

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southwest Wisconsin Technical College  
Fennimore, Wisconsin

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Southwest Wisconsin Technical College (the District), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability (asset), schedule of contributions, schedule of changes in net OPEB liability and related ratios, and notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
March 1, 2023

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

The discussion and analysis of the financial performance of Southwest Wisconsin Technical College (the District) provides an overview of its financial activities, identifies changes in its financial position, and assists the reader of these financial statements in focusing on noteworthy financial issues for the fiscal year ended June 30, 2022.

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

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

**FINANCIAL HIGHLIGHTS – YEAR ENDED JUNE 30, 2022**

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

- Received and managed federal, state or local grants totaling \$2.893 million.
- Updated official statement for borrowing and maintained the District's rating of Aa2 through Moody's.
- Issued \$4 million, 5-year promissory note at 1.25 – 2.25% interest rates.
- Continued participation in Districts Mutual Insurance (DMI), the insurance company formed by the colleges in the Wisconsin Technical College System to provide property and casualty coverage.
- Continued participation in the formation of Wisconsin Technical Colleges Employee Benefits Consortium (WTCEBC) with seven other Wisconsin technical colleges to provide employee benefits.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

- Received and managed federal, state or local grants totaling \$3.108 million.
- Updated official statement for borrowing and maintained the District's rating of Aa2 through Moody's.
- Issued \$4 million, 5-year promissory note at 2.0 – 4.0% interest rate.
- Continued participation in Districts Mutual Insurance (DMI), the insurance company formed by the colleges in the Wisconsin Technical College System to provide property and casualty coverage.
- Continued participation in the formation of Wisconsin Technical Colleges Employee Benefits Consortium (WTCEBC) with seven other Wisconsin technical colleges to provide employee benefits.

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

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



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

<b>TABLE 1</b>				
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>				
	2022	2021	Change	Percent Change
<b>OPERATING REVENUE</b>				
Student Fees	\$ 5,348,509	\$ 5,659,990	\$ (311,481)	-5.50%
Federal Grants	610,167	694,406	(84,239)	-12.13%
State Grants	2,282,755	2,413,675	(130,920)	-5.42%
Contract Revenues	2,482,102	1,999,073	483,029	24.16%
Auxiliary Revenues	1,290,765	1,254,770	35,995	2.87%
Total Operating Revenues	12,014,298	12,021,914	(7,616)	-0.06%
<b>OPERATING EXPENSES</b>				
Instruction	12,912,684	13,057,563	(144,879)	-1.11%
Instructional Resources	256,631	139,357	117,274	84.15%
Student Services	2,875,055	2,064,014	811,041	39.29%
General Institutional	5,976,110	4,292,012	1,684,098	39.24%
Physical Plant	1,206,054	2,677,347	(1,471,293)	-54.95%
Auxiliary Enterprise Services	1,498,147	2,058,924	(560,777)	-27.24%
Depreciation	3,438,010	3,180,512	257,498	8.10%
Student Aid	4,835,431	3,189,186	1,646,245	51.62%
Total Operating Expenses	32,998,122	30,658,915	2,339,207	7.63%
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	11,373,622	11,118,541	255,081	2.29%
State Appropriations	8,939,917	8,399,269	540,648	6.44%
Federal Appropriations	6,156,729	3,895,279	2,261,450	58.06%
Investment Income	50,391	49,077	1,314	2.68%
Loss on Disposal of Capital Assets	(25,668)	(2,411,163)	2,385,495	-98.94%
Interest Expenses	(521,184)	(679,347)	158,163	-23.28%
Total Nonoperating Revenues (Expenses)	25,973,807	20,371,656	5,602,151	27.50%
<b>INCREASE (DECREASE) IN NET POSITION</b>	4,989,983	1,734,655	<b>\$ 3,255,328</b>	<b>187.66%</b>
Net Position - Beginning of Year	36,603,357	34,868,702		
<b>NET POSITION - END OF YEAR</b>	<b>\$ 41,593,340</b>	<b>\$ 36,603,357</b>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

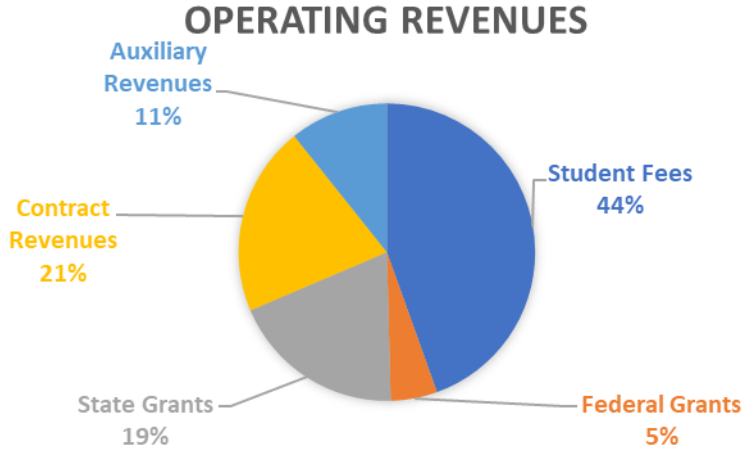
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District received \$2,892,922 from the federal and state governments for 2022 compared to \$3,108,081 for 2021.
  - State revenue decreased \$130,920 or 5.42% in 2022 compared to 2021. State funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
  - Federal funding decreased \$84,239 or 12.13% in 2022 compared to 2021. The level of enrollment impacts the amount of federal financial aid that is awarded each year. Federal funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
- Revenue from industrial and technical assistance contracts with business and industry, local school districts, and the Department of Corrections was \$2,482,102 in 2022 and \$1,999,073 in 2021, offsetting the decrease in federal and state grants.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$1,290,765 for 2022 compared to \$1,254,770 in 2021 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses increased \$32,998,122 or 7.63% compared to 2021. A major cause for the increase related to increased emergency student aid funded by the federal Education Stabilization Fund. The majority of the District's expenses, 39%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 27%, while auxiliary services and other expenses account for the remaining 34% of total operating expenses.

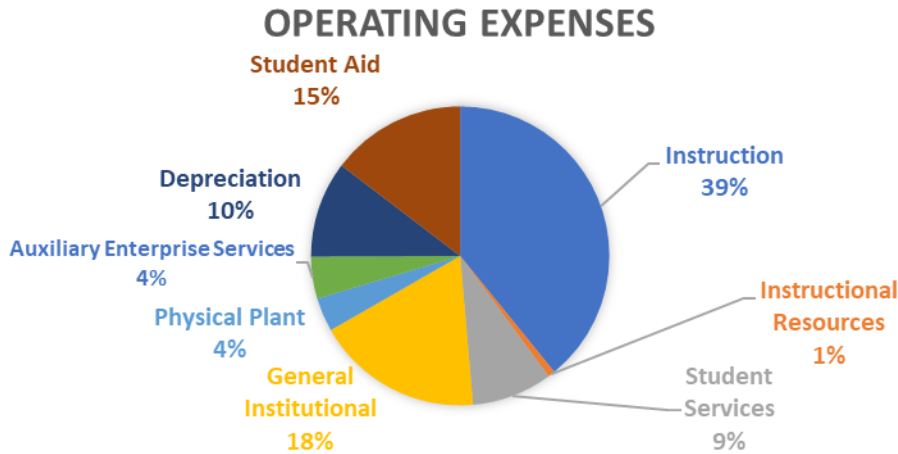
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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



The graph below categorizes operating expenses by function:



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues increased \$5,602,151 or 27.50% in 2022.

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

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

**TABLE 2  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	2021	2020	Change	Percent Change
<b>OPERATING REVENUE</b>				
Student Fees	\$ 5,659,990	\$ 5,570,847	\$ 89,143	1.60%
Federal Grants	694,406	922,531	(228,125)	-24.73%
State Grants	2,413,675	2,556,220	(142,545)	-5.58%
Contract Revenues	1,999,073	1,758,180	240,893	13.70%
Auxiliary Revenues	1,254,770	1,404,714	(149,944)	-10.67%
Total Operating Revenues	<u>12,021,914</u>	<u>12,212,492</u>	<u>(190,578)</u>	<u>-1.56%</u>
<b>OPERATING EXPENSES</b>				
Instruction	13,057,563	15,609,492	(2,551,929)	-16.35%
Instructional Resources	139,357	126,998	12,359	9.73%
Student Services	2,064,014	2,431,218	(367,204)	-15.10%
General Institutional	4,292,012	4,987,213	(695,201)	-13.94%
Physical Plant	2,677,347	1,000,678	1,676,669	167.55%
Auxiliary Enterprise Services	2,058,924	1,335,739	723,185	54.14%
Depreciation	3,180,512	3,014,303	166,209	5.51%
Student Aid	3,189,186	3,483,964	(294,778)	-8.46%
Total Operating Expenses	<u>30,658,915</u>	<u>31,989,605</u>	<u>(1,330,690)</u>	<u>-4.16%</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	11,118,541	10,650,000	468,541	4.40%
State Appropriations	8,399,269	8,747,474	(348,205)	-3.98%
Federal Appropriations	3,895,279	2,856,905	1,038,374	36.35%
Investment Income	49,077	219,612	(170,535)	-77.65%
Loss on Disposal of Capital Assets	(2,411,163)	(40,743)	(2,370,420)	5817.98%
Interest Expenses	(679,347)	(752,515)	73,168	-9.72%
Total Nonoperating Revenues (Expenses)	<u>20,371,656</u>	<u>21,680,733</u>	<u>(1,309,077)</u>	<u>-6.04%</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,734,655	1,903,620	<u>\$ (168,965)</u>	<u>-8.88%</u>
Net Position - Beginning of Year	<u>34,868,702</u>	<u>32,965,082</u>		
<b>NET POSITION - END OF YEAR</b>	<u>\$ 36,603,357</u>	<u>\$ 34,868,702</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

Operating revenues are the charges for services offered by the District. Total operating revenues decreased \$190,578 or 1.56% for fiscal year 2021. The decrease is primarily due to the following:

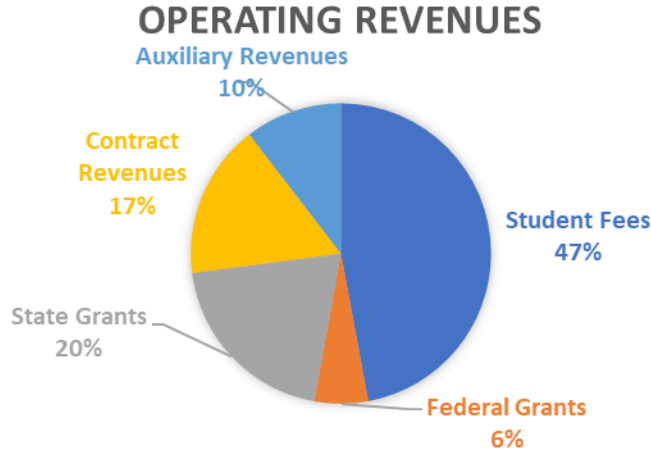
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District received \$3,108,081 from the federal and state governments for 2021 compared to \$3,478,751 for 2020.
  - State revenue decreased \$142,545 or 5.58%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

Operating expenses are costs incurred for providing education, training and services. Total operating expenses decreased \$1,330,690 or 4.16% compared to 2020. The majority of the District's expenses, 43%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 21%, while auxiliary services and other expenses account for the remaining 36% of total operating expenses.

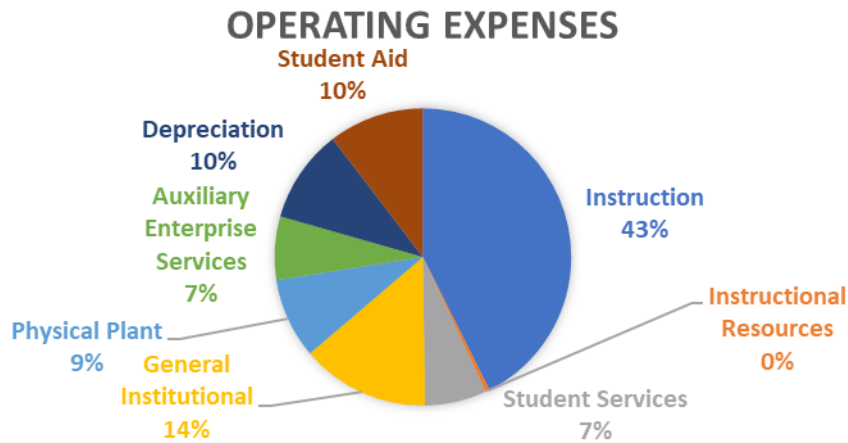
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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



The graph below categorizes operating expenses by function:



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues decreased \$1,309,077 or 6.04% in 2020.

- Federal appropriations increased \$1,038,374 in 2021. The increase is a result of the District expending COVID-19 funding from the Higher Education Emergency Relief Funds (HEERF).
- Loss on disposal of capital assets increased \$2,370,420 or 5,817.98% in 2022 compared to 2021. The District disposed a building and related improvements and equipment representing \$2,340,322 of the total loss on disposal.

**STATEMENT OF NET POSITION – JUNE 30, 2022**

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

Total net position increased \$1,723,294 or 13.63% in 2022 compared to an increase of \$1,734,655 or 4.97% in 2021. The District ended its fiscal year with net position of \$41,593,340 in 2022 of which \$21,920,351 was net investment in capital assets, \$6,030,006 was restricted for the net pension asset, \$642,161 was restricted for student financial aid, \$933,507 was restricted for capital projects, \$2,280,896 was restricted for debt service assistance, and \$9,786,419 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

Total assets increased \$2,035,720 or 2.77% in 2022 and \$1,575,158 or 2.19% in 2021. Net capital assets increased \$8,106 or 0.02% in 2022 compared to a decrease of \$823,011 or 1.77% in 2021.

The District's current liabilities decreased \$148,895 or 1.58% in 2022 compared to an increase of \$827,525 or 9.65% in 2021.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**STATEMENT OF NET POSITION – JUNE 30, 2022 (Continued)**

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

<b>TABLE 3 CONDENSED STATEMENTS OF NET POSITION</b>				
	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>Percent Change</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,183,236	\$ 14,673,270	\$ 1,509,966	10.29%
Net Pension Asset	6,030,006	4,738,443	1,291,563	27.26%
Net Capital Assets*	45,575,675	45,567,569	8,106	0.02%
Other Assets	7,828,860	8,602,775	(773,915)	-9.00%
Total Assets	75,617,777	73,582,057	2,035,720	2.77%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	11,316,527	7,378,208	3,938,319	53.38%
Related to Other Postemployment Benefits -	590,654	749,647	(158,993)	-21.21%
Total Deferred Outflows of Resources	11,907,181	8,127,855	3,779,326	46.50%
<b>LIABILITIES</b>				
Current Liabilities*	9,251,415	9,400,310	(148,895)	-1.58%
Long-Term Liabilities*	22,401,782	24,987,557	(2,585,775)	-10.35%
Total Liabilities	31,653,197	34,387,867	(2,734,670)	-7.95%
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	14,207,085	10,394,531	3,812,554	36.68%
Related to Other Postemployment Benefits -	71,336	324,157	(252,821)	-77.99%
Health Insurance	71,336	324,157	(252,821)	-77.99%
Total Deferred Outflows of Resources	14,278,421	10,718,688	3,559,733	33.21%
<b>NET POSITION</b>				
Net Invested in Capital Assets	21,920,351	20,222,189	1,698,162	8.40%
Restricted for Pension	6,030,006	4,738,443	1,291,563	27.26%
Restricted for Student Financial Aid	642,161	521,822	120,339	23.06%
Restricted for Capital Projects	933,507	827,081	106,426	12.87%
Restricted for Debt Service	2,280,896	2,230,697	50,199	2.25%
Unrestricted	9,786,419	8,063,125	1,723,294	21.37%
Total Net Position	\$ 41,593,340	\$ 36,603,357	\$ 4,989,983	13.63%

\* The District Implemented GASB No. 87 in 2022; the prior year has been retrospectively adjusted for this implementation

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

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

Total assets increased \$1,575,158 or 2.19% in 2021 and \$5,546,045 or 8.34% in 2020. Net capital assets decreased \$823,011 or 1.77% in 2021 compared to an increase of \$1,129,122 or 2.49% in 2020.

The District's current liabilities increased \$827,525 or 9.65% in 2021 compared to an increase of \$2,631,581 or 44.29% in 2020.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**STATEMENT OF NET POSITION (continued)**

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

	2021	2020	Change	Percent Change
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,673,270	\$ 16,179,861	\$ (1,506,591)	-9.31%
Net Pension Asset	4,738,443	2,494,865	2,243,578	89.93%
Net Capital Assets*	45,567,569	46,390,580	(823,011)	-1.77%
Other Assets	8,602,775	6,941,593	1,661,182	23.93%
Total Assets	<u>73,582,057</u>	<u>72,006,899</u>	<u>1,575,158</u>	<u>2.19%</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	7,378,208	5,365,632	2,012,576	37.51%
Related to Other Postemployment Benefits - Total Deferred Outflows of Resources	<u>749,647</u>	<u>725,302</u>	<u>24,345</u>	<u>3.36%</u>
	8,127,855	6,090,934	2,036,921	33.44%
<b>LIABILITIES</b>				
Current Liabilities*	9,400,310	8,572,785	827,525	9.65%
Long-Term Liabilities*	24,987,557	26,747,159	(1,759,602)	-6.58%
Total Liabilities	<u>34,387,867</u>	<u>35,319,944</u>	<u>(932,077)</u>	<u>-2.64%</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	10,394,531	7,474,882	2,919,649	39.06%
Related to Other Postemployment Benefits - Health Insurance	<u>324,157</u>	<u>434,305</u>	<u>(110,148)</u>	<u>-25.36%</u>
Total Deferred Outflows of Resources	10,718,688	7,909,187	2,809,501	35.52%
<b>NET POSITION</b>				
Net Invested in Capital Assets	20,222,189	20,448,897	(226,708)	-1.11%
Restricted for Pension	4,738,443	2,494,865	2,243,578	89.93%
Restricted for Student Financial Aid	521,822	481,252	40,570	8.43%
Restricted for Capital Projects	827,081	1,869,963	(1,042,882)	-55.77%
Restricted for Debt Service	2,230,697	2,364,940	(134,243)	-5.68%
Unrestricted	8,063,125	7,208,785	854,340	11.85%
Total Net Position	<u>\$ 36,603,357</u>	<u>\$ 34,868,702</u>	<u>\$ 1,734,655</u>	<u>4.97%</u>

\* The District Implemented GASB No. 87 in 2022; the prior year has been retrospectively adjusted for this implementation. 2020 has not been updated for this implementation

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION – JUNE 30, 2022**

**Capital Assets**

At June 30, 2022, the District had \$76,916,512 in capital assets, including land, construction in progress, land improvements, buildings and improvements, moveable equipment, and right-to-use assets recorded under lease agreements. Total accumulated depreciation/amortization on these assets was \$31,340,837. Asset acquisitions totaled \$3,471,784. Asset disposals totaled \$244,989 net of related accumulated depreciation of 219,321. The District recognized depreciation/amortization expense of \$3,438,010. Detailed information about capital assets can be found in Note 3 to the financial statements.

**Long-term Debt**

As of June 30, 2022, the District had \$22,555,000 in general obligation debt outstanding compared to \$24,010,000 in 2021. The District maintained its Aa2 rating from Moody's Investor service on its current and outstanding long-term debt. Debt service requirements of the District are current and are secured by a tax levy adopted by the District Board. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. All general obligation debt for equipment is repaid in five years, while debt related to building and major remodeling is repaid in 10-20 years. The current debt adequately replaces and expands the equipment and facility needs of the District. Detailed information about the District's long-term debt is presented in Note 4 to the financial statements.

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

**Capital Assets**

At June 30, 2021, the District had \$73,689,717 in capital assets, including land, construction in progress, land improvements, buildings and improvements, , moveable equipment, and right-to-use assets recorded under lease agreements. Total accumulated depreciation/amortization on these assets was \$28,122,148. Asset acquisitions totaled \$4,152,960. Asset disposals totaled \$18,127,227 net of related accumulated depreciation of 15,736,064 The District recognized depreciation/amortization expense of \$3,180,512. Detailed information about capital assets can be found in Note 3 to the financial statements.

**Long-term Debt**

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**FINANCIAL POSITION – JUNE 30, 2022**

The District continues to maintain a strong financial position. Its major revenue sources are property taxes, state aids, student tuition and fees, federal and state grants and contracts with business and industry.

Moody's "Aa2" rating reflects the District's broad tax base in southwestern Wisconsin (Aa1 stable) with solid resident incomes and stabilizing enrollment following a few years of declines driven by the coronavirus pandemic. The rating also reflects the maintenance of strong financial reserves and liquidity despite limited revenue raising ability that is constrained by state control of tuition and fee increases. The District's debt and pension liabilities are modest.

**FINANCIAL POSITION – JUNE 30, 2021**

The District continues to maintain a strong financial position. Its major revenue sources are property taxes, state aids, student tuition and fees, federal and state grants and contracts with business and industry.

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2022**

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

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

Southwest Wisconsin Technical College faces challenges among which are:

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

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

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2021 (Continued)**

Southwest Wisconsin Technical College faces challenges among which are:

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

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

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

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

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

## **Basic Financial Statements**



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	District		Foundation	
	2022	2021	2022	2021
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 16,183,236	\$ 14,673,270	\$ 1,367,194	\$ 718,199
Taxes Receivable	3,374,341	3,493,160	-	-
Accounts Receivable	163,282	272,958	523,587	249,950
Student Accounts Receivable, Net	586,328	601,540	-	-
Due from Other Governments	406,199	1,751,729	-	-
WTCEBC Consortium	2,398,438	1,675,672	-	-
Inventories	473,181	441,323	-	-
Prepaid Expenses	427,091	366,393	-	-
Total Current Assets	<u>24,012,096</u>	<u>23,276,045</u>	<u>1,890,781</u>	<u>968,149</u>
<b>NON CURRENT ASSETS</b>				
Net Pension Asset	6,030,006	4,738,443	-	-
Investments	-	-	5,413,530	6,109,234
Capital Assets not Being Depreciated/Amortized	2,863,109	1,054,982	80,000	80,000
Capital Assets Being Depreciated/Amortized, Net	42,712,566	44,512,587	2,980,017	3,073,276
Total Noncurrent Assets	<u>51,605,681</u>	<u>50,306,012</u>	<u>8,473,547</u>	<u>9,262,510</u>
Total Assets	<u>75,617,777</u>	<u>73,582,057</u>	<u>10,364,328</u>	<u>10,230,659</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	11,316,527	7,378,208	-	-
Related to Other Postemployment Benefits	590,654	749,647	-	-
Total Deferred Outflows of Resources	<u>11,907,181</u>	<u>8,127,855</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	1,051,304	1,003,701	13,306	15,515
Accrued Salaries and Benefits	323,908	396,830	-	-
Accrued Interest	58,007	59,421	-	-
Deferred Revenue	586,864	753,871	-	-
Current Portion of Compensated Absences\Termination Benefits	898,341	1,108,344	-	-
Current Portion of Lease Liability	49,595	32,755	-	-
Current Portion of Long-Term Debt	5,795,000	5,455,000	103,736	100,153
Current Portion of Other Postemployment Benefits	488,396	590,388	-	-
Total Current Liabilities	<u>9,251,415</u>	<u>9,400,310</u>	<u>117,042</u>	<u>115,668</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated Absences\Termination Benefits	1,946,307	2,078,417	-	-
Lease Liability	454,698	504,293	-	-
Long-Term Debt	16,760,000	18,555,000	1,985,335	2,089,071
Unamortized Debt Premiums	596,031	798,332	-	-
Other Postemployment Benefits	2,644,746	3,051,515	-	-
Total Noncurrent Liabilities	<u>22,401,782</u>	<u>24,987,557</u>	<u>1,985,335</u>	<u>2,089,071</u>
Total Liabilities	<u>31,653,197</u>	<u>34,387,867</u>	<u>2,102,377</u>	<u>2,204,739</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	14,207,085	10,394,531	-	-
Related to Other Postemployment Benefits	71,336	324,157	-	-
Total Deferred Inflows of Resources	<u>14,278,421</u>	<u>10,718,688</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	21,920,351	20,222,189	-	-
Restricted				
Net Pension Asset	6,030,006	4,738,443	-	-
Student Financial Assistance	642,161	521,822	-	-
Capital Projects	933,507	827,081	-	-
Debt Service	2,280,896	2,230,697	-	-
Donor Restrictions	-	-	6,774,725	6,500,730
Unrestricted	<u>9,786,419</u>	<u>8,063,125</u>	<u>1,487,226</u>	<u>1,525,190</u>
Total Net Position	<u>\$ 41,593,340</u>	<u>\$ 36,603,357</u>	<u>\$ 8,261,951</u>	<u>\$ 8,025,920</u>

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	District		Foundation	
	2022	2021	2022	2021
<b>OPERATING REVENUES</b>				
Tuition and Fees				
Program Fees (Net of \$299,439 and \$194,576 Scholarship Allowances, Respectively	\$ 4,343,652	\$ 4,485,321	\$ -	\$ -
Material Fees (Net of \$16,822 and \$11,734 Scholarship Allowances, Respectively	244,019	270,491	-	-
Other Student Fees(Net of \$52,450 and \$39,224 Scholarship Allowances, Respectively	760,838	904,178	-	-
State Grants and Contracts	2,282,755	2,413,675	-	-
Federal Grants and Contracts	610,167	694,406	-	-
Non-Governmental Grants and Contracts	2,482,102	1,999,073	-	-
Auxiliary Enterprise Services	1,290,765	1,254,770	-	-
Contributions and Other Support	-	-	2,148,154	1,701,255
Rental Income	-	-	539,544	596,997
Total Operating Revenues	<u>12,014,298</u>	<u>12,021,914</u>	<u>2,687,698</u>	<u>2,298,252</u>
<b>OPERATING EXPENSES</b>				
Instruction	12,912,684	13,057,563	-	-
Instructional Resources	256,631	139,357	-	-
Student Services	2,875,055	2,064,014	-	-
General Institution	5,976,110	4,292,012	-	-
Physical Plant	1,206,054	2,677,347	-	-
Auxiliary Enterprise Services	1,498,147	2,058,924	-	-
Depreciation/Amortization	3,438,010	3,180,512	-	-
Student Aid	4,835,431	3,189,186	-	-
Program Activities and Other	-	-	1,333,552	1,484,598
Total Operating Expenses	<u>32,998,122</u>	<u>30,658,915</u>	<u>1,333,552</u>	<u>1,484,598</u>
<b>OPERATING INCOME (LOSS)</b>	(20,983,824)	(18,637,001)	1,354,146	813,654
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations	8,939,917	8,399,269	-	-
Federal Appropriations	6,156,729	3,895,279	-	-
Local Property Taxes	11,373,622	11,118,541	-	-
Loss on Disposal of Capital Assets	(25,668)	(2,411,163)	-	-
Investment Income (Loss)	50,391	49,077	(1,118,115)	1,444,727
Interest Expense	(521,184)	(679,347)	-	-
Total Nonoperating Revenues (Expenses)	<u>25,973,807</u>	<u>20,371,656</u>	<u>(1,118,115)</u>	<u>1,444,727</u>
<b>CHANGE IN NET POSITION</b>	4,989,983	1,734,655	236,031	2,258,381
Net Position - Beginning of Year	<u>36,603,357</u>	<u>34,868,702</u>	<u>8,025,920</u>	<u>5,767,539</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 41,593,340</u>	<u>\$ 36,603,357</u>	<u>\$ 8,261,951</u>	<u>\$ 8,025,920</u>

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees Received	\$ 5,196,714	\$ 5,690,687
Federal and State Grants Received	2,892,922	3,108,081
Business, Industry, and School District Contract Revenues Received	2,591,778	1,912,148
Payments to Employees for Operating Payroll	(26,005,794)	(26,352,035)
Payments to Suppliers	(6,619,034)	(3,173,850)
Auxiliary Enterprise Revenues Received	1,290,765	1,254,770
Net Cash Used by Operating Activities	(20,652,649)	(17,560,199)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local Property Taxes Received	11,492,441	11,103,019
State Appropriations Received	8,939,917	8,399,269
Federal Grants Received	7,502,259	2,521,765
Net Cash Provided by Noncapital Financing Activities	27,934,617	22,024,053
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES</b>		
Acquisition and Construction of Capital Assets	(3,609,739)	(4,172,960)
Lease Payments	(59,720)	(59,070)
Proceeds from Issuance of Debt	4,000,000	4,000,000
Premium on Debt Issue	14,376	159,880
Debt Retired	(5,455,000)	(5,105,000)
Interest Paid	(712,310)	(842,372)
Net Cash Used by Capital and Related Financial Activities	(5,822,393)	(6,019,522)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income Received	50,391	49,077
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,509,966	(1,506,591)
Cash and Cash Equivalents - Beginning of Year	14,673,270	16,179,861
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 16,183,236	\$ 14,673,270
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION</b>		
Acquisition and Construction of Capital Assets Included in Accounts Payable	\$ 371,436	\$ 509,391

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	2022	2021
Operating Loss	\$ (20,983,824)	\$ (18,637,001)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation/Amortization	3,438,010	3,180,512
(Increase) Decrease in Assets:		
Accounts Receivable	109,676	(86,925)
Student Accounts Receivable, Net	15,212	(55,786)
Inventories	(31,858)	(194,085)
Prepaid Expenses and Other Assets	(783,464)	64,650
Net Pension Asset	(1,291,563)	(2,243,578)
(Increase) Decrease in Deferred Outflows of Resources:		
Pension	(3,938,319)	(2,012,576)
OPEB	158,993	(24,345)
Increase (Decrease) in Liabilities:		
Accounts Payable and Other Current Liabilities	185,558	227,683
Accrued Salaries and Benefits	(72,922)	17,517
Compensated Absences	(342,113)	(179,040)
Unearned Revenue	(167,007)	86,483
Post-Employment Benefits	(508,761)	(513,209)
Increase (Decrease) in Deferred Inflows of Resources:		
Pension	3,812,554	2,919,649
OPEB	(252,821)	(110,148)
Total Net Cash Used by Operating Activities	\$ (20,652,649)	\$ (17,560,199)

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

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

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

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

**Reporting Entity**

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Reporting Entity (Continued)**

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

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

**Basis of Accounting and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the years for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant inter-governmental transactions have been eliminated.

**Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions that affect the reported amounts of assets, deferred inflows and outflows of revenues and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

**Cash and Cash Equivalents**

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

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

Cash and Cash Equivalents (Continued)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The SIF is not rated. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2022 and 2021, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported in these statements.

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Inventories**

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

**Capital Assets**

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

The costs of maintenance and repairs are charged to operations as incurred. Equipment assets having a cost of \$500 or more per unit and building or remodeling projects of \$15,000 or more are capitalized. Depreciation on buildings and equipment is provided in amounts sufficient to relate the cost of depreciable assets to operations on the straight-line basis over the estimated useful life of the asset, which range from four to ten years for equipment and fifty years for buildings and remodeling.

**Leases**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District adopted the requirements of GASB 87 effective July 1, 2021 and has applied the provisions of this standard to the beginning of the earliest comparative period presented.

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

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

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



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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

**Leases (Continued)**

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

**Property Tax and Taxes Receivable**

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

The District's operational mill rate was .50646 and .57833 mills for fiscal years ending 2022 and 2021, respectively. The debt service mill rate was .62064 and .60275 for the fiscal years ending 2022 and 2021, respectively.

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

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Compensated Absences**

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

**Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Post-Employment Benefits**

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

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The District has deferred outflows as of June 30, 2022 and 2021 related to pension and OPEB activity.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows as of June 30, 2022 and 2021 related to pension and OPEB activity.

**Fees and Tuition**

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

**State and Federal Revenues**

The District receives funding from various federal and state contracts and grants. These revenues are earned as expenses are incurred. Such expenses may be incurred during the grantor's fiscal period, which may be different than that of the District.

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

**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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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

**Classification of Revenue and Expense**

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

***Operating revenue/expenses*** - Operating revenues and expenses include activities that have the characteristics of exchange transactions to provide goods or services related to the District's principal ongoing operations. Operating revenues include (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) most federal, state and local grants and contracts that are essentially the same as contracts for services that finance programs of the District. Operating expenses include the cost of providing educational services, student aid, administrative expenses and depreciation/amortization on capital assets.

***Nonoperating revenues/expenses*** – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions. Nonoperating revenues as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. These revenues include gifts and contributions, and other revenue sources.

**Self-Insurance**

The District is self-insured for health and dental coverage. The District accounts for its medical self-insurance program in an internal service fund. The purpose of this fund is to pay medical insurance claims of the District employees and their covered dependents and to minimize the total costs of annual insurance to the District. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year-end, including claims incurred, but not yet reported. The amounts not reported to the District were determined by the Plan administrator.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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

**Net Position**

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

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

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

- Restricted net position for debt service can only be used to repay debt service costs (principal and interest) as they are levied for that specific purpose.
- Restricted net position for student financial assistance can only be used for student financial assistance activities.
- Restricted net position for capital projects can only be used to finance the acquisition of land, building, building improvements, and equipment.
- Restricted net position for net pension asset can only be used for future pension-related obligations.

***Unrestricted net position:*** Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services provided by educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the governing board to meet current expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 2 CASH AND CASH EQUIVALENTS**

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

	2022	2021	Risk
Cash and Cash Equivalents:			
Cash on Hand	\$ 2,940	\$ 2,940	
Deposit Accounts	14,945,010	13,437,652	Custodial Credit
Local Government Investment Pool	1,235,286	1,232,678	Credit and Interest Rate
Total Cash and Cash Equivalents	<u>\$ 16,183,236</u>	<u>\$ 14,673,270</u>	

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2022 and 2021, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported in these financial statements.

**Custodial Credit Risk**

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

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

	2022	2021
Bank Balances - Deposit Accounts	\$ 15,246,178	\$ 13,660,221
Amounts Secured by FDIC Coverage or Collateral Agreements	(15,246,178)	(13,660,221)
Custodial Credit Risk Exposure	<u>\$ -</u>	<u>\$ -</u>

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Custodial Credit Risk (continued)**

At June 30, 2022 and 2021, the District did not hold any investments other than funds with the LGIP, which are classified as cash equivalents in the financial statements.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than five years from the date of purchase or in accordance with state and local statutes and ordinances, whichever is less. The policy indicates that the investment portfolio should be structured so that securities mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy sets a maximum duration range of two years with a target duration of one year. As of June 30, 2022 and 2021, the LGIP investments have a maturity of 12 months or less.

**NOTE 3 CAPITAL ASSETS**

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

	Balance 7/1/2021	Additions	(Deletions)	Balance 6/30/2022
Capital Assets not Being Depreciated/Amortized				
Land	\$ 1,022,011	\$ -	\$ -	\$ 1,022,011
Construction in Progress	32,971	1,835,837	(27,710)	1,841,098
Total Capital Assets not Being Depreciated/Amortized	1,054,982	1,835,837	(27,710)	2,863,109
Capital Assets Being Depreciated/Amortized				
*Right-to-Use Assets	595,704	-	-	595,704
Land Improvements	692,735	-	-	692,735
Buildings and Improvements	44,218,398	202,185	-	44,420,583
Equipment	27,127,898	1,461,472	(244,989)	28,344,381
Total Capital Assets Being Depreciated/Amortized	72,634,735	1,663,657	(244,989)	74,053,403
Less: Accumulated Depreciation/Amortization for				
*Right-to-Use Assets	58,656	58,656	-	117,312
Land Improvements	319,080	33,002	-	352,082
Buildings and Improvements	11,966,288	1,261,501	-	13,227,789
Equipment	15,778,124	2,084,851	(219,321)	17,643,654
Total Accumulated Depreciation/Amortization	28,122,148	3,438,010	(219,321)	31,340,837
Total Capital Assets Being Depreciated/Amortized, Net	44,512,587	(1,774,353)	(25,668)	42,712,566
Net Capital Assets	45,567,569	\$ 61,484	\$ (53,378)	45,575,675
Less: General Obligation Debt	(24,808,332)			(23,151,031)
*Less: Lease Liability	(537,048)			(504,293)
Total Net Investment in Capital Assets	\$ 20,222,189			\$ 21,920,351

\*Amounts have been adjusted from the prior year for the implementation of GASB Statement No. 87, *Leases*.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

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

	Balance 7/1/2020	Additions	(Deletions)	Balance 6/30/2021
Capital Assets not Being Depreciated/Amortized				
Land	\$ 1,042,011	\$ -	\$ (20,000)	\$ 1,022,011
Construction in Progress	965,283	32,971	(965,283)	32,971
Total Capital Assets not Being Depreciated/Amortized	2,007,294	32,971	(985,283)	1,054,982
Capital Assets Being Depreciated/Amortized				
*Right-to-Use Assets	595,704	-	-	595,704
Land Improvements	1,233,861	2,810	(543,936)	692,735
Buildings and Improvements	50,648,429	437,095	(6,867,126)	44,218,398
Equipment	33,178,696	4,665,367	(10,716,165)	27,127,898
Total Capital Assets Being Depreciated/Amortized	85,656,690	5,105,272	(18,127,227)	72,634,735
Less: Accumulated Depreciation/Amortization for				
*Right-to-Use Assets	-	58,656	-	58,656
Land Improvements	766,281	45,894	(493,095)	319,080
Buildings and Improvements	15,472,133	1,211,783	(4,717,628)	11,966,288
Equipment	24,439,286	1,864,179	(10,525,341)	15,778,124
Total Accumulated Depreciation/Amortization	40,677,700	3,180,512	(15,736,064)	28,122,148
Total Capital Assets Being Depreciated/Amortized, Net	44,978,990	1,924,760	(2,391,163)	44,512,587
Net Capital Assets	46,986,284	<u>\$ 1,957,731</u>	<u>\$ (3,376,446)</u>	45,567,569
Less: General Obligation Debt	(25,941,683)			(24,808,332)
*Less: Lease Liability	<u>(595,704)</u>			<u>(537,048)</u>
Total Net Investment in Capital Assets	<u>\$ 20,448,897</u>			<u>\$ 20,222,189</u>

\*Amounts have been adjusted from the prior year for the implementation of GASB Statement No. 87, *Leases*.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 4 LONG-TERM OBLIGATIONS**

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

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

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Notes and Bonds Payable					
General Obligation Bonds	\$ 15,510,000	\$ -	\$ (1,755,000)	\$ 13,755,000	\$ 1,795,000
General Obligation Notes	8,500,000	4,000,000	(3,700,000)	8,800,000	4,000,000
Unamortized Premiums	798,332	14,376	(216,677)	596,031	-
Total Bonds and Notes Payable	<u>24,808,332</u>	<u>4,014,376</u>	<u>(5,671,677)</u>	<u>23,151,031</u>	<u>5,795,000</u>
Other Liabilities:					
Net Other Postemployment					
Liability Benefits - Health Insurance	3,641,903	81,627	(590,388)	3,133,142	488,396
Termination Benefit	2,537,606	12,196	(300,969)	2,248,833	302,526
Accrued Compensated Absences - Vacation	649,155	640,902	(694,242)	595,815	595,815
*Lease Liability	537,048	-	(32,755)	504,293	49,595
Total Long-Term Liabilities	<u>\$ 32,174,044</u>	<u>\$ 4,749,101</u>	<u>\$ (7,290,031)</u>	<u>\$ 29,633,114</u>	<u>\$ 7,231,332</u>
	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
Notes and Bonds Payable					
General Obligation Bonds	\$ 17,215,000	\$ -	\$ (1,705,000)	\$ 15,510,000	\$ 1,755,000
General Obligation Notes	7,900,000	4,000,000	(3,400,000)	8,500,000	3,700,000
Unamortized Premiums	826,683	159,880	(188,231)	798,332	-
Total Bonds and Notes Payable	<u>25,941,683</u>	<u>4,159,880</u>	<u>(5,293,231)</u>	<u>24,808,332</u>	<u>5,455,000</u>
Other Liabilities:					
Net Other Postemployment					
Liability Benefits - Health Insurance	4,155,112	319,546	(832,755)	3,641,903	590,388
Termination Benefit	2,972,908	253,901	(689,203)	2,537,606	459,189
Accrued Compensated Absences - Vacation	392,893	846,650	(590,388)	649,155	649,155
*Lease Liability	595,704	-	(58,656)	537,048	32,755
Total Long-Term Liabilities	<u>\$ 34,058,300</u>	<u>\$ 5,579,977</u>	<u>\$ (7,464,233)</u>	<u>\$ 32,174,044</u>	<u>\$ 7,186,487</u>

\*Amounts have been adjusted from the prior year for the implementation of GASB Statement No. 87, *Leases*.

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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

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

June 30, 2022		
	Bonds	Aggregate
Equalized Value	\$ 11,579,996,110	\$ 11,579,996,110
Debt Limit (2% for Bonds, 5% for Total)	231,599,922	578,999,806
Debt Outstanding at June 30, 2022, Net of Resources Available to Pay Principal	13,755,000	22,555,000
Margin of Indebtedness	\$ 217,844,922	\$ 556,444,806
June 30, 2021		
	Bonds	Aggregate
Equalized Value	\$ 10,288,229,441	\$ 10,288,229,441
Debt Limit (2% for Bonds, 5% for Total)	205,764,589	514,411,472
Debt Outstanding at June 30, 2021, Net of Resources Available to Pay Principal	15,510,000	24,010,000
Margin of Indebtedness	\$ 190,254,589	\$ 490,401,472

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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

General obligation debt at June 30, 2022 and 2021 are as follows:

<u>Description</u>	<u>Buyer</u>	<u>2022</u>	<u>2021</u>
2014 \$5,215,000 general obligation refunding bonds payable with annual principal payments of \$30,000-\$575,000 through June 1, 2028, interest at 2.0- 3.0%, payable semi-annually June 1 and December 1.	Robert W. Baird	\$ 3,185,000	\$ 3,660,000
2017 \$2,500,000 promissory notes payable with annual principal payments of \$500,000 through June 1, 2022, interest at 2.0%, payable semi-annually on June 1 and December 1.	Robert W. Baird	-	500,000
2017 \$6,485,000 general obligation refunding bonds payable with annual 3.0% interest only payments until June 2026. Then \$1,555,000 to \$1,690,000 of principal payments annually through 2029.	Robert W. Baird	6,485,000	6,485,000
2018 \$4,000,000 promissory notes payable with annual principal payments of \$814,000 - \$892,400 through June 1, 2023, interest at 5.0%, payable semi-annually on June 1 and December 1. Proceeds used to finance remodeling, facility improvements, and equipment purchases.	Robert W. Baird	800,000	1,600,000
2019 \$7,775,000 general obligation refunding bonds payable with annual principal payments of \$1,313,550 - \$1,460,625 through June 1, 2025, interest with an average rate of 4.0%, payable semi-annually in June 1 and December 1. Proceeds used to finance construction and remodeling.	Robert W. Baird	4,085,000	5,365,000
2020 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2024, interest at 2.0-4.0%, payable semi-annually on June 1 and December 1. Proceeds used to finance remodeling, facility improvements, and equipment purchases.	Robert W. Baird	1,600,000	2,400,000
2021 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2025, interest at 1.25-2.25%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	2,400,000	4,000,000
2022 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2026, interest at 2.00%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	4,000,000	-
Total General Obligation Debt		<u>\$ 22,555,000</u>	<u>\$ 24,010,000</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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

Future debt service requirements as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,795,000	\$ 677,644	\$ 6,472,644
2024	4,260,000	530,400	4,790,400
2025	3,550,000	381,500	3,931,500
2026	2,895,000	326,944	3,221,944
2027	2,145,000	181,650	2,326,650
2028-2029	3,910,000	168,000	4,078,000
Total	<u>\$ 22,555,000</u>	<u>\$ 2,266,138</u>	<u>\$ 24,821,138</u>

In prior years, the District defeased certain general obligations bonds by placing the proceeds of new debt in an irrevocable trust to provide for the future debt service payments on the old debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, \$10,680,000 of debt outstanding is considered defeased.

**Termination Benefit**

In addition to the District's OPEB plan, the employee fringe benefit program included a provision for employees hired prior to July 1, 2006, which allowed academic, administrative, and support staff to be carried with the group insurance plan or plans at their own expense after retirement or layoff. However, the District would continue to pay health insurance premiums based on the type of employee and years of service or number of accumulated hours of sick leave. These benefits are financed on a pay-as-you-go basis. The District's accrual for termination benefits was \$2,248,833 and \$2,537,606 at June 30, 2022 and 2021.

**NOTE 5 LEASES**

The District, acting as lessee, leases building space under long-term, noncancellable lease agreements. The leases expire at various dates and provide for additional renewable options that are expected to be exercised through the year ending June 30, 2034. During the year ended June 30, 2022 and 2021, the District recognized \$13,119 and \$14,260 in interest expense, respectively, pursuant to these contracts.

Total future minimum lease payments under these lease agreements as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 49,595	\$ 11,916	\$ 61,511
2024	52,720	10,637	63,357
2025	55,980	9,278	65,258
2026	59,380	7,836	67,216
2027	62,925	6,307	69,232
2028 - 2032	202,254	11,878	214,132
2033 - 2034	21,439	203	21,642
Total	<u>\$ 504,293</u>	<u>\$ 58,055</u>	<u>\$ 562,348</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS**

**Plan Description**

The WRS is a cost-sharing multiemployer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

**Vesting**

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits Provided**

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**Post-retirement Adjustments**

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

<b>Year</b>	<b>Core Fund Adjustment (%)</b>	<b>Variable Fund Adjustment (%)</b>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	5.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

**Contributions**

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the current and prior reporting period, the WRS recognized \$862,115 and \$818,976 of contributions from the employer, respectively.

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**Contributions (Continued)**

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

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2022, the District reported an asset of \$6,030,006 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.07481227% which was a decrease of 0.00108614% from its proportion measured as of December 31, 2020.

At June 30, 2021, the District reported an asset of \$4,738,443 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on The District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.07589841% which was a decrease of 0.0014753221% from its proportion measured as of December 31, 2019.

For the years ended June 30, 2022 and 2021, the District recognized pension expense (income) of (\$521,563) and (\$515,645), respectively.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 9,741,170	\$ 702,443
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	-	13,489,626
Changes in Assumptions	1,124,993	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	11,988	15,016
Employer Contributions Subsequent to the Measurement Date	438,376	-
Total	\$ 11,316,527	\$ 14,207,085

\$438,376 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ (281,840)
2024	(1,638,571)
2025	(720,265)
2026	(688,258)
Total	\$ (3,328,934)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

\$406,064 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date was recognized as a reduction (increase) of the net pension liability (asset) in the year ended June 30, 2022.

**Actuarial Assumptions**

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

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

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

Actuarial Valuation Date:	December 31, 2019
Measurement Date:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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

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

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

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0	4.3%	1.8%
Inflation Sensitive Assets	19.0	2.7%	0.2%
Real Estate	7.0	5.6%	3.0%
Private Equity/Debt	12.0	9.7%	7.0%
Total Core Fund	115.0%	6.6%	4.0%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.3%	3.7%
International Equities	30.0	7.2%	4.6%
Total Variable Fund	100.0%	6.8%	4.2%

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

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

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0	3.2%	0.8%
Inflation Sensitive Assets	16.0	2.0%	-0.4%
Real Estate	8.0	5.6%	3.1%
Private Equity/Debt	11.0	10.2%	7.6%
Multi-Asset	4.0	5.8%	3.3%
Total Core Fund	115.0%	6.6%	4.1%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0	7.4%	4.9%
Total Variable Fund	100.0%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

**Single Discount Rate**

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 6 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

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

For the year ended June 30, 2022, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

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

For the year ended June 30, 2021, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

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

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

As of June 30, 2022 and 2021, the District reported payables to the plan of \$164,100 and \$136,372, respectively.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

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

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

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

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

*Funding Policy.* Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payments of future benefits as of June 30, 2022 or 2021.

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Total OPEB Liability**

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

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

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

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

*The long-term expected rate of return on OPEB plan investments.* Since the District has no assets held in trust, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

This rate is equivalent to the Bond Buyer G.O. 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

**Changes in the Total OPEB Liability**

	<u>2022</u>	<u>2021</u>
Balance at Beginning of the Year	\$ 3,641,903	\$ 4,155,112
Changes for the Year:		
Service Cost	6,256	5,066
Interest	75,371	133,441
Changes of Assumptions or Other Inputs	-	181,039
Differences Between Expected and Actual Experience	-	(142,674)
Benefit Payments	(590,388)	(690,081)
Net Changes	<u>(508,761)</u>	<u>(513,209)</u>
Balance at End of the Year	<u>\$ 3,133,142</u>	<u>\$ 3,641,903</u>

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

June 30, 2022			
	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total OPEB Liability	\$ 3,308,541	\$ 3,133,142	\$ 2,979,398

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

June 30, 2022			
	1% Decrease to (5.5% Decreasing to 4.0%)	Current Trends (6.5% Decreasing to 5.0%)	1% Increase to (7.5% Decreasing to 6.0%)
Total OPEB Liability	\$ 3,109,076	\$ 3,133,142	\$ 3,156,013

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

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

For the year ended June 30, 2022 and 2021, the District recognized OPEB expense (income) of (\$114,193) and (\$57,314), respectively. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

\$488,396 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2023	\$ 21,330
2024	9,592
Total	\$ 30,922



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 7 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

\$590,388 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date was recognized as a reduction of the total OPEB liability in the year ended June 30, 2022.

**NOTE 8 COMMITMENTS AND CONTINGENCIES**

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

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

**NOTE 9 RISK MANAGEMENT**

**Districts Mutual Insurance Company (DMI)**

In July 2004, all 16 WTCS technical colleges created Districts Mutual Insurance Company (DMI). Districts Mutual Insurance Company is a fully-assessable mutual company authorized under Wisconsin Statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$500,000,000 per occurrence; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure to its layer of insurance is limited to its deductible amounts, which vary by coverage from \$2,500 to \$100,000 per occurrence. DMI purchases reinsurance for losses in excess of its retained layer of coverage.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

**Districts Mutual Insurance Company (DMI) (Continued)**

DMI operations are governed by a five-member board of directors. Member colleges do not exercise any control over the activities of DMI beyond election of the board of directors at the annual meeting. The board has the authority to adopt its own budget, set policy matters, and control the financial affairs of the company.

Each member college is assessed an annual premium. Future premiums will be based on relevant rating exposure bases as well as the historical loss experience by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company. Since DMI is fully capitalized, member districts have not been assessed a capitalization amount for fiscal years 2022 and 2021.

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

**Supplemental Insurance**

In July 1997, WTCS technical colleges formed the WTCS Insurance Trust to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. The trust is organized under Wisconsin Statutes 66.0301 and is governed by a board of trustees consisting of one trustee from each member college. Member entities include all 16 Wisconsin Technical College System districts.

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

**Health Insurance**

As of July 1, 2015, the District joined together with other colleges in the State to form the Wisconsin Technical College Employee Benefits Consortium (WTCEBC). WTCEBC is a public entity risk pool that the District participates in to provide health insurance coverage to its employees. The main purpose of WTCEBC is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. The District pays WTCEBC a monthly premium based on the number of participants and the type of coverage that has been elected. Individual claims below \$100,000 are self-funded by the District. Any individual claim exceeding \$100,000 but less than \$250,000 is shared in a pooled layer among all of the colleges participating in the consortium. Individual claims exceeding \$250,000 and aggregate claims exceeding \$1,000,000 are subject to reinsurance.

The District's proportion of the investment in the WTCEBC of \$2,398,438 and \$1,675,672 reported at June 30, 2022 and 2021. The IBNR included in this investment is not material to the financial statements.

**NOTE 10 CLASSIFICATION OF EXPENSES**

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

	<u>2022</u>	<u>2021</u>
Salaries and Wages	\$ 14,576,221	\$ 14,211,624
Fringe Benefits	2,879,556	3,713,067
Travel, Memberships, and Subscriptions	486,045	442,954
Supplies, Printing, and Minor Equipment	1,328,959	1,137,724
Contracted Services	2,249,650	1,955,639
Rentals, Repairs, and Maintenance	232,289	151,771
Marketing and Advertising	344,618	508,327
Student Activities	207,262	136,662
Enterprise Activities	1,573,468	1,521,463
Utilities	504,006	416,527
Miscellaneous	342,607	93,459
Depreciation/Amortization	3,438,010	3,180,512
Student Aid	4,835,431	3,189,186
Total Operating Expenses	<u>\$ 32,998,122</u>	<u>\$ 30,658,915</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT**

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

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

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

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

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

**A. Summary of Significant Accounting Policies**

Principles of Consolidation

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

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

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At June 30, 2022 and 2021, the Foundation determined the amounts recorded to be fully collectible.

Investments

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

Property and Equipment

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

Income Tax Status

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

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

Contributions

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

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

Expense Allocation

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

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

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

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

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

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

Estimates

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

**B. Promises to Give**

Unconditional promises to give at June 30 are as follows:

	2022	2021
Receivable in Less than One Year	\$ 115,357	\$ 84,901
Receivable in One to Five Years	362,177	91,159
Unconditional Promises to Give	<u>\$ 477,534</u>	<u>\$ 176,060</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**C. Investments**

Investments at June 30 are comprised of the following:

	2022	2021
Money Market Fund	\$ 64,978	\$ 44,090
Mutual Funds - Equity	3,747,332	4,570,134
Mutual Funds - Fixed Income	1,601,220	1,495,010
Investments	<u>\$ 5,413,530</u>	<u>\$ 6,109,234</u>

Investments at June 30, 2022 and 2021 include \$4,351,769 and \$5,433,618 of investments held for endowment purposes.

**D. Fair Value Measurements**

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	(Level 2)
Mutual Funds			
Equity	\$ 3,747,332	\$ 3,747,332	\$ -
Fixed Income	1,601,220	1,601,220	-
Total Investments at Fair Value	<u>5,348,552</u>	<u>\$ 5,348,552</u>	<u>\$ -</u>
Investments Not Measured at Fair Value on a Recurring Basis			
Cash and Cash Equivalents	64,978		
Total Investments at June 30, 2022	<u>\$ 5,413,530</u>		
Mutual Funds			
Equity	\$ 4,570,134	\$ 4,570,134	\$ -
Fixed Income	1,495,010	1,495,010	-
Total Investments at Fair Value	<u>6,065,144</u>	<u>\$ 6,065,144</u>	<u>\$ -</u>
Investments Not Measured at Fair Value on a Recurring Basis			
Cash and Cash Equivalents	44,090		
Total Investments at June 30, 2021	<u>\$ 6,109,234</u>		

The valuation methodologies used for assets measured at fair value are as follows. Mutual funds are valued at the quoted market prices, which represent the net asset value of the shares held by the Foundation at year-end.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**E. Property and Equipment**

Property and equipment consist of the following:

	2022	2021
Land	\$ 80,000	\$ 80,000
Buildings and Improvements	4,009,837	3,989,478
Equipment	66,518	66,518
Property and Equipment	<u>4,156,355</u>	<u>4,135,996</u>
Less: Accumulated Depreciation	(1,096,338)	(982,720)
Property and Equipment, Net	<u><u>\$ 3,060,017</u></u>	<u><u>\$ 3,153,276</u></u>

**F. Long-term Debt**

<u>Description</u>	2022	2021
Note Payable, due in monthly installments of \$2,155, including interest ( 3.51% and 3.51% at June 30, 2022 and 2021, respectively), with single balloon payment due November 2030, secured by property.	\$ 281,067	\$ 296,767
Note Payable, due in monthly installments of \$9,210, including interest ( 3.51% and 3.85% at June 30, 2022 and 2021, respectively), with single balloon payment due November 2030, secured by property.	1,203,072	1,270,104
Note Payable, due in monthly installments of \$3,279, including interest at 3.52%, with single balloon payment due October 2030, secured by property.	<u>604,932</u>	<u>622,353</u>
Subtotal	2,089,071	2,189,224
Less: Current Maturities	<u>103,736</u>	<u>100,153</u>
Total Long-Term Debt	<u><u>\$ 1,985,335</u></u>	<u><u>\$ 2,089,071</u></u>



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**F. Long-term Debt (Continued)**

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 103,736
2024	107,260
2025	111,285
2026	115,267
2027	627,335
Thereafter	1,024,188
Total	<u>\$ 2,089,071</u>

**G. Leasing Arrangements**

The REF leases housing units to students of the District. Lease terms are typically for one District academic year and may be extended through the summer months if requested by the student and units are available.

**H. Net Assets**

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

	<u>2022</u>	<u>2021</u>
Property and Equipment Held for Leasing (Net of Accumulated Depreciation and Related Debt)	\$ 970,946	\$ 964,052
Undesignated	516,280	561,138
Net Assets Without Donor Restrictions	<u>\$ 1,487,226</u>	<u>\$ 1,525,190</u>

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

	<u>2022</u>	<u>2021</u>
Professional Staff Development - Perpetual	\$ 57,620	\$ 64,045
Special Projects and Events - Perpetual	143,283	126,208
Scholarship - Perpetual	4,390,114	3,910,006
Professional Staff Development - Spendable	5,677	24,722
Special Projects and Events - Spendable	686,072	367,509
Scholarships - Spendable	1,491,959	2,008,240
Net Assets with Donor Restrictions	<u>\$ 6,774,725</u>	<u>\$ 6,500,730</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**H. Net Assets (Continued)**

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

**I. Endowment Funds**

The Foundation's endowment consists of approximately 90 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**I. Endowment Funds (Continued)**

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

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

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

	<u>2022</u>	<u>2021</u>
Donor-Restricted Endowment Funds		
Original Donor-Restricted Gift Amount	\$ 4,591,017	\$ 4,100,259
Accumulated Investment Gains	265,479	1,475,034
Total Funds	<u>\$ 4,856,496</u>	<u>\$ 5,575,293</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**I. Endowment Funds (Continued)**

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

	2022	2021
Endowment Net Assets - Beginning	\$ 5,575,293	\$ 3,676,149
Invstment Return, Net	(990,382)	1,325,737
Contributions	449,680	640,722
Transfers	41,078	62,471
Appropriation of Endowment Assets for Expenditure	(219,173)	(129,786)
Endowment Net Assets - Ending	<u>\$ 4,856,496</u>	<u>\$ 5,575,293</u>

**J. Related Party Transactions**

The Foundation and the REF have an agreement with the District for services and facilities. The District employed all of the Foundation and REF's employees. During the years ended June 30, 2022 and 2021, the Foundation recorded donated services of \$245,546 and \$250,076, and the REF recorded donated services of \$50,519 and \$59,273 for the personnel-related costs. The District also provided payroll, human resources, and maintenance services, internet and mailing services, office space, and office equipment. Services received from the District are measured at the District's estimate of the costs it incurred in providing those services. Facilities and office equipment are measured at the fair value rental for similar facilities. During the years ended June 30, 2022 and 2021, the Foundation paid \$74,588 and \$89,203 and the REF paid \$29,462 and \$88,264 for expenses incurred by the District.

The Foundation disburses scholarships, professional development awards, project grants and emergency grants to and on behalf of the District. During the years ended June 30, 2022 and 2021, the Foundation disbursed \$644,128 and \$786,347, respectively.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 11 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**K. Liquidity and Availability**

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

	2022	2021
Financial Assets - Year-End	\$ 7,304,311	\$ 7,077,383
Less Those Unavailable for General Expenditure		
Within One Year Due to:		
Restricted by Donor with Time or Purpose Restrictions	(1,918,229)	(925,437)
Restricted for Endowment Purposes	(4,856,496)	(5,575,293)
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	\$ 529,586	\$ 576,653

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

**NOTE 12 SUBSEQUENT EVENTS**

On December 8, 2022, the District issued General Obligation Promissory Notes, Series 2022B (the Notes), totaling \$4,000,000, with an interest rate of 5%, payable on June 1 and December 1 annually. Principal payments of \$800,000 are due on June 1 of each year until maturity on June 1, 2027. Proceeds will be used for acquiring movable equipment. The Notes are not subject to redemption prior to maturity.

## **Required Supplementary Information**

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

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability Percent	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2014	0.086672%	\$ (2,128,893)	\$ 12,149,964	-17.52%	102.74%
12/31/2015	0.087056%	1,414,636	12,311,841	11.49%	98.20%
12/31/2016	0.086366%	711,859	12,373,045	5.75%	99.12%
12/31/2017	0.083501%	(2,479,236)	11,758,708	-21.08%	102.93%
12/31/2018	0.080345%	2,858,425	11,883,773	24.05%	96.45%
12/31/2019	0.077373%	(2,494,865)	12,228,545	-20.40%	102.96%
12/31/2020	0.075898%	(4,738,443)	12,386,134	-38.26%	105.26%
12/31/2021	0.074812%	(6,030,006)	12,772,078	-47.21%	106.02%

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

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

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 850,618	\$ 850,618	\$ -	\$ 12,010,404	7.08%
6/30/2016	837,279	837,279	-	12,352,788	6.78%
6/30/2017	816,621	816,621	-	11,955,189	6.83%
6/30/2018	792,663	792,663	-	11,915,580	6.65%
6/30/2019	796,212	796,212	-	11,910,676	6.68%
6/30/2020	800,839	800,839	-	12,453,569	6.43%
6/30/2021	818,976	818,976	-	12,132,986	6.75%
6/30/2022	849,302	849,302	-	12,832,045	6.62%

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST 10 MEASUREMENT PERIODS**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
<b>TOTAL OPEB LIABILITY</b>					
Service Cost	\$ 6,256	\$ 5,066	\$ 4,761	\$ 93,739	\$ 93,739
Interest	75,371	133,441	157,909	226,102	232,922
Changes of Benefit Terms	-	-	-	(1,262,091)	-
Differences between Expected and Actual Experience	-	(142,674)	-	(683,532)	-
Changes in Assumptions or Other Input	-	181,039	46,962	(185,079)	-
Benefit Payments	<u>(590,388)</u>	<u>(690,081)</u>	<u>(526,073)</u>	<u>(261,530)</u>	<u>(781,544)</u>
<b>NET CHANGE IN OPEB LIABILITY</b>	(508,761)	(513,209)	(316,441)	(2,072,391)	(454,883)
Total OPEB Liability - Beginning of Year	<u>3,641,903</u>	<u>4,155,112</u>	<u>4,471,553</u>	<u>6,543,944</u>	<u>6,998,827</u>
<b>TOTAL OPEB LIABILITY - END OF YEAR</b>	<u><u>\$ 3,133,142</u></u>	<u><u>\$ 3,641,903</u></u>	<u><u>\$ 4,155,112</u></u>	<u><u>\$ 4,471,553</u></u>	<u><u>\$ 6,543,944</u></u>
Covered Payroll	\$ 12,061,085	\$ 12,061,085	\$ 11,191,670	\$ 11,191,670	\$ 2,561,028
OPEB Liability as a Percentage of Covered Payroll.	25.98%	30.20%	37.13%	39.95%	255.52%

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

See accompanying Notes to the Required Supplementary Information.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING**

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

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

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

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

**NOTE 2 WISCONSIN RETIREMENT SYSTEM**

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)**

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

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

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

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

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

**NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)**

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

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

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

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

### **Other Supplementary Information**

The following supplementary information is provided to document the District's compliance with budgetary requirements. This accountability is an essential requirement to maintain the public trust. The method of accounting used for budgetary compliance monitoring is substantially different from the method of preparing the basic financial statements of the District. At the end of this section is a reconciliation between the two methods.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022				2021
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Local Government - Tax Levy	\$ 5,545,000	\$ 5,545,000	\$ 5,163,622	\$ (381,378)	\$ 5,468,541
Intergovernmental Revenue					
State	10,983,400	10,983,400	10,718,350	(265,050)	10,276,189
Federal	2,477,300	2,477,300	1,066,285	(1,411,015)	1,213,041
Tuition and Fees					
Statutory Program Fees	4,628,000	4,628,000	4,343,652	(284,348)	4,485,321
Materials Fees	284,000	284,000	244,019	(39,981)	270,491
Other Student Fees	398,000	398,000	482,819	84,819	623,036
Institutional	1,506,500	1,506,500	2,225,450	718,950	1,901,562
Total Revenues	<u>25,822,200</u>	<u>25,822,200</u>	<u>24,244,197</u>	<u>(1,578,003)</u>	<u>24,238,181</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	15,162,400	14,912,400	13,533,503	1,378,897	14,319,890
Instructional Resources	297,500	297,500	265,455	32,045	145,856
Student Services	2,628,900	2,878,900	2,875,650	3,250	2,061,086
General Institutional	6,009,200	6,009,200	5,218,232	790,968	5,063,662
Physical Plant	2,460,800	2,460,800	2,010,734	450,066	1,922,059
Total Expenditures	<u>26,558,800</u>	<u>26,558,800</u>	<u>23,903,574</u>	<u>2,655,226</u>	<u>23,512,553</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(736,600)	(736,600)	340,623	1,077,223	725,628
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	168,000	168,000	61,760	(106,240)	49,649
Transfers Out	(47,000)	(47,000)	(39,121)	7,879	(35,739)
Total Other Financing Sources (Uses)	<u>121,000</u>	<u>121,000</u>	<u>22,639</u>	<u>(98,361)</u>	<u>13,910</u>
<b>NET CHANGE IN FUND BALANCES</b>	(615,600)	(615,600)	363,262	978,862	739,538
Fund Balance - Beginning of Year	<u>10,528,450</u>	<u>10,528,450</u>	<u>10,776,988</u>	<u>248,538</u>	<u>10,037,450</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 9,912,850</u>	<u>\$ 9,912,850</u>	<u>\$ 11,140,250</u>	<u>\$ 1,227,400</u>	<u>\$ 10,776,988</u>
<b>FUND BALANCE</b>					
Nonspendable - Prepaid Expenses			\$ 427,091		
Assigned for State and Fluctuations			200,000		
Assigned for Post-Employment Benefits			4,882,846		
Unassigned			<u>5,630,313</u>		
Total Fund Balances			<u>\$ 11,140,250</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SPECIAL REVENUE NONAIDABLE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			2021	
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Intergovernmental Revenue					
State	\$ 547,000	\$ 547,000	\$ 480,483	\$ (66,517)	516,962
Federal	8,758,000	8,758,000	6,474,039	(2,283,961)	4,836,139
Student Fees	250,000	250,000	278,019	28,019	281,142
Institutional	245,000	245,000	213,332	(31,668)	131,227
Total Revenues	<u>9,800,000</u>	<u>9,800,000</u>	<u>7,445,873</u>	<u>(2,354,127)</u>	<u>5,765,470</u>
<b>EXPENDITURES</b>					
Student Services	9,800,000	9,790,000	7,355,263	2,434,737	5,760,640
Auxiliary Services	-	10,000	9,392	608	-
Total Expenditures	<u>9,800,000</u>	<u>9,800,000</u>	<u>7,364,655</u>	<u>2,435,345</u>	<u>5,760,640</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	81,218	80,610	4,830
<b>OTHER FINANCING SOURCES</b>					
Transfers In	47,000	47,000	39,121	(7,879)	35,740
<b>NET CHANGE IN FUND BALANCE</b>	47,000	47,000	120,339	72,731	40,570
Fund Balance - Beginning of Year	<u>507,252</u>	<u>507,252</u>	<u>521,822</u>	<u>14,570</u>	<u>481,252</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 554,252</u>	<u>\$ 554,252</u>	<u>\$ 642,161</u>	<u>\$ 87,301</u>	<u>\$ 521,822</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022				2021
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Intergovernmental Revenue					
Federal	\$ 285,000	\$ 485,000	\$ 486,696	\$ 1,696	\$ 167,185
Institutional	50,000	50,000	134,563	84,563	69,104
Total Revenues	<u>335,000</u>	<u>535,000</u>	<u>621,259</u>	<u>86,259</u>	<u>236,289</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	736,500	686,500	652,530	33,970	692,986
Instructional Resources	64,000	14,000	-	14,000	20,457
General Institutional	997,000	1,647,000	1,641,788	5,212	2,567,120
Physical Plant	2,555,000	2,205,000	2,173,131	31,869	1,948,958
Total Expenditures	<u>4,352,500</u>	<u>4,552,500</u>	<u>4,467,449</u>	<u>85,051</u>	<u>5,229,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,017,500)	(4,017,500)	(3,846,190)	171,310	(4,993,232)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Debt	4,000,000	4,000,000	4,014,376	14,376	4,000,000
Transfers Out	(68,000)	(68,000)	(61,760)	6,240	(49,650)
Total Other Financing Sources (Uses)	<u>3,932,000</u>	<u>3,932,000</u>	<u>3,952,616</u>	<u>20,616</u>	<u>3,950,350</u>
<b>NET CHANGE IN FUND BALANCE</b>	(85,500)	(85,500)	106,426	191,926	(1,042,882)
Fund Balance - Beginning of Year	<u>208,351</u>	<u>208,351</u>	<u>827,081</u>	<u>618,730</u>	<u>1,869,963</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 122,851</u>	<u>\$ 122,851</u>	<u>\$ 933,507</u>	<u>\$ 810,656</u>	<u>\$ 827,081</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022				2021
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Local Government - Tax Levy	\$ 6,050,000	\$ 6,050,000	\$ 6,210,000	\$ 160,000	\$ 5,650,000
Intergovernmental Revenue					
State	20,500	20,500	23,839	3,339	19,793
Institutional	20,000	20,000	9,221	(10,779)	8,662
Total Revenues	<u>6,090,500</u>	<u>6,090,500</u>	<u>6,243,060</u>	<u>152,560</u>	<u>5,678,455</u>
<b>EXPENDITURES</b>					
Debt Services	<u>7,080,000</u>	<u>7,080,000</u>	<u>6,194,275</u>	<u>885,725</u>	<u>5,947,786</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(989,500)	(989,500)	48,785	1,038,285	(269,331)
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on Issuance of Debt	-	-	-	-	159,880
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,880</u>
<b>NET CHANGE IN FUND BALANCE</b>	(989,500)	(989,500)	48,785	1,038,285	(109,451)
Fund Balance - Beginning of Year	<u>2,149,783</u>	<u>2,149,783</u>	<u>2,290,118</u>	<u>140,335</u>	<u>2,399,569</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,160,283</u>	<u>\$ 1,160,283</u>	<u>\$ 2,338,903</u>	<u>\$ 1,178,620</u>	<u>\$ 2,290,118</u>



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
 PROPRIETARY FUNDS – ENTERPRISE FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2022  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022				2021
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>OPERATING REVENUES</b>					
Intergovernmental Revenue					
Federal	\$ -	\$ 650,000	\$ 616,024	\$ (33,976)	\$ 715,624
Institutional	1,621,500	1,321,500	1,299,438	(22,062)	1,263,853
Total Operating Revenues	<u>1,621,500</u>	<u>1,971,500</u>	<u>1,915,462</u>	<u>(56,038)</u>	<u>1,979,477</u>
<b>OPERATING EXPENSES</b>					
Current:					
Physical Plant			-	-	-
Auxiliary Services	1,541,300	2,341,300	2,341,106	194	2,127,909
Total Operating Expenditures	<u>1,541,300</u>	<u>2,341,300</u>	<u>2,341,106</u>	<u>194</u>	<u>2,127,909</u>
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	<u>80,200</u>	<u>(369,800)</u>	<u>(425,644)</u>	<u>(56,232)</u>	<u>(148,432)</u>
<b>NONOPERATING EXPENSES</b>					
Transfers Out	(100,000)	(100,000)	-	-	-
Total Nonoperating Expenses	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN NET POSITION</b>	(19,800)	(469,800)	(425,644)	(56,232)	(148,432)
Net Position - Beginning of Year	<u>3,558,342</u>	<u>3,558,342</u>	<u>3,559,910</u>	<u>1,568</u>	<u>3,708,342</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,538,542</u>	<u>\$ 3,088,542</u>	<u>\$ 3,134,266</u>	<u>\$ (54,664)</u>	<u>\$ 3,559,910</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
 PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 YEAR ENDED JUNE 30, 2022  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022				2021
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>OPERATING REVENUES</b>					
Institutional	\$ 4,425,000	\$ 4,425,000	\$ 3,963,038	\$ (461,962)	\$ 3,930,379
<b>OPERATING EXPENSES</b>					
Auxiliary Services	4,435,000	4,435,000	3,446,357	988,643	4,185,866
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	(10,000)	(10,000)	516,681	526,681	(255,487)
<b>NET CHANGE IN NET POSITION</b>	(10,000)	(10,000)	516,681	526,681	(255,487)
Net Position - Beginning of Year	1,570,377	1,570,377	1,474,890	(95,487)	1,730,377
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,560,377</u>	<u>\$ 1,560,377</u>	<u>\$ 1,991,571</u>	<u>\$ 431,194</u>	<u>\$ 1,474,890</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL STATEMENTS**  
**TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2022**

	Governmental				Proprietary Funds		Total	Reconciling Items	Statement of Revenues, Expenses, and Changes in Net Position
	General	Special Revenue	Capital Projects	Debt Service	Enterprise Funds	Internal Service			
<b>REVENUES</b>									
Local Government - Tax Levy	\$ 5,163,622	\$ -	\$ -	\$ 6,210,000	\$ -	\$ -	\$ 11,373,622	\$ -	\$ 11,373,622
Intergovernmental Revenue									
State	10,718,350	480,483	-	23,839	-	-	11,222,672	-	11,222,672 (a)
Federal	1,066,285	6,474,039	486,696	-	616,024	-	8,643,044	(1,876,148)	6,766,896 (b)
Tuition and Fees									
Statutory Program Fees	4,343,652	-	-	-	-	-	4,343,652	-	4,343,652
Materials Fees	244,019	-	-	-	-	-	244,019	-	244,019
Other Student Fees	482,819	278,019	-	-	-	-	760,838	-	760,838
Institutional	2,225,450	213,332	134,563	9,221	1,299,438	3,963,038	7,845,042	(4,021,784)	3,823,258 (c)
Total Revenues	24,244,197	7,445,873	621,259	6,243,060	1,915,462	3,963,038	44,432,889	(5,897,932)	38,534,957
<b>EXPENDITURES/EXPENSES</b>									
Current									
Instruction	13,533,503	-	652,530	-	-	-	14,186,033	(1,273,349)	12,912,684
Instruction Resources	265,455	-	-	-	-	-	265,455	(8,824)	256,631
Student Services	2,875,650	7,355,263	-	-	-	-	10,230,913	(7,355,858)	2,875,055
General Institutional	5,218,232	-	1,641,788	-	-	-	6,860,020	(883,910)	5,976,110
Physical Plant	2,010,734	-	2,173,131	-	-	-	4,183,865	(2,977,811)	1,206,054
Auxiliary Services	-	9,392	-	-	2,341,106	3,446,357	5,796,855	(4,298,708)	1,498,147
Depreciation	-	-	-	-	-	-	-	3,438,010	3,438,010
Student Aid	-	-	-	-	-	-	-	4,835,431	4,835,431
Debt Services									
Principal	-	-	-	5,455,000	-	-	5,455,000	(5,455,000)	-
Interest	-	-	-	739,275	-	-	739,275	(218,091)	521,184
Total Expenditures/Expenses	23,903,574	7,364,655	4,467,449	6,194,275	2,341,106	3,446,357	47,717,416	(14,198,110)	33,519,306
Excess (Deficiency) of Revenues									
Over (Under) Expenditures/Expenses	340,623	81,218	(3,846,190)	48,785	(425,644)	516,681	(3,284,527)	8,300,178	5,015,651
<b>OTHER FINANCING SOURCES (USES)</b>									
Long-Term Debt Issued	-	-	4,014,376	-	-	-	4,014,376	(4,014,376)	-
Premium on Issuance of Debt	-	-	-	-	-	-	-	-	-
Transfers In	61,760	39,121	-	-	-	-	100,881	(100,881)	-
Transfers Out	(39,121)	-	(61,760)	-	-	-	(100,881)	100,881	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(25,668)	(25,668)
Total Other Financing Sources (Uses)	22,639	39,121	3,952,616	-	-	-	4,014,376	(4,040,044)	(25,668)
<b>NET CHANGE IN FUND BALANCE/NET POSITION</b>	363,262	120,339	106,426	48,785	(425,644)	516,681	729,849	4,260,134	4,989,983
Fund Balance/Net Position - Beginning of Year	10,776,988	521,822	827,081	2,290,118	3,559,910	1,474,890	19,450,809	17,152,548	36,603,357
<b>FUND BALANCE/NET POSITION - END OF YEAR</b>	\$ 11,140,250	\$ 642,161	\$ 933,507	\$ 2,338,903	\$ 3,134,266	\$ 1,991,571	\$ 20,180,658	\$ 21,412,682	\$ 41,593,340 (d)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL  
STATEMENTS  
TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2022**

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

Operating	\$ 2,282,755
Nonoperating	<u>8,939,917</u>
	<u><u>\$ 11,222,672</u></u>

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

Operating	\$ 610,167
Nonoperating	<u>6,156,729</u>
	<u><u>\$ 6,766,896</u></u>

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

Nongovernmental Grants and Contracts	\$ 2,482,102
Auxiliary Enterprises	1,290,765
Investment Income	<u>50,391</u>
	<u><u>\$ 3,823,258</u></u>

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

Budgetary Basis Fund Balance	\$ 20,180,658
Capital Assets - Cost	76,201,476
Accumulated Depreciation/Amortization on Capital Assets	(31,069,758)
Lease Liabilities	(504,293)
Net Pension Asset and Deferred Items	3,139,448
General Obligation Bonds and Notes Payable	(22,555,000)
Unamortized Debt Premium	(596,031)
Net Other Postemployment Benefits and Deferred Items	(2,613,824)
Termination Benefit	(1,946,307)
Accrued Interest on Notes Payable	(58,007)
Encumbrances Outstanding at Year-End	<u>1,414,978</u>
Net Position per Basic Financial Statements	<u><u>\$ 41,593,340</u></u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Southwest Wisconsin Technical College  
Fennimore, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity and the discretely presented component unit of the Southwest Wisconsin Technical College (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 1, 2023.

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

***Report on Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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



**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
March 1, 2023



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**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2022**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Southwest Wisconsin Technical College  
Fennimore, Wisconsin

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business type activities and the discretely presented component unit of the Southwest Wisconsin Technical College (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 1, 2023.

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

**Report of Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant* deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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



**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
March 1, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL AND STATE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND  
STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND  
THE WISCONSIN STATE SINGLE AUDIT GUIDELINES**

Board of Directors  
Southwest Wisconsin Technical College  
Fennimore, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited the Southwest Wisconsin Technical College (the District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the Wisconsin *State Single Audit Guidelines* 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, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Wisconsin *State Single Audit Guidelines*. Our responsibilities under those standards and the Uniform Guidance and the Wisconsin *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Wisconsin *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Wisconsin *State Single Audit Guidelines*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Wisconsin *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* 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 a 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 and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the Wisconsin *State Single Audit Guidelines***

We have audited the financial statements of the business-type activities and the discretely presented component unit of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon, dated March 21, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the Wisconsin *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
March 21, 2023

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
AND OTHER AUDITORS' REPORTS**

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Project Identification Number	Federal Grant Amount	Passed Through to Subrecipients	Expenditures		Total Expenditures
					Federal	Match	
<b>Department of Agriculture</b>							
Pass-Through Program from Wisconsin Department of Agriculture, Trade, and Consumer Protection							
Commodity Partnerships for Small Agricultural Risk Management Education Sessions							
Nutrient Management 2020 Funds	10.459	03-103-000-020	\$ 13,378	\$ -	\$ 13,378	\$ -	\$ 13,378
Nutrient Management 2021 Funds	10.459	03-104-000-021	1,974	-	1,974	-	1,974
Total Commodity Partnerships for Small Agricultural Risk Management Education Sessions			15,352	-	15,352	-	15,352
Farm Business Management and Benchmarking Competitive Grants	10.319	03-114-000-021	5,622	-	5,622	-	5,622
Cooperative Extension Service	10.500	03-152-000-021	46,261	-	6,067	-	6,067
<b>Total Department of Agriculture</b>			67,235	-	27,041	-	27,041
<b>Department of Labor</b>							
Pass-Through Wisconsin Technical College System							
Apprenticeship USA Grants							
SAE 202 Healthcare Consortium	17.285	09-543-155-242	9,458	-	3,414	-	3,414
Apprenticeship USA Grant - Operational Enhancements	17.285	03-157-155-252	21,236	-	753	-	753
Apprenticeship USA Grant - Youth Apprenticeship Dual Credit	17.285	03-156-155-262	23,740	-	811	-	811
<b>Total Department of Labor</b>			54,434	-	4,978	-	4,978
<b>Department of the Treasury</b>							
(COVID-19) WI COVID-19 Higher Education Institution Financial Assistance	21.019	Grant # 135	23,685	-	23,685	-	23,685
<b>Department of Education</b>							
Department of Education Direct Programs							
Student Financial Assistance Cluster							
Federal Supplemental Education							
Opportunity Grant	84.007	Not Applicable	53,851	-	53,851	-	53,851
Federal College Work Study	84.033	Not Applicable	63,221	-	63,221	-	63,221
Federal Pell Grant	84.063	Not Applicable	2,357,712	-	2,357,712	-	2,357,712
Direct Student Loans							
Federal Student Stafford Loans - Subsidized	84.268	Not Applicable	1,258,140	-	1,258,140	-	1,258,140
Federal Student Stafford Loans - Unsubsidized	84.268	Not Applicable	790,352	-	790,352	-	790,352
Total Direct Student Loans			2,048,492	-	2,048,492	-	2,048,492
Total Student Financial Assistance Cluster			4,523,276	-	4,523,276	-	4,523,276
Pass-Through Program from Wisconsin Technical College System							
Adult Education Act							
Adult Education and Family Literacy Act (AEFLA) Comprehensive	84.002	03-110-146-122	151,735	-	71,172	80,563	151,735

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)  
JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Project Identification Number	Federal Grant Amount	Passed Through to Subrecipients	Expenditures		Total Expenditures
					Federal	Match	
<b>Department of Education (Continued)</b>							
Career and Technical Education Basic Grants to States							
Reserve - Career Prep	84.048	03-106-150-212	\$ 47,014	\$ -	\$ 44,976	\$ -	\$ 44,976
Capacity Building for Equity & Inclusion	84.048	03-119-150-221	20,564	-	4,099	-	4,099
Capacity Building for Equity & Inclusion in CTE	84.048	03-119-150-222	27,333	-	27,333	-	27,333
High School to College Transition	84.048	03-137-150-242	50,965	-	50,965	-	50,965
Strengthening Career & Technical Program	84.048	03-193-150-251	1,602	-	1,602	-	1,602
Strengthening Nursing and Midwifery Programs	84.048	03-193-150-252	40,772	-	40,761	-	40,761
NTO Connections to NTO Recruit	84.048	03-194-150-261	4,972	-	3,528	-	3,528
Non-Traditional Occupations (NTO)	84.048	03-194-150-262	10,193	-	9,705	-	9,705
Student Success	84.048	03-198-150-232	266,696	-	111,071	155,625	266,696
Total Career and Technical Education Basic Grants to States			470,111	-	294,040	155,625	449,665
Education Stabilization Fund COVID-19 Higher Education Emergency							
(COVID-19) ARPA - Relief Fund - Institutional Portion	84.425F	03-101-000-021	1,716,738	-	1,309,447	-	1,309,447
(COVID-19) CRSSAA - Relief Fund - Institutional Portion	84.425F	03-101-000-021	1,476,277	-	373,289	-	373,289
(COVID-19) ARPA - Relief Fund - Student Portion	84.425E	P425E201971	2,582,753	-	1,943,938	-	1,943,938
Total Education Stabilization Fund COVID-19 Higher Education Emergency			5,775,768	-	3,626,674	-	3,626,674
<b>Total Department of Education</b>			10,920,890	-	8,515,162	236,188	8,751,350
<b>Department of Children and Families</b>							
Child Care and Development Block Grant							
Stabilization Payment Program: Funding Workforce Recruitment and Retention	93.575	Grant # 136	16,200	-	16,200	-	16,200
Stabilization Payment Program: Increasing Access to High-Quality Care	93.575	Grant # 139	36,846	-	36,846	-	36,846
<b>Total Department of Children and Families</b>			53,046	-	53,046	-	53,046
<b>Department of Homeland Security</b>							
Pass-Through Program from Wisconsin Technical College System Assistance for Firefighters - Extrication Equipment	97.044	03-113-153-112	30,540	-	19,131	-	19,131
<b>Total Federal Awards</b>			\$ 11,149,830	\$ -	\$ 8,643,043	\$ 236,188	\$ 8,879,231

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)  
JUNE 30, 2022**

State Grant/Program	State Identifying Number	Project Identification Number	Grant Amount	Expenditures		Total Expenditures
				State	Match	
<b>Wisconsin Higher Education Board</b>						
Wisconsin Higher Education Grant	235.102	Not Applicable	\$ 417,323	\$ 417,323	\$ -	\$ 417,323
Remissions of Fees for Veterans and Dependents	235.105	Not Applicable	-	-	-	-
Minority Undergraduate Retention Grant	235.107	Not Applicable	880	880	-	880
Talent Incentive Program Grant	235.114	Not Applicable	8,160	8,160	-	8,160
Nursing	235.117	Not Applicable	15,000	15,000	-	15,000
Academic Excellence Scholarship	235.109	Not Applicable	39,120	39,120	-	39,120
Wisconsin Covenant Scholars Grant Revenue	235.131	Not Applicable	1,350	1,350	-	1,350
<b>Total Wisconsin Higher Education Board</b>			<u>481,833</u>	<u>481,833</u>	<u>-</u>	<u>481,833</u>
<b>Wisconsin Department of Transportation</b>						
Motorcycle Safety	266.735	GRA-2021-123	7,221	476	-	476
Motorcycle Safety	266.735	GRA-2122-123	35,746	6,363	-	6,363
<b>Total Wisconsin Department of Transportation</b>			<u>42,967</u>	<u>6,839</u>	<u>-</u>	<u>6,839</u>
<b>Wisconsin Technical College Systems Board</b>						
Emergency Assistance	292.104	03-124-104-112	22,751	22,751	-	22,751
State Aids for Vocation Technical and Adult Education	292.105	Not Applicable	1,931,200	1,931,200	-	1,931,200
Performance Based Aid	292.105	Not Applicable	1,072,434	1,072,434	-	1,072,434
State Aids Prior Years	292.105	Not Applicable	(61,600)	(61,600)	-	(61,600)
Total State ID 292.105			<u>2,942,034</u>	<u>2,942,034</u>	<u>-</u>	<u>2,942,034</u>
Workforce Advancement Training Grants:						
Leadership	292.124	03-129-124-182	53,672	47,112	-	47,112
Energizer Maintenance	292.124	03-199-124-112	11,995	(1,507)	-	(1,507)
<b>Total Workforce Advancement Training Grants</b>			<u>65,667</u>	<u>45,605</u>	<u>-</u>	<u>45,605</u>

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)  
JUNE 30, 2022**

State Grant/Program	State Identifying Number	Project Identification Number	Grant Amount	Expenditures		Total Expenditures
				State	Match	
<b>Incentive Grants:</b>						
Basic Education Review in HS and Corrections	292.124	03-129-124-182	\$ 150,000	\$ 57,927	\$ -	\$ 57,927
Apprenticeship Direct Instruction Support Grant	292.124	03-199-124-112	11,346	11,275	-	11,275
Manufacturing Month Project	292.124	01-287-124-182	5,000	4,995	-	4,995
Certifications = Success	292.124	03-131-124-121	19,546	7,789	2,597	10,386
Advanced Manufacturing Pathways	292.124	03-132-124-121	24,961	11,724	4,515	16,239
Non-Profit Management	292.124	03-133-124-141	81,138	50,150	-	50,150
Professional Development	292.124	03-161-124-152	47,745	47,745	23,873	71,618
Ability to Benefit	292.124	03-162-124-191	1,765	1,695	-	1,695
Business Analyst	292.124	03-138-124-142	147,069	53,296	-	53,296
Paramedic LTC	292.124	11-226-124-132	75,100	40,003	-	40,003
Tutoring 4 Success	292.124	03-190-124-162	280,256	210,192	70,064	280,256
Farm Production - Agronomy	292.124	13-180-124-131	77,878	43,517	-	43,517
Total Incentive Grants			921,804	540,308	101,049	641,357
Fire Fighter Training 2%	292.137	Not Applicable	23,716	23,716	-	23,716
Property Tax Relief Aid	292.162	Not Applicable	6,994,493	6,994,493	-	6,994,493
Hazmat	292.372	Not Applicable	1,156	1,156	-	1,156
<b>Total Wisconsin Technical College Systems Board</b>			10,971,621	10,570,063	101,049	10,671,112
<b>Wisconsin Department of Natural Resources</b>						
DNR Payment in Lieu of Taxes	370.503	Not Applicable	32,537	32,537	-	32,537
<b>Wisconsin Department of Workforce Development</b>						
DWD Fast Forward Dual Credit	445.109	03-154-000-018	120,915	4,540	-	4,540
<b>Wisconsin Department of Revenue</b>						
Personal Property Aid	835.103	Not Applicable	77,985	77,985	-	77,985
State Aid computers	835.109	Not Applicable	43,288	43,288	-	43,288
<b>Total Wisconsin Department of Revenue</b>			121,273	121,273	-	121,273
<b>Total State Awards</b>			\$ 11,771,146	\$ 11,217,085	\$ 101,049	\$ 11,318,134

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the Southwest Wisconsin Technical College (the District) under programs of the federal government and state agencies for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Wisconsin *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Wisconsin *State Single Audit Guidelines* for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST RATE**

The District has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 OVERSIGHT AND COGNIZANT AGENCIES**

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Higher Education Aids Board.

Grant monies received and disbursed by the University are for specific purposes and are subject to review and audit by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the District does not believe that such disallowances, if any, would have a material effect on the financial position of the District. As of June 30, 2022 management was not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

**NOTE 5 FEDERAL DIRECT STUDENT LOAN PROGRAM (DIRECT LOANS)**

The Direct Loans (Federal CDFA Number 84.628) is comprised of the following types of loans:

Subsidized Stafford Loans	\$ 1,258,140
Unsubsidized Stafford Loans	790,352
PLUS Loans	-
Total Direct Loans	<u>\$ 2,048,492</u>

**NOTE 6 RECONCILIATION OF FEDERAL AND STATE AWARDS TO THE BASIC FINANCIAL STATEMENTS**

Federal revenue reported in the basic financial statements is reconciled to the Schedule as follows:

Reconciliation:

Federal Revenues Reported on the Schedule of Expenditures of Federal and State Awards	\$ 8,643,043
Deferred Revenue Adjustment	172,345
Revenues per basic financial statements	<u>\$ 8,815,388</u>

Federal Revenue Reported in the Statement of Revenues, Expenses, and Changes in Net Position:

Operating	\$ 610,167
Nonoperating	6,156,729
Direct Student Loans Included on the Schedule of Expenditures of Federal and State Awards	2,048,492
Total Federal Revenues	<u>\$ 8,815,388</u>

State revenue reported in the financial statements is reconciled to the schedule of expenditures of federal and state awards as follows:

Reconciliation:

State Revenues Reported on the Schedule of Expenditures of Federal and State Awards	\$ 11,217,085
Adjustment	5,587
Revenues per basic financial statements	<u>\$ 11,222,672</u>

State Revenue Reported in the Schedule of Expenditures of Federal and State Awards

Operating	\$ 2,282,755
Nonoperating	8,939,917
Total State Revenues	<u>\$ 11,222,672</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**NOTE 7 SUBRECIPIENT PAYMENTS**

Southwest Tech did not pay federal and state awards to subrecipients.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of the Auditors' Results**

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**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes       x    no

Significant deficiency(ies) identified? \_\_\_\_\_ yes       x    none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes       x    no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ yes       x    no

Significant deficiency(ies) identified? \_\_\_\_\_ yes       x    none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes       x    no

**Identification of Major Federal Programs**

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425E	Higher Education Emergency Relief Fund
84.425F	Student Portion
	Institutional Portion

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?    X    yes    \_\_\_\_\_ no





**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Federal and State Award Findings and Questioned Costs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a) and the *Wisconsin State Single Audit Guidelines*.

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***Section IV – Other Issues***

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Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines* :

Technical College System Board	No
Higher Education Board	No
Department of Transportation	
Department of Natural Resources	No
Department of Workforce Development	No
Department of Revenue	No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of Principal

  
\_\_\_\_\_  
Jordan Boehm, CPA

March 21, 2023  
Date of Report



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