 23,300,000 | 14,769,213 | (5,169,224) | 32,899,988 |

TOTALS

| | | | |
|---------------|---------------|----------------|---------------|
| \$ 35,280,000 | \$ 18,592,700 | \$ (5,169,224) | \$ 48,703,476 |
|---------------|---------------|----------------|---------------|

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5 - GENERAL OBLIGATION DEBT, CONTINUED

Future debt service requirements as of June 30, 2010 are as follows:

| Year Ending | | | Federal | |
|--------------------|----------------------|---------------------|----------------------|---------------------|
| June 30, | Principal | Interest | Subsidy | Total |
| 2011 | 2,905,000 | 1,667,921 | (415,293) | 3,532,909 |
| 2012 | 2,570,000 | 1,577,074 | (409,970) | 3,710,066 |
| 2013 | 2,045,000 | 1,493,976 | (402,599) | 4,001,365 |
| 2014 | 1,600,000 | 1,427,464 | (393,674) | 3,917,065 |
| 2015 | 1,260,000 | 1,371,589 | (382,771) | 9,522,917 |
| 2016 and beyond | 24,900,000 | 11,054,676 | (3,164,917) | 35,805,041 |
| TOTALS | \$ 35,280,000 | \$18,592,700 | \$(5,169,224) | \$60,489,364 |

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, 2010 were as follows:

| | Balance 7/1/2009 | Additions | Payments | Balance 6/30/2010 |
|--|---------------------|---------------------|---------------------|----------------------|
| Promissory notes, bonds and capital lease | <u>\$12,410,000</u> | <u>\$25,900,000</u> | <u>\$ 3,030,000</u> | <u>\$35,280,000</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, 2010 is as follows:

| | <u>Bonds</u> | <u>Aggregate</u> |
|--|-----------------------|-----------------------|
| Debt limit (2% for bonds; 5% for aggregate) | \$ 150,379,990 | \$ 375,949,974 |
| Debt outstanding at June 30, 2010, net of resources available to fund principal and interest payments | <u>22,859,589</u> | <u>34,839,589</u> |
| Legal debt margin | <u>\$ 127,520,401</u> | <u>\$ 341,110,385</u> |
| Debt outstanding as a percent of legal debt limitation | | 10.21% |
| Debt outstanding as a percent of equalized value | | 0.46% |

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6 - 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 5.9% of their salary (3.0% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.2% 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, 2010 was \$11,592,042, the employer's total payroll was \$12,416,619. The total required contributions for the year ended June 30, 2010 was \$1,205,572, which consisted of \$521,642, or 4.5% of covered payroll from the employer and \$683,930, or 5.9% of covered payroll paid by the District on behalf of the employees. Total contributions for the years ending June 30, 2009 and 2008 were \$1,232,937 and \$1,084,222, 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 7 - 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.

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

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 8 – OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the District is authorized by the Board of Trustees to provide medical and dental insurance for eligible retirees (and spouses) in accordance with employee contracts. All of the District's regular employees may become eligible for these benefits if they retire from the District after accruing the required years of service. The District shall pay a portion or all of the health and dental premiums from the time of retirements until they become eligible for Medicare, provided that the participant is age 55 and has at least 10 years of service in the District, or has 10 years of service with the District and 30 years of service in the Wisconsin Retirement System.

Membership of the Plan at June 30, 2009, the date of the last actuarial valuation, was 180 active participants and 40 retired participants.

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 annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's OPEB obligation:

| | |
|---|----------------------------|
| Annual required contribution | \$ 740,854 |
| Interest on net OPEB | 30,482 |
| Adjustment to annual required contribution | <u>(42,374)</u> |
| Annual OPEB cost (expense) | 728,962 |
| Contributions made | <u>(247,019)</u> |
| Change in net OPEB obligation | 481,943 |
| OPEB obligation - July 1, 2009 | 181,951 |
| Adjustment from expected to actual contributions made | 430,173 |
| Adjusted July 1, 2009 balance | <u>612,124</u> |
| OPEB obligation - June 30, 2010 | <u><u>\$ 1,094,067</u></u> |

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

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 | 19.70% | \$ 181,951 |
| June 30, 2010 | \$ 728,962 | 33.89% | \$ 1,094,067 |

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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. 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:

| | |
|--------------------------------------|------------------------------------|
| 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% |

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 - 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, 2010 are as follows:

| | |
|------|-----------|
| 2011 | \$ 86,531 |
| 2012 | 86,531 |
| 2013 | 86,531 |
| 2014 | 28,844 |

The District entered into a seventeen month lease beginning February 1, 2010, to rent a building for instructional purposes in Richland Center, WI. Minimum future lease payments for the five years subsequent to June 30, 2010 are as follows:

| | |
|------|----------|
| 2011 | \$25,819 |
|------|----------|

Outstanding purchase orders at June 30, 2010 totaled \$901,895.

NOTE 10 - RELATED PARTY TRANSACTIONS

The District purchases building supplies from 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, 2010 and 2009 was \$6,313 and \$7,887, respectively. In prior years, the District periodically rented rooms at a hotel owned by the District's former Vice President of Administrative Services. The total amount paid for the year ended June 30, 2009 was \$2,101.

NOTE 11 – LIMITATION ON DISTRICT REVENUES

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

NOTE 12 - 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, 2010

NOTE 12 - 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. For the year ended June 30, 2010, the District paid a premium of \$143,208. 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 13 –SUBSEQUENT EVENTS

In July 2010, the Board of Directors also authorized the issuance of \$2,000,000 in general obligation promissory notes: \$50,000 for site improvements, \$600,000 for building remodeling and improvements, and \$1,380,000 for moveable equipment.

Subsequent events have been evaluated through December 23, 2010, the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN
JUNE 30, 2010**

| Actuarial Valuation Date June 30. | (1) Actuarial Value of Assets | (2) Actuarially Accrued Liability (AAL) | (2) -(1) Unfunded Accrued Liability (UAAL) | (1) / (2) Funded Ratio | (3) Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|--|--|---|------------------------------|---------------------------|--|
| 2008 | \$ - | \$ 7,833,265 | \$ 7,833,265 | 0.00% | \$ 10,425,211 | 75.14% |
| 2009 | \$ - | \$ 7,875,549 | \$ 7,875,549 | 0.00% | \$ 11,655,461 | 67.57% |

See Notes to Required Supplementary Information

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN
JUNE 30, 2010**

| Year Ended June 30. | Employer Contributions | Annual Required Contribution (ARC) | Percentage Contributed |
|------------------------|---------------------------|--|---------------------------|
| 2009 | \$ 149,915 | \$ 762,039 | 19.67% |
| 2010 | \$ 247,019 | \$ 728,962 | 33.89% |

See Notes to Required Supplementary Information

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

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.

NOTE B - PRIOR YEAR ADJUSTMENT

The OPEB obligation at July 1, 2009 has been adjusted to reflect the difference in the expected employer contribution shown on the Districts actuarial valuation, and the amount actually contributed.

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, 2010**

| | Original Budget | Amended Budget | Actual | Adjustment to budgetary Basis | Actual on a budgetary Basis | Variance |
|---|---------------------|---------------------|---------------------|-------------------------------------|-----------------------------------|---------------------|
| Revenues | | | | | | |
| Local government | \$ 11,013.000 | \$ 11,013,000 | \$ 11,009,308 | \$ - | \$ 11,009,308 | \$ (3.692) |
| Intergovernmental revenue | | | | | | |
| State | 4,305.000 | 4,105.000 | 4,146.410 | - | 4,146.410 | 41.410 |
| Federal | 553,000 | 1,003.000 | 1,266,313 | - | 1,266,313 | 263,313 |
| Tuition and fees | | | | | | |
| Statutory program fees | 3,460,000 | 3,460,000 | 3,759,360 | - | 3,759,360 | 299,360 |
| Materials fees | 295,000 | 295,000 | 334,725 | - | 334,725 | 39,725 |
| Other student fees | 310,000 | 310,000 | 256,746 | - | 256,746 | (53,254) |
| Institutional | 1,191,000 | 1,191,000 | 1,299,931 | - | 1,299,931 | 108,931 |
| Total revenues | 21,127.000 | 21,377,000 | 22,072,793 | - | 22,072,793 | 695,793 |
| Expenditures | | | | | | |
| Instruction | 14,177.000 | 14,827,000 | 14,794,441 | 10,404 | 14,804,845 | 22,155 |
| Instructional resources | 500.000 | 500,000 | 462,548 | | 462,548 | 37,452 |
| Student services | 1,636,000 | 1,736,000 | 1,727,157 | | 1,727,157 | 8,843 |
| General institutional | 2,881,000 | 2,831,000 | 2,811,198 | 1,471 | 2,812,669 | 18,331 |
| Physical plant | 1,933,000 | 1,733,000 | 1,676,334 | 2,741 | 1,679,075 | 53,925 |
| Total expenditures | 21,127,000 | 21,627,000 | 21,471,678 | 14,616 | 21,486,294 | 140,706 |
| Excess of revenues over expenditures | - | (250,000) | 601,115 | (14,616) | 586,499 | 836,499 |
| Other financing sources (uses) | | | | | | |
| Operating transfers in | 20,000 | 270,000 | 275,577 | - | 275,577 | 5,577 |
| Operating transfers out | - | - | - | - | - | - |
| | <u>20,000</u> | <u>270,000</u> | <u>275,577</u> | <u>-</u> | <u>275,577</u> | <u>5,577</u> |
| Excess of revenues and other financing sources over expenditures and other uses | 20,000 | 20,000 | 876,692 | (14,616) | 862,076 | 842,076 |
| Fund balance at July 1, 2009 | 3,501,920 | 3,501,920 | 3,878,976 | (13,663) | 3,865,313 | 363,393 |
| Fund balance at June 30, 2010 | <u>\$ 3,521,920</u> | <u>\$ 3,521,920</u> | <u>\$ 4,755,668</u> | <u>\$ (28,279)</u> | <u>\$ 4,727,389</u> | <u>\$ 1,205,469</u> |

The accompanying notes are an integral part of these financial statements.

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, 2010

| | Original Budget | Amended Budget | Actual | Adjustment to budgetary Basis | Actual on a budgetary Basis | Variance |
|--|--------------------|-------------------|-------------------|-------------------------------------|-----------------------------------|--------------------|
| Revenues | | | | | | |
| State aids | \$ 500,000 | \$ 500,000 | \$ 363,137 | \$ - | \$ 363,137 | \$ (136,863) |
| Other student fees | 180,000 | 180,000 | 207,371 | - | 207,371 | 27,371 |
| Institutional | 110,000 | 110,000 | 128,473 | - | 128,473 | 18,473 |
| Federal | 4,500,000 | 4,500,000 | 5,772,425 | - | 5,772,425 | 1,272,425 |
| Total revenues | 5,290,000 | 5,290,000 | 6,471,406 | - | 6,471,406 | 1,181,406 |
| Expenditures | | | | | | |
| Student services | 5,290,000 | 5,290,000 | 6,437,747 | 45,199 | 6,482,946 | (1,192,946) |
| Total expenditures | 5,290,000 | 5,290,000 | 6,437,747 | 45,199 | 6,482,946 | (1,192,946) |
| Excess of revenues over expenditures | - | - | 33,659 | (45,199) | (11,540) | (11,540) |
| Other financing sources (uses) | | | | | | |
| Operating transfers in | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - |
| Excess of revenues and other financing sources over expenditures and other uses | - | - | 33,659 | (45,199) | (11,540) | (11,540) |
| Fund balance at July 1, 2009 | 172,337 | 172,337 | 172,229 | - | 172,229 | (108) |
| Fund balance at June 30, 2010 | \$ 172,337 | \$ 172,337 | \$ 205,888 | \$ (45,199) | \$ 160,689 | \$ (11,648) |

The accompanying notes are an integral part of these financial statements.

**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, 2010**

| | Original Budget | Amended Budget | Actual | Adjustment to budgetary Basis | Actual on a budgetary Basis | Variance |
|---|--------------------|-------------------|--------------|-------------------------------------|-----------------------------------|--------------|
| Revenues | | | | | | |
| Intergovernmental revenue | | | | | | |
| Federal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Institutional | 150,000 | 150,000 | 200,486 | - | 200,486 | 50,486 |
| Total revenues | 150,000 | 150,000 | 200,486 | - | 200,486 | 50,486 |
| Expenditures | | | | | | |
| Instruction | 1,800,000 | 1,800,000 | 431,271 | (11,961) | 419,310 | 1,380,690 |
| Instructional resources | 250,000 | 250,000 | 106,055 | - | 106,055 | 143,945 |
| General institutional | 850,000 | 1,100,000 | 999,062 | 77,894 | 1,076,956 | 23,044 |
| Physical plant | 5,000,000 | 4,750,000 | 22,712,726 | (18,559,684) | 4,153,042 | 596,958 |
| Total expenditures | 7,900,000 | 7,900,000 | 24,249,114 | (18,493,751) | 5,755,363 | 2,144,637 |
| Excess of revenues over expenditures | (7,750,000) | (7,750,000) | (24,048,628) | 18,493,751 | (5,554,877) | 2,195,123 |
| Other financing sources (uses) | | | | | | |
| Operating transfers in | - | - | - | - | - | - |
| Operating transfers out | - | (270,000) | (275,577) | - | (275,577) | (5,577) |
| Proceeds from general obligations | 25,900,000 | 25,900,000 | 25,919,976 | - | 25,919,976 | 19,976 |
| | 25,900,000 | 25,630,000 | 25,644,399 | - | 25,644,399 | 14,399 |
| Excess of revenues and other financing sources over expenditures and other uses | 18,150,000 | 17,880,000 | 1,595,771 | 18,493,751 | 20,089,522 | 2,209,522 |
| Fund balance at July 1, 2009 | (17,263,232) | (17,263,232) | 4,572,040 | (19,322,167) | (14,750,127) | 2,513,105 |
| Fund balance at June 30, 2010 | \$ 886,768 | \$ 616,768 | \$ 6,167,811 | \$ (828,416) | \$ 5,339,395 | \$ 4,722,627 |

The accompanying notes are an integral part of these financial statements.

**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, 2010**

| | Original Budget | Amended Budget | Actual | Adjustment to budgetary Basis | Actual on a budgetary Basis | Variance |
|---|--------------------|-------------------|---------------------|-------------------------------------|-----------------------------------|-------------------|
| Revenues | | | | | | |
| Local government | \$ 5,000,000 | \$ 5,000,000 | \$ 5,000,000 | \$ - | \$ 5,000,000 | \$ - |
| Intergovernmental revenue | | | | | | |
| State | 8,000 | 8,000 | 14,524 | - | 14,524 | 6,524 |
| Federal | - | - | - | - | - | - |
| Institutional | 1,000 | 1,000 | 3,048 | - | 3,048 | 2,048 |
| Total revenues | 5,009,000 | 5,009,000 | 5,017,572 | - | 5,017,572 | 8,572 |
| Expenditures | | | | | | |
| Physical plant | 5,009,000 | 5,009,000 | 4,230,761 | - | 4,230,761 | 778,239 |
| Total expenditures | 5,009,000 | 5,009,000 | 4,230,761 | - | 4,230,761 | 778,239 |
| Excess of revenues over expenditures | - | - | 786,811 | - | 786,811 | 786,811 |
| Other financing sources (uses) | | | | | | |
| Operating transfers in | - | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - | - |
| Excess of revenues and other financing sources over expenditures and other uses | - | - | 786,811 | - | 786,811 | 786,811 |
| Fund balance at July 1, 2009 | 466,825 | 466,825 | 468,561 | - | 468,561 | 1,736 |
| Fund balance at June 30, 2010 | <u>\$ 466,825</u> | <u>\$ 466,825</u> | <u>\$ 1,255,372</u> | <u>\$ -</u> | <u>\$ 1,255,372</u> | <u>\$ 788,547</u> |

The accompanying notes are an integral part of these financial statements.

**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, 2010**

| | Original Budget | Amended Budget | Actual | Adjustment to budgetary Basis | Actual on a budgetary Basis | Variance |
|---|--------------------|--------------------|--------------------|-------------------------------------|-----------------------------------|-------------------|
| Revenues | | | | | | |
| Institutional | \$1,600,000 | \$1,600,000 | \$1,554,054 | \$ - | \$1,554,054 | \$ (45,946) |
| Total revenues | 1,600,000 | 1,600,000 | 1,554,054 | - | 1,554,054 | (45,946) |
| Expenditures | | | | | | |
| Auxiliary services | 1,430,000 | 1,430,000 | 1,406,705 | - | 1,406,705 | 23,295 |
| Total expenditures | 1,430,000 | 1,430,000 | 1,406,705 | - | 1,406,705 | 23,295 |
| Excess of revenues over expenditures | 170,000 | 170,000 | 147,349 | - | 147,349 | (22,651) |
| Other financing sources (uses) | | | | | | |
| Operating transfers out | (20,000) | (20,000) | - | - | - | 20,000 |
| | (20,000) | (20,000) | - | - | - | 20,000 |
| Excess of revenues and other financing sources over expenditures and other uses | 150,000 | 150,000 | 147,349 | - | 147,349 | (2,651) |
| Fund balance at July 1, 2009 | 2,156,868 | 2,156,868 | 2,356,928 | - | 2,356,928 | 200,060 |
| Fund balance at June 30, 2010 | <u>\$2,306,868</u> | <u>\$2,306,868</u> | <u>\$2,504,277</u> | <u>\$ -</u> | <u>\$2,504,277</u> | <u>\$ 197,409</u> |

The accompanying notes are an integral part of these financial statements.

**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, 2010**

| | Original Budget | Amended Budget | Actual | Adjustment to budgetary Basis | Actual on a budgetary Basis | Variance |
|---|--------------------|-------------------|-------------|-------------------------------------|-----------------------------------|--------------|
| Revenues | | | | | | |
| Institutional | \$3,450,000 | \$3,450,000 | \$3,352,029 | \$ - | \$3,352,029 | \$ (97,971) |
| Total revenues | 3,450,000 | 3,450,000 | 3,352,029 | - | 3,352,029 | (97,971) |
| Expenditures | | | | | | |
| Auxiliary services | 3,450,000 | 3,450,000 | 3,434,721 | - | 3,434,721 | 15,279 |
| Total expenditures | 3,450,000 | 3,450,000 | 3,434,721 | - | 3,434,721 | 15,279 |
| Excess of revenues over expenditures | - | - | (82,692) | - | (82,692) | (82,692) |
| Fund balance at July 1, 2009 | 513,681 | 513,681 | 402,059 | - | 402,059 | (111,622) |
| Fund balance at June 30, 2010 | \$ 513,681 | \$ 513,681 | \$ 319,367 | \$ - | \$ 319,367 | \$ (194,314) |

The accompanying notes are an integral part of these financial statements.

**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, 2010**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Enterprise Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|---------------------|
| Revenues | | | | | |
| Local government | \$ 11,009,308 | \$ - | \$ - | \$ 5,000,000 | \$ - |
| Intergovernmental revenue | | | | | |
| State | 4,146,410 | - | - | 14,524 | - |
| Federal | 1,266,313 | - | - | - | - |
| Tuition and fees | | | | | |
| Program fees | 3,759,360 | - | - | - | - |
| Materials fees | 334,725 | - | - | - | - |
| Other student fees | 256,746 | - | - | - | - |
| Institutional | 1,299,931 | - | 200,486 | 3,048 | 1,554,054 |
| Total revenues | 22,072,793 | - | 200,486 | 5,017,572 | 1,554,054 |
| Expenditures | | | | | |
| Instruction | 14,804,845 | - | 419,310 | - | - |
| Instructional resources | 462,548 | - | 106,055 | - | - |
| Student services | 1,727,157 | - | - | - | - |
| General institutional | 2,812,669 | - | 1,076,956 | - | - |
| Physical plant | 1,679,075 | - | 4,153,042 | 4,230,761 | - |
| Auxiliary services | - | - | - | - | 1,406,705 |
| Depreciation | - | - | - | - | - |
| Student aid | - | - | - | - | - |
| Total expenditures | 21,486,294 | - | 5,755,363 | 4,230,761 | 1,406,705 |
| Excess of revenues over expenditures | 586,499 | - | (5,554,877) | 786,811 | 147,349 |
| Other financing sources (uses) | | | | | |
| Operating transfers in | 275,577 | - | - | - | - |
| Operating transfers out | - | - | (275,577) | - | - |
| Proceeds from promissory notes | - | - | 25,919,976 | - | - |
| | 275,577 | - | 25,644,399 | - | - |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | 862,076 | - | 20,089,522 | 786,811 | 147,349 |
| Fund balance at July 1, 2009 | 3,865,313 | - | (14,750,127) | 468,561 | 2,356,928 |
| Fund balance at June 30, 2010 | \$ 4,727,389 | \$ - | \$ 5,339,395 | \$ 1,255,372 | \$ 2,504,277 |

| Internal Service Funds | Fiduciary Funds | Total | Reconciling items | Statement of revenues expenses and changes in net assets | |
|------------------------------|--------------------|---------------|----------------------|--|-----|
| \$ - | \$ - | \$ 16,009,308 | \$ - | \$ 16,009,308 | |
| - | 363,137 | 4,524,071 | - | 4,524,071 | (1) |
| - | 5,772,425 | 7,038,738 | - | 7,038,738 | (2) |
| - | - | 3,759,360 | - | 3,759,360 | |
| - | - | 334,725 | - | 334,725 | |
| - | 207,371 | 464,117 | - | 464,117 | |
| 3,352,029 | 128,473 | 6,538,021 | (3,352,029) | 3,185,992 | (3) |
| 3,352,029 | 6,471,406 | 38,668,340 | (3,352,029) | 35,316,311 | |
| - | - | 15,224,155 | (1,615,833) | 13,608,322 | |
| - | - | 568,603 | - | 568,603 | |
| - | 6,482,946 | 8,210,103 | (6,117,541) | 2,092,562 | |
| - | - | 3,889,625 | (79,365) | 3,810,260 | |
| - | - | 10,062,878 | (5,168,442) | 4,894,436 | (4) |
| 3,434,721 | - | 4,841,426 | (3,352,029) | 1,489,397 | |
| - | - | - | 1,625,581 | 1,625,581 | |
| - | - | - | 6,072,342 | 6,072,342 | |
| 3,434,721 | 6,482,946 | 42,796,790 | (8,635,287) | 34,161,503 | |
| (82,692) | (11,540) | (4,128,450) | 5,283,258 | 1,154,808 | |
| - | - | 275,577 | - | 275,577 | |
| - | - | (275,577) | - | (275,577) | |
| - | - | 25,919,976 | (25,900,000) | 19,976 | |
| - | - | 25,919,976 | (25,900,000) | 19,976 | |
| (82,692) | (11,540) | 21,791,526 | (20,616,742) | 1,174,784 | |
| 402,059 | 172,229 | (7,485,037) | 19,084,974 | 11,599,937 | |
| \$ 319,367 | \$ 160,689 | \$ 14,306,489 | \$ (1,531,768) | \$ 12,774,721 | (5) |

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE TO RECONCILE BUDGET BASIS FINANCIAL STATEMENTS
TO BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

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

| | |
|---------------|----------------------------|
| Operating | \$ 4,160,934 |
| Non-operating | <u>363,137</u> |
| | <u><u>\$ 4,524,071</u></u> |

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

| | |
|---------------|----------------------------|
| Operating | \$ 1,266,313 |
| Non-operating | <u>5,772,425</u> |
| | <u><u>\$ 7,038,738</u></u> |

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

| | |
|--|----------------------------|
| Business and industry contract revenue | \$ 1,022,037 |
| School district contract revenue | 94,430 |
| Miscellaneous revenue | 334,699 |
| Enterprise fund revenue | 1,529,269 |
| Special revenue fund revenue | - |
| Investment income earned | <u>225,533</u> |
| | <u><u>\$ 3,205,968</u></u> |

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

| | |
|------------------|----------------------------|
| Physical Plant | \$ 3,700,297 |
| Interest expense | <u>1,194,139</u> |
| | <u><u>\$ 4,894,436</u></u> |

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

| | |
|--|-----------------------------|
| Budgetary basis fund balance | \$ 14,306,489 |
| General fixed assets capitalized - cost | 54,406,947 |
| Accumulated depreciation on general fixed assets | (16,407,294) |
| General obligation bonds payable | (35,280,000) |
| Long-term portion of retiree health insurance | (5,053,519) |
| Accrued interest on Long-term Debt | (99,797) |
| Encumbrances outstanding at year-end | <u>901,895</u> |
| | <u>(1,531,768)</u> |
| Net assets per basic financial statements | <u><u>\$ 12,774,721</u></u> |

The accompanying notes are an integral part of these financial statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

| <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, 2009</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 | 03-109-000-010 | 18,780 | - |
| Total Direct Programs | | | 18,780 | - |
| U.S. Department of Education | | | | |
| Pass-through Programs from: | | | | |
| Wisconsin Technical College Systems Board | | | | |
| Adult Education Act | | | | |
| ABE-Community Connection | 84.002 | 03-114-146-110 | 22,740 | 9,742 |
| Forward to civic literacy | 84.002 | 03-111-146-160 | 23,500 | 12,198 |
| Adult basic education - disadvantaged | 84.002 | 03-110-146-120 | 94,297 | 49,590 |
| TOTAL 84.002 | | | 140,537 | 71,530 |
| Wisconsin Technical College Systems Board | | | | |
| Stengthening Career & Technical Program | 84.048 | 03-193-150-250 | 41,900 | 24,393 |
| NTO Connections | 84.048 | 03-194-150-260 | 33,500 | 3,324 |
| Statewide Design of Mech Design - TSA | 84.048 | 03-196-150-220 | 38,040 | 37,696 |
| SW Design of Medical Assistant - TSA | 84.048 | 03-197-150-230 | 37,065 | - |
| Achieving Student Success | 84.048 | 03-198-150-230 | 134,200 | 77,514 |
| TOTAL 84.048 | | | 284,705 | 142,927 |
| Wisconsin Technical College Systems Board | | | | |
| Technical Preparation Grant | 84.243 | 03-106-150-400 | 114,087 | 60,653 |
| U.S. Department of Labor | | | | |
| Pass-through Programs from: | | | | |
| Southcentral Workforce Development | | | | |
| Sector Strategy | 17.261 | 03-183-000-010 | 58,085 | - |
| SIMS | 17.261 | 03-182-000-110 | 172,185 | - |
| Agriculture - Annies | 17.261 | 03-189-000-010 | 36,482 | - |
| Workplace Skills Center | 17.261 | 03-191-000-010 | 241,231 | - |
| Youthplace Skills | 17.261 | 03-192-000-010 | 338,068 | - |
| Southwest Workforce Development Board | | | | |
| GROW WI - MSSC Expansion Project | | 03-101-000-010 | 21,250 | - |
| MSSC | 17.261 | 03-181-000-010 | 50,865 | - |
| Total U.S. Department of Labor | | | 918,166 | - |
| U.S. Department of Health & Human Services | | | | |
| Pass-through Programs from: | | | | |
| University of Wisconsin | | | | |
| Rural Health - EMS ACLS Training | 93.241 | 03-102-000-010 | 20,000 | - |
| Total Pass-through Programs | | | 1,477,495 | 275,110 |
| | | | \$ 1,496,275 | \$ 275,110 |

Total Federal Expenditures as stated above
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, 2010</u> |
| \$ 2,572,232 | \$ - | \$ 2,572,232 | \$ 2,572,232 | \$ - |
| 3,055,376 | - | 3,055,376 | 3,055,376 | - |
| 5,760 | - | 5,760 | 5,760 | - |
| 35,111 | - | 35,111 | 35,111 | - |
| 40,725 | - | 40,725 | 40,725 | - |
| 63,221 | - | 63,221 | 63,221 | - |
| <u>5,772,425</u> | <u>-</u> | <u>5,772,425</u> | <u>5,772,425</u> | <u>-</u> |
| - | - | 11,062 | 11,062 | 11,062 |
| <u>5,772,425</u> | <u>-</u> | <u>5,783,487</u> | <u>5,783,487</u> | <u>11,062</u> |
| 30,454 | 17,647 | 40,387 | 40,387 | 2,028 |
| 22,960 | 6,005 | 29,505 | 29,505 | 12,738 |
| 137,194 | 120,503 | 214,800 | 214,800 | 6,693 |
| <u>190,608</u> | <u>144,155</u> | <u>284,692</u> | <u>284,692</u> | <u>21,459</u> |
| 37,940 | - | 43,115 | 43,115 | 29,568 |
| 22,456 | 1,215 | 32,256 | 32,256 | 11,909 |
| 56,538 | - | 36,368 | 36,368 | 17,526 |
| 20,288 | - | 36,761 | 36,761 | 16,473 |
| 171,397 | 180,100 | 314,300 | 314,300 | 40,317 |
| <u>308,619</u> | <u>181,315</u> | <u>462,800</u> | <u>462,800</u> | <u>115,793</u> |
| 133,011 | - | 111,877 | 111,877 | 39,519 |
| - | - | 31,466 | 31,466 | 31,466 |
| 35,467 | - | 52,285 | 52,285 | 16,818 |
| 8,925 | - | 29,530 | 29,530 | 20,605 |
| 121,121 | - | 241,231 | 241,231 | 120,110 |
| 183,244 | - | 298,550 | 298,550 | 115,306 |
| - | - | 12,060 | 12,060 | 12,060 |
| - | - | 47,984 | 47,984 | 47,984 |
| <u>348,757</u> | <u>-</u> | <u>713,106</u> | <u>713,106</u> | <u>364,349</u> |
| - | 20,230 | 28,476 | 28,476 | 8,246 |
| 980,995 | 345,700 | 1,600,951 | 1,600,951 | 549,366 |
| <u>\$ 6,753,420</u> | <u>\$ 345,700</u> | <u>\$ 7,384,438</u> | <u>\$ 7,384,438</u> | <u>\$ 560,428</u> |
| <u>\$ 6,753,420</u> | | | | |
| <u>285,318</u> | | | | |
| <u>\$ 7,038,738</u> | | | | |

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

| <u>State Grant/Program Title</u> | <u>State Catlog Number</u> | <u>State Grant Award</u> | <u>Accrued Receivable July 1, 2009</u> |
|---|------------------------------------|----------------------------------|--|
| Wisconsin Technical College Systems Board | | | |
| Vocation Education Instructor Competency Program | 292.104 | \$ 710 | \$ - |
| State Aids for technical colleges | 292.105 | 3,343,576 | - |
| Project Pivot | 292.106 | 33,336 | 13,772 |
| Students of Color Service and Support | 292.109 | 10,000 | 4,550 |
| Incentive grants: | | | |
| Adult Literacy - Certified Nursing Assistant | 292.112 | 33,000 | 17,296 |
| Add'l Development of Annie's Project | 292.112 | 6,720 | - |
| Adult Education & Family Resource Center | 292.112 | - | 12,806 |
| Adult Education: Linking Students | 292.112 | 40,500 | 2,457 |
| Youth Trade & Industry | 292.112 | 5,000 | - |
| Culinary Management Modified | 292.112 | 162,747 | - |
| Midwifery Program | 292.112 | - | 33,558 |
| Advanced Mfg Network | 292.112 | 65,457 | 43,634 |
| Graphic and Web Design | 292.112 | 92,286 | 20,602 |
| Total 292.112 | | 405,710 | 130,353 |
| Transition Services | 292.115 | 23,637 | 13,787 |
| Land's End Workforce Advancement Training | 292.116 | 3,551 | 353 |
| Universal Silencer Workforce Advancement Training | 292.116 | 4,088 | 67 |
| Richland Hospital, Inc. Workforce Advancement Training | 292.116 | 4,075 | 655 |
| Cabela's Workforce Advancement Training | 292.116 | - | 2,205 |
| Lean Mfg/Safety Quantum Workforce Advancement Train | 292.116 | - | 1,681 |
| Maintenance Workforce Advancement Training | 292.116 | - | 13,684 |
| Lori Knapp Workforce Advancement Training | 292.116 | 1,184 | 1,117 |
| Lean Manufactruing Workforce Advancement Training | 292.116 | - | 557 |
| Leadership Workforce Advancement Training | 292.116 | - | 7,031 |
| Lean Mfg - Cabelas Workforce Advancement Training | 292.116 | 12,344 | 177 |
| Prairie du Chien Hospital Workforce Advancement Train. | 292.116 | 11,364 | 179 |
| Multi Health Care Lean Training Workforce Adv. Train. | 292.116 | 20,278 | - |
| MSSC Training/Lactalis USA Workforce Adv. Training | 292.116 | 13,406 | - |
| Small Business: Electrical Cert Workforce Adv. Training | 292.116 | 7,263 | - |
| DISC Training/BAPI Workforce Advancement Training | 292.116 | 4,797 | - |
| LEAN Training Workforce Advancement Training | 292.116 | 15,345 | - |
| Total 292.116 | | 97,695 | 27,706 |
| Faculty Development Grant | 292.123 | 43,661 | 13,048 |

| | <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, 2010</u> |
| \$ - | \$ 710 | \$ 1,420 | \$ 1,420 | \$ 710 | |
| 3,343,576 | - | 3,343,576 | 3,343,576 | - | |
| 37,583 | 5,648 | 38,984 | 38,984 | 9,525 | |
| 13,075 | 4,161 | 14,161 | 14,161 | 1,475 | |
| 30,603 | 12,850 | 45,850 | 45,850 | 19,693 | |
| - | 54 | 6,774 | 6,774 | 6,720 | |
| 12,806 | - | - | - | - | |
| 18,368 | - | 40,499 | 40,499 | 24,588 | |
| - | - | 4,842 | 4,842 | 4,842 | |
| 55,402 | 52,871 | 211,482 | 211,482 | 103,209 | |
| 33,558 | - | - | - | - | |
| 43,634 | 22,662 | 88,119 | 88,119 | 65,457 | |
| <u>48,261</u> | <u>58,060</u> | <u>145,150</u> | <u>145,150</u> | <u>59,431</u> | |
| 242,632 | 146,497 | 542,716 | 542,716 | 283,940 | |
| 37,424 | 23,097 | 46,734 | 46,734 | - | |
| 1,748 | 465 | 1,860 | 1,860 | - | |
| 3,629 | 1,187 | 4,749 | 4,749 | - | |
| 3,497 | 947 | 3,789 | 3,789 | - | |
| 2,205 | - | - | - | - | |
| 1,681 | - | - | - | - | |
| 13,684 | - | - | - | - | |
| 1,184 | 172 | 239 | 239 | - | |
| 557 | - | - | - | - | |
| 7,031 | - | - | - | - | |
| 12,220 | 4,015 | 16,058 | 16,058 | - | |
| 9,549 | 3,124 | 12,494 | 12,494 | - | |
| - | 4,271 | 17,085 | 17,085 | 12,814 | |
| - | 3,737 | 14,946 | 14,946 | 11,209 | |
| - | 2,738 | 10,001 | 10,001 | 7,263 | |
| 750 | 1,599 | 6,396 | 6,396 | 4,047 | |
| <u>4,349</u> | <u>4,738</u> | <u>18,953</u> | <u>18,953</u> | <u>9,866</u> | |
| 62,084 | 26,993 | 106,570 | 106,570 | 45,199 | |
| 38,834 | 41,148 | 82,295 | 82,295 | 15,361 | |

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

| <u>State Grant/Program Title</u> | <u>State Catlog Number</u> | <u>State Grant Award</u> | <u>Accrued Receivable July 1, 2009</u> |
|--|------------------------------------|----------------------------------|--|
| Wisconsin Technical College Systems Board, continued | | | |
| Nursing Expanded Program | 292.161 | \$ - | \$ 20,869 |
| Direct Entry Midwife | 292.162 | 83,104 | - |
| Personal Care Worker | 292.161 | 18,209 | - |
| Total 292.161 | | 101,313 | 20,869 |
| Total Wisconsin Technical College System Board | | 4,059,638 | 224,085 |
| Department of Justice | | | |
| Homeland Security Training | 455-231 | 8,195 | - |
| Gordon Graham | 455-231 | 5,000 | - |
| Instructor Development | 455-231 | 2,000 | - |
| Bulletproof Mind | 455-231 | 5,000 | - |
| | | 20,195 | - |
| Department of Revenue | | | |
| State Aid Computers | 35.109 | 46,523 | - |
| Wisconsin Higher Education Board | | | |
| HEAB - Remission of Fees for Veterans and Dependents | 235.105 | \$ 38,046 | \$ 24,600 |
| HEAB - Indian Grant | 235.132 | 1,100 | - |
| HEAB - WHEG | 235.102 | 327,196 | - |
| HEAB - Audio/Visual Disability Grant | 235.116 | 900 | - |
| HEAB - Minority Undergraduate Retention | 235.107 | 800 | - |
| HEAB - Nursing | 235.117 | 13,235 | - |
| HEAB - Talent Incentive Grant | 235.114 | 19,906 | - |
| Total HEAB | | 401,183 | 24,600 |
| TOTAL STATE FINANCIAL ASSISTANCE | | \$ 4,527,539 | \$ 248,685 |

Total state revenue as stated above
Add Drivers Education - Local Assistance
Add Fire Service 2% Funding
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, 2010</u> |
| \$ 20,869 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 31,552 | - | 82,865 | 82,865 | | 51,313 |
| 16,029 | 1,053 | 19,262 | 19,262 | | 2,180 |
| <u>68,450</u> | <u>1,053</u> | <u>102,127</u> | <u>102,127</u> | | <u>53,493</u> |
| <u>3,843,658</u> | <u>249,307</u> | <u>4,278,583</u> | <u>4,278,583</u> | | <u>409,703</u> |
| - | - | 3,715 | 3,715 | | 3,715 |
| 5,000 | - | 5,000 | 5,000 | | - |
| 2,000 | - | 2,000 | 2,000 | | - |
| 5,000 | - | 5,000 | 5,000 | | - |
| <u>12,000</u> | <u>-</u> | <u>15,715</u> | <u>15,715</u> | | <u>3,715</u> |
| 46,523 | - | 46,523 | 46,523 | | - |
| \$ 24,600 | \$ - | \$ 38,046 | \$ 38,046 | \$ 38,046 | |
| 1,100 | - | 1,100 | 1,100 | | - |
| 327,196 | - | 327,196 | 327,196 | | - |
| 900 | - | 900 | 900 | | - |
| 800 | - | 800 | 800 | | - |
| 13,235 | - | 13,235 | 13,235 | | - |
| 19,906 | - | 19,906 | 19,906 | | - |
| <u>387,737</u> | <u>-</u> | <u>401,183</u> | <u>401,183</u> | | <u>38,046</u> |
| <u>\$ 4,289,918</u> | <u>\$ 249,307</u> | <u>\$ 4,742,004</u> | <u>\$ 4,742,004</u> | <u>\$ 451,464</u> | |
| \$ 4,289,918 | | | | | |
| 6,000 | | | | | |
| 25,374 | | | | | |
| <u>202,779</u> | | | | | |
| <u>\$ 4,524,071</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, 2010**

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUBRECIPIENTS

The District's subrecipients included the following:

| <u>Subrecipient</u> | <u>Program</u> | <u>Catalog Number</u> | <u>Amount</u> |
|---|-------------------------------|---------------------------|---------------|
| Southwestern Wisconsin Childcare Resource & Referral, Inc. | Childcare & Development Grant | 93.596 | \$ 10.692 |



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, 2010, 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 23, 2010



Engelson & Associates, Ltd.

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Southwest Wisconsin Technical College District's ("District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration (DOA) that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 23, 2010

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

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 501(a)? | No |

The programs tested as major programs include:

| | <u>CFDA#</u> | <u>Amount</u> |
|--|--------------|---------------|
| Federal: | | |
| Pell Grant | 84.063 | \$ 2,572,232 |
| Federal Direct Student Loans | 84.032 | 3,055,376 |
| Federal Direct Student Plus Loans | 84.032 | 5,760 |
| Supplemental Education Opportunity Grant | 84.007 | 35,111 |
| College Work Study | 84.033 | 63,221 |
| Sector Strategy | 17.261 | 31,466 |
| SIMS | 17.261 | 52,285 |
| Agriculture - Annies | 17.261 | 29,530 |
| Workplace Skills Center | 17.261 | 241,231 |
| Youthplace Skills | 17.261 | 298,550 |
| GROW WI - MSSC Expansion Project | 17.261 | 12,060 |
| MSSC | 17.261 | 47,984 |

- 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 |
| Dollar threshold used to distinguish between Types A and Type B programs? | \$100,000 Type A \$ 25,000 Type B |

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

The programs tested as major programs include

State:

| | | |
|--|---------|--------------|
| State Aid | 292.105 | \$ 3,343,576 |
| Wisconsin Higher Education Board-WHEG | 235.102 | 401,183 |
| Adult Literacy - Certified Nursing Assistant | 292.112 | 45,850 |
| Culinary Management Modified | 292.112 | 211,482 |
| Advanced Mfg Network | 292.112 | 88,119 |
| Graphic and Web Design | 292.112 | 145,150 |

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

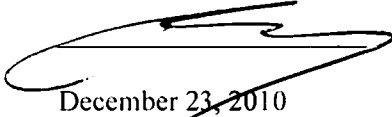
NONE

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 23, 2010

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

NONE