
# Comprehensive Annual Financial Report

For the Fiscal Years Ended **June 30, 2017 & 2016**

LTC
LAKESHORE TECHNICAL COLLEGE
Cleveland, WI

# LAKESHORE TECHNICAL COLLEGE DISTRICT

1290 North Avenue
Cleveland, WI 53015
920.693.1000

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal years ended June 30, 2017 and 2016

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## LTC District Board

| | |
|---|---|
| Mr. John Lukas | Chair |
| Mr. Roy Kluss | Vice-Chair |
| Ms. Lois Vasquez | Secretary/Treasurer |
| Ms. Vicky Hildebrandt | Member |
| Mr. James Parrish | Member |
| Mr. Don Pohlman | Member |
| Ms. Kim Rooney | Member |
| Dr. Joseph Sheehan | Member |
| Mr. John Wyatt | Member |

## Administration

| | |
|---|---|
| Dr. Paul Carlsen | President |
| Dr. Barbara Dodge | Vice-President of Instruction |
| Ms. Polly Abts | Interim Vice-President of Student Success |
| Ms. Tanya Wasmer | Vice President of Strategy |
| Ms. Cindy Dross | Chief Financial Officer |
| Ms. Bridget Robinson | Chief of Human Resources & Talent Development |
| Ms. Julie Mirecki | Marketing Director |
| Ms. Heidi Soodsma | Executive Assistant to the President |

## Official Issuing Report

| | |
|---|---|
| Ms. Cindy Dross | Chief Financial Officer |

## Report Prepared by:

| | |
|---|---|
| Ms. Molly O'Connell | Controller |

Assisted by:

Financial Services staff
Research and Planning staff

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**LAKESHORE TECHNICAL COLLEGE DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal years ended June 30, 2017 and 2016

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# LAKESHORE TECHNICAL COLLEGE DISTRICT

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# Introductory Section

December 20, 2017

To the Citizens and Board of Directors of the Lakeshore Technical College District

The Comprehensive Annual Financial Report (CAFR) of Lakeshore Technical College District (District, College or LTC) for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data is accurate and reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report is consistent with legal reporting requirements of the State of Wisconsin, and in our opinion was prepared in conformity with accounting principles generally accepted in the United States of America. In addition to meeting legal reporting requirements, this report is intended to present a comprehensive summary of the significant financial data of the District in a readable format to meet the varying needs of the District's citizens, taxpayers, students, employees, financial institutions, intergovernmental agencies and the Wisconsin Technical College System.

The District maintains internal controls designed to provide reasonable assurance that the District's assets are safeguarded from loss, unauthorized use or disposition and to ensure compliance with established governmental laws, regulations and policies, College policies, and other requirements of those to whom the District is accountable. The internal accounting control structure is designed to provide reasonable, not absolute, assurance that these objectives are met.

State law and federal guidelines require an annual audit of the District's financial records. The District has contracted with the independent certified public accounting firm of Schenck SC to perform the annual audit of its financial statements and state and federal assistance programs. The Independent Auditors' Report is included in the financial section of this CAFR and reflects an unmodified opinion on the basic financial statements. As a recipient of state and federal awards, the District complies with the requirements of the Single Audit Act, and separate single-audit reports have been issued, which are included in the Single Audit section.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Paul Carlsen, Ph.D., President

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# PROFILE OF THE DISTRICT

Lakeshore Technical College is a not-for-profit, public, two-year post-secondary educational institution focused on occupational education. It is one of 16 two-year post-secondary technical colleges in Wisconsin that operates under the administration of the Wisconsin Technical College System (WTCS). The District is governed by a local nine-member District Board of Trustees (LTC Board) whose representation is determined by state statute.

Located in east central Wisconsin, LTC serves a district which measures approximately 1,200 square miles, covering Manitowoc and Sheboygan counties and small segments of Calumet and Ozaukee counties. The main campus, consisting of six buildings on a 154-acre site, as well as an environmental campus, is in the Village of Cleveland, Wisconsin, centrally located between the District's two primary city centers, Manitowoc and Sheboygan. The College operates two learning centers strategically located in the Sheboygan and Manitowoc County Job Center facilities, as well as the Lakeshore Culinary Institute in the heart of downtown Sheboygan. LTC also runs community education centers in District high schools with a focus on Mishicot, Cedar Grove-Belgium, Oostburg, and Random Lake. Two Rivers, Kiel and Elkhart Lake High schools also host classes. Plymouth High School is home to the Science and Technology Center.

LTC demonstrates a commitment to excellence through its focus on workforce preparation, access and affordability and institutional effectiveness and being responsive to community needs. Partnerships in the community, with businesses and within education, both K-12 and post-secondary, are key to building career ladders and that help keep the economy strong. LTC's accreditation was reaffirmed by the Higher Learning Commission in 2015 for another ten years. Due its history of continuous improvement and practices, the college is now in the Open Pathway track. The mode is unique in that its improvement component, the Quality Initiative, gives institutions the independence to pursue improvement projects that are geared toward their current needs and aspirations.

LTC completed a comprehensive strategic plan in 2013 through a process that collected input from staff, students, and community members. The outcome is a road map which influences how the College educates and trains a workforce to meet the evolving Lakeshore area employment needs. An integrated planning process that is grounded in the plan, do, check, act cycle provides the framework for the annual plan and budget. As initiatives become finalized resources are aligned accordingly. The Leadership Team tracks progress on key indicators through monthly, semi-annual College monitors and through monitoring our Key College Results of Full-Time Equivalents (FTEs), Graduation and Placement Rates. Key projects are selected for college monthly updates open to all staff called the Project Showcase. Project Managers educate and update staff on their respective projects.

LTC staff stay informed on strategic initiatives and key grants and projects through a monthly blue sheet and an online newsletter called College Knowledge. In addition to the strategic plan, the College adopts an annual theme each fall and develops corresponding staff development opportunities to advance its commitment to student success. Annual themes include: "Keep it Simple in 2012-13, "Strive for Five" in 2013-14, "Every Student Matters" in 2014-15, "One Team for Students" in 2015-16 and "Team LTC-*To go fast go alone, to go far go together"* for 2016-17.

Fiscal year 2016-17 was LTC's second year as a member of Achieving the Dream, a national reform network dedicated to helping two-year colleges develop data-driven strategies to close achievement gaps and improve student outcomes. The Implementation Plan developed in spring 2016 focusses on actions to deliver high-impact interventions which will be evaluated for college wide scalability and equity. As a result of the planning these initiatives fall under two priorities: Prepare Students to Succeed and Successful Course Completion.

In the past year, the college was recognized by several external agencies for the following:

- #1 in Wisconsin and #11 in the nation of Best Two-Year Colleges for Adult Learners by *Washington Monthly*, a bimonthly nonprofit magazine of U.S. politics and government based in Washington, D.C.
- Top 10% of two-year colleges in the U.S. by *WalletHub*, an online financial advising website.
- #3 Best Online College in Wisconsin by *OnlineColleges.com*.
- #6 Best Community College in Wisconsin by *The Best Colleges* website.
- One of 150 community colleges eligible to compete for the 2019 *Aspen Prize for Community College Excellence* from a pool of nearly 1,000 public two-year colleges nationwide. This is the third time the college has received the nation's signature recognition of high achievement and performance in America's community colleges.

## Scope of Educational Offerings

LTC's mission is realized as students enter the workforce equipped with critical skills and core abilities (common learning objectives) to meet employer needs. The College's educational offerings include degree and diploma programs, apprenticeships, incumbent worker training, and pre-college instruction. Additional student learning opportunities include internships, clinicals, and participation in student clubs, student life activities, and service learning. Thirty-nine associate of applied science degrees, thirty-seven technical diplomas, sixteen embedded pathway certificates, fifty-one technical certificates, and thirteen state-indentured apprenticeships are offered through seven instructional divisions. LTC's programs incorporate industry-leading technologies to reflect the employment needs and provide a base for lifetime learning. Students access these technologies through hands-on learning. To increase student accessibility, programs are shared with other colleges and courses are offered through flexible learning options. Twelve programs hold professional certification or specialized accreditation from eleven entities.

In addition to meeting the needs of District residents through programs and course offerings, LTC offers courses, workshops, and seminars to meet the needs of business and industry. LTC's Workforce Solutions provides customized training to employers to update employee skills and improve workplace performance. In addition, Workforce Solutions provides comprehensive assessment services to assist employers to develop training plans for employees. In 2016-17, Workforce Solutions served 128 companies and 6 local governmental agencies.

Community Education and Pre-College instruction is available through LTC's Manitowoc and Sheboygan County Job Centers and Community Education centers. Pre-College focuses on academic preparation and includes Adult Basic and Secondary Education (ABE/ASE), English Language Learner (ELL), General Educational Development (GED), and High School Equivalency Diploma (HSED). Community Education focuses on personal and professional growth.

## Student Base, Needs, Requirements

Annually at the close of the fiscal year, for the input phase of the Plan and Budget process, the Research and Planning department compiles demographic data for review by the Leadership Team. Additionally in the fall, a Year End Report is published with a variety of key data points. The student demographics, their needs and requirements are reviewed to influence any changes to the strategic plan and initiatives. There is additional focus on the student financial needs as close to 50% are Pell Eligible and the number attending part time is 76%.

LTC's student base, including degree, continuing education and basic skills students, is the same as the District's demographics, with 73% percent of students over 24 years of age. The median student age for the College changes with the economy, from a median of 27 in 2000-01 to 36 in 2010-11, and back down to 28 in 2015-16. The District's estimated minority population is 12 percent and the LTC student population is also approximately 12%.

## Collaboration

Collaborative relationships with four-year colleges and universities provide evidence that students are prepared for the rigor of higher education (primarily 4-year) and can pursue educational goals beyond the associate degree. Key initiatives provide venues for LTC to partner with area businesses to ensure employee and employer needs are met.

LTC has many key partnerships: the Wisconsin Indianhead, Lakeshore, and Mid-State Consortium (WILM), the Bay Area Workforce Development Board (BAWDB), the LTC Foundation, Jakes' Café, LTC-Plymouth Science and Technology Center and the area school districts. WILM provides oversight and leadership for the information systems and data needs for the three collaborating colleges. The BAWDB provides a network of state, regional, and local resources to support the workforce and companies. Part of the network is the Manitowoc and Sheboygan Job Centers which provide strategic learning sites in the District's population centers as well as partnerships with the counties, Great Lakes Training and Development, and the Department of Vocational Rehabilitation. BAWDB funds three full time positions at LTC, two WIOA case managers and one Business Services manager.

The College values the importance of strong relationships with K-12 partners as evidenced by the number of high school students that earn both high school and LTC credits for the same course through one of our dual-credit offerings. The College employs several Career Coaches to assist high school students with their transition to college, a Youth Apprenticeship Coordinator, a Youth Apprenticeship Specialist, a Youth Apprenticeship Associate and a Career and Technical Education (CTE) Manager to build relationships, enhance dual credit opportunities, and increase transition rate. These relationships led LTC to partner with high schools and provide technical courses with LTC Faculty teaching at the high schools. Early College also gives high school seniors a jump on college—and a future career. With academies in high-demand occupations, students earn both high school and college credits as well as an employer recognized certificate. During their senior year students attend their Early College classes on the LTC Cleveland campus unless otherwise noted in the morning and their high school classes in the afternoon. The college provides Early College tracks in Maintenance Mechanic, Electro Mechanical Technology, Welding and Nursing. We also partner with Sheboygan Area School District to bring Early College programs to Central and Warriner High Schools, including Customer Service, Early Childhood, Dietary Aide, Nursing Assistant and Health Care Customer Service.

Lake to Lake is an innovative partnership between Lakeshore Technical College and Lakeland University which provides a unique higher-education option to eastern Wisconsin students. Students who participate in the Lake to Lake program complete their associate degree at LTC and continue their education at Lakeland University by entering as a college junior to complete a related bachelor's degree. Currently 17 LTC programs are part of the Lake to Lake initiative. Career areas range from Business and Information Technology (IT) programs to Health and Hospitality related programs. Lakeland is about 15 miles southwest of LTC's campus.

## Distinctive/Critical Facilities, Equipment, Technologies, Regulatory Environment

LTC plans for facilities growth as well as technology expansion as it advances its mission, vision, and strategic plan. LTC allocates resources annually for equipment and remodeling projects to systematically upgrade classroom learning environments that enhance student learning.

Within its broad range of technical education, the College has many distinctive teaching/learning facilities that use technology to enhance the students' hands-on learning experiences. The Clinical Skills Lab has intravenous (IV) arms, human patient simulators, a radiography lab, and other hands-on learning equipment for healthcare students to practice and check off skills before placement in a clinical site externship. The Pharmacy Technician program has several new pieces of equipment as a result of a federal grant. The

Dental Clinic provides students an opportunity to work in a multi-chair dental clinic. Local dentists, hygienists, and assistants volunteer their time to work with students and provide community dental care.

The Public Safety Training Center offers programs and training ranging from Emergency Medical Services (EMS) to Confined Rescue. A fully operational Emergency Operations Center provides a site for hands-on training and an alternate site for emergency responders in case of an event. A state-of-the-art driving skills course offers training to emergency vehicle operators, motorcyclists, and other drivers. This course provides local agencies opportunities to train more often with the desired outcome of less traffic injuries or fatalities. A high angle rescue tower was erected to teach proper climbing and fall rescue techniques. The outdoor shooting range and scenario city that will be constructed in fall of 2017 will provide additional hands-on training for public safety students.

LTC collaborated with Plymouth High School to create a LTC Plymouth Science and Technology Center. High school students use the labs and classrooms during the day and LTC students use them in the evenings.

LTC's renewable energy demonstrations include four grid-tied wind turbines and two photovoltaic panels. The College utilizes light tubes to light spaces in place of fluorescent fixtures and lighting controls to turn-off lights in spaces not in use. The College leases property from the LTC Foundation, for the Environmental Campus, which houses the Sustainable Horticulture and Landscape Horticulture programs.

The Kohler Center for Manufacturing Excellence includes the Nierode Building and Plastics Engineering Manufacturing Building which is a simulated modern manufacturing site that provides welding, industrial maintenance, and sheet metal trades instruction. LTC expanded in 2013-14, to combine and increase the welding labs, provide space for the fabrication program and add lab space for Industrial Maintenance and other programs. The Nierode building showcases robotics, programmable logic controllers, computer aided drafting, computer numerical controlled machine tools, and other hands-on learning equipment used in modern manufacturing facilities. Space in the Nierode building was remodeled in 2014 to expand the Machine Tool and CNC, Automation and Food Manufacturing programs.

LTC takes training on the road with its state-of-the-art mobile labs. The labs offer students the latest in high-tech training in various life-like scenarios. The Advanced Manufacturing Mobile Lab is a self-contained training lab designed to deliver manufacturing curriculum to high schools, businesses, and the Department of Corrections. This climate controlled unit equipped with wireless technology provides instruction in Industrial Maintenance and Programmable Logic Controls (PLCs). The Human Patient Simulator Mobile lab offers emergency response and healthcare providers the latest, high-tech training. The EMS Mobile Lab was built in partnership with the Wisconsin Department of Workforce Development through a Blueprint for Prosperity grant in the Wisconsin Fast Forward program. The Z Lab is newest lab and has a virtual server, six computer workstations and 24 laptops. The lab also has software including Solidworks, Microsoft Office Suite and MasterCam.

LTC leases a former restaurant in Sheboygan to house the Culinary Arts program. The facility includes a high performance kitchen, demonstration kitchen and classroom, and a full service restaurant. Besides culinary classes, the students gain hands-on experience through managing the restaurant. Internships at various restaurants and resorts in the area provide additional learning opportunities for the students.

The campus wide learning college classroom and technology refresh plans ensure every classroom and conference room has current and similar equipment and room arrangements to increase use and functionality. The technology refresh plan ensures computer, network and media equipment is updated on regular cycles. Wireless networking is available throughout the campus. LTC received a federal grant under the 2016 Distance Learning and Telemedicine Program. The distance learning portion of the grant, for which LTC applied, will provide resources to cover a portion of the cost of our videoconferencing standardization project, which upgrades the equipment necessary to deliver these services.

The most recent enhancement to the learning environment is the complete renovation and equipment installation to create the Advanced Automotive Technology Training Center. These two new areas comprise 32,000 square feet of lab space with state of the art equipment and facilities. Both the Automotive

Maintenance and Auto Collision shops are designated as a Snap-On Center of Excellence. Both areas include several high tech features.

### Faculty and Staff Base

LTC employs 280 full and part-time people within three organizational groups: 109 support staff, 63 management staff and 108 faculty. The Lakeshore Educational Association (Local 3201 of the National Educational Association) represents bargaining unit faculty. Support and management staff are not represented by a union. LTC also employs 534 part time (adjunct) faculty, students, part time support staff and temporary help. LTC's staff are aligned to functional areas which make up the systems of the college.

## ECONOMIC CONDITIONS

### Competitive Environment

There are two University of Wisconsin (UW) two-year transfer colleges, and two four-year private colleges that offer educational opportunities within LTC's district. Additionally, there are four Wisconsin Technical Colleges, four private colleges, two UW four-year institutions and another UW two-year transfer college within a fifty-mile radius of LTC's Cleveland campus. While these institutions offer educational opportunities, our missions are different therefore allowing unique partnerships to form.

While there are several shifts in the competitive online environment such as Globe University discontinuing operations in Wisconsin and ITT ceasing all operations, LTC must continue to remain competitive. For-profit institutions continue to market through information nights, newspaper, radio, and television advertisements and some have invested in facilities within the region offering niche programs that are in direct competition with LTC. Some local employers have on-site training facilities as well as UW Colleges/Extension offering continuing education that compete with LTC's Workforce Solutions' offerings.

## PLANNING PROCESS

The design of LTC's integrated planning process ensures the organization is focused on district needs, assessment of results and continuous improvement. Feedback and input is integral to the LTC planning process and the College gathers input from the Community, local employers, staff, and students. The LTC Board reviews of the ends policies and the Leadership Team's review of the mission, vision, and strategic plan occur annually.

The strategic priorities are reviewed annually. The feedback is analyzed and prioritized to develop the annual priorities. Current performance is analyzed using the College monitor, key results, and year-end report.

Annual priorities are operationalized through annual plan projects. Strategic and leadership project managers are assigned by the Leadership Team and develop project charters to ensure vision alignment. Managers work with staff to develop department plans that support the annual priorities. The Leadership Team prioritizes the College's annual projects against available resources using key indicators to determine priorities in the budget.

Budgets are allocated and developed within resources to accomplish annual priorities. Assumptions and financial projections are updated monthly throughout the process until the budget is balanced. Staff plan and budget forums are held to communicate and hear feedback.

The plan and budget is implemented in the new fiscal year. Project teams kickoff and new fiscal budgets are released. The process is evaluated for continuous improvement. Individual performance indicators and goals are developed, documented through a performance monitor, and reviewed at the semi-annual Employee Performance Review (EPR) session. The College monitor is reviewed by the Leadership Team and reported to the LTC Board and to the organization semi-annually through a mid-year and year-end report.

# VISION, MISSION AND ENDS POLICY

### Vision

The vision provides the focus for the College and its staff and supports all efforts related to performance excellence.

> To meet the needs of the future with innovation and excellence.

### Mission

The mission serves as the nexus for the continued success of the College. Whether the focus is on new technology, alternative delivery, training to help address health care worker shortage, or implementing a new program, the District strives to fulfill the College mission with every endeavor. The District develops individuals who apply knowledge and skills to enhance quality of life and boost economic vitality. In addition, the District is committed to extending learning beyond the classroom and throughout life.

> To enrich lives and strengthen the economy by preparing a workforce that is skilled, diverse and flexible.

### District Board Ends Policies

The Board's ends policies focus the College on what benefits the community should derive from the District's existence.

> Community
> Lakeshore Technical College exists so the community workforce will be well trained, diverse, and flexible, and will meet the needs of a changing marketplace.
>
> Learning Opportunities
> Learning opportunities are affordable and accessible, within available resources.

# MANAGEMENT SYSTEMS AND CONTROLS

LTC is committed to the development of good management systems and controls. Systems are conscientiously developed within which LTC employees can function effectively which provides appropriate levels of supervision and segregation of duties.

## Internal Controls

The management of LTC is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the College are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, LTC is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws, regulations, contracts and grants related to these programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the government.

## Budgetary System

LTC's annual budget is prepared in accordance with the requirements of the Wisconsin Technical College System Board. These budget requirements include administrative review, public hearings, and passage by the District board prior to June 30 of each year. Budgeted amounts are controlled by function within funds, with modification or changes of the approved budget possible upon approval by two-thirds vote of the District board.

Based on strategic priorities, objectives, plans and budgets are developed. These budgets are then reviewed by budget managers and subsequently submitted in detail to the budget staff. The information is then summarized and analyzed by administration prior to being submitted to the District board for approval. As expenditures occur throughout the year, they are recorded against budgeted amounts. Individual budget managers are responsible for monitoring the budgets along with the budget staff. The District's decentralized approach allows for the reallocation of budgets to meet the needs of the public and still maintain proper stewardship.

## Independent Audit

The College's board policy and state law requires an annual audit of LTC's financial statements by an independent certified public accountant. This requirement has been complied with and the independent auditors' opinion is included in this report.

### Certificate

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lakeshore Technical College for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


### Acknowledgment

The preparation of this report on a timely basis was accomplished through the cooperative efforts of the Financial Services Department and other staff, with the assistance of the College's independent auditors, Schenck SC. We express our appreciation to our staff for their hours in preparing this report.


Respectfully submitted,

Paul Carlsen, PhD
President

Cindy Dross, CPA
Chief Financial Officer

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Lakeshore Technical College District**

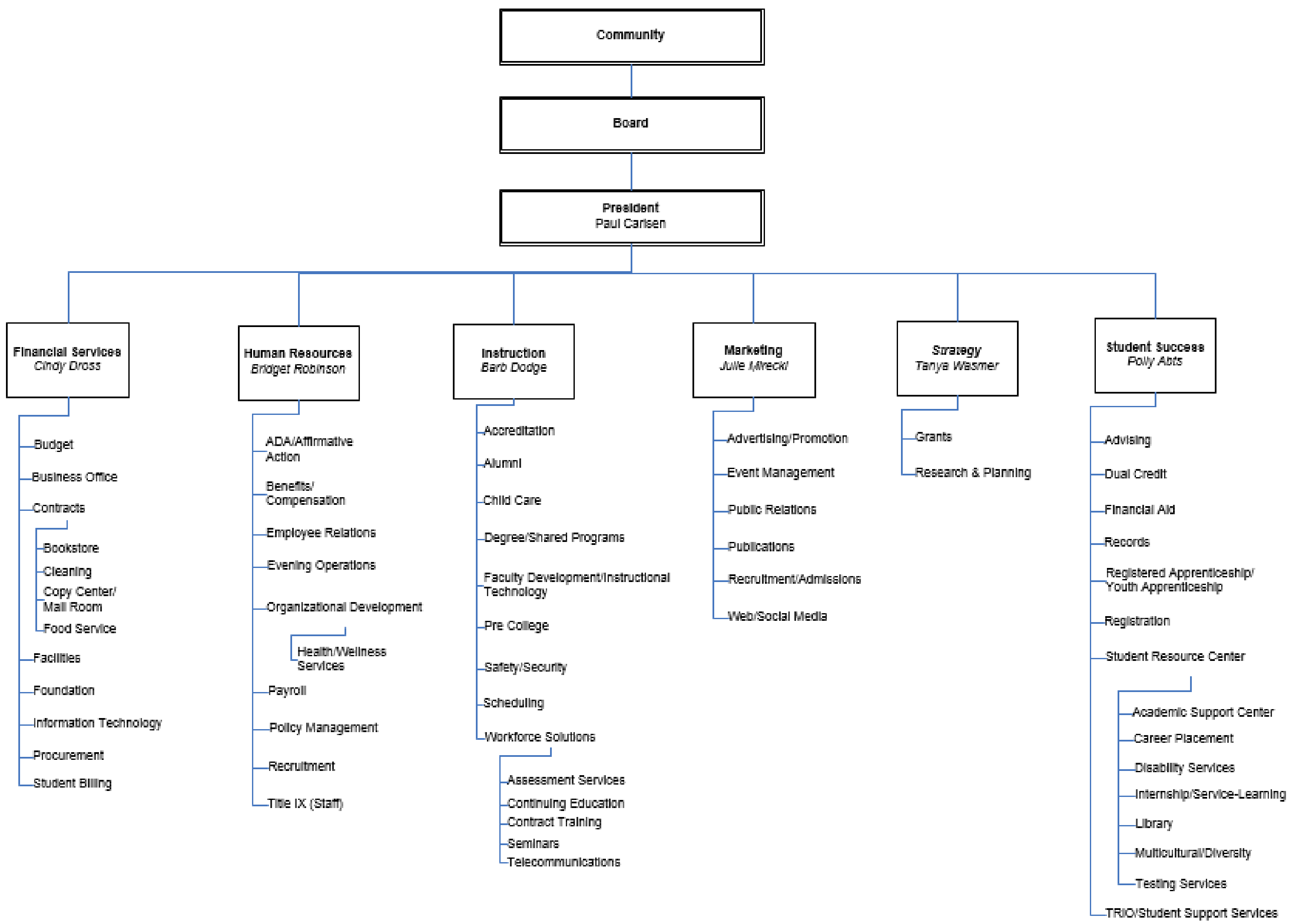
**Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# Lakeshore Technical College
# Organizational Chart

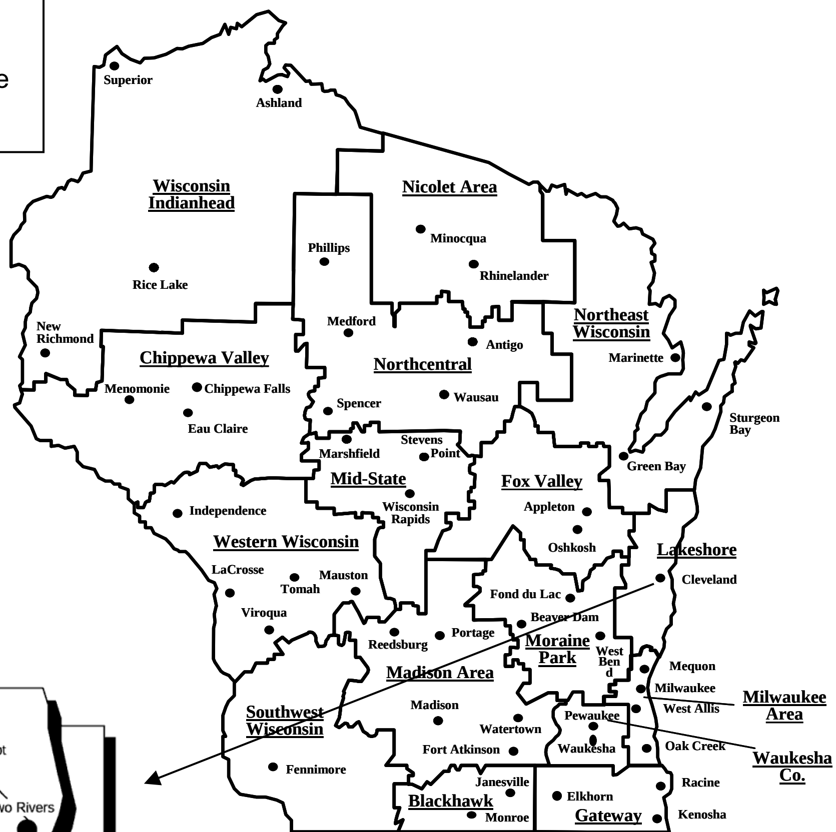


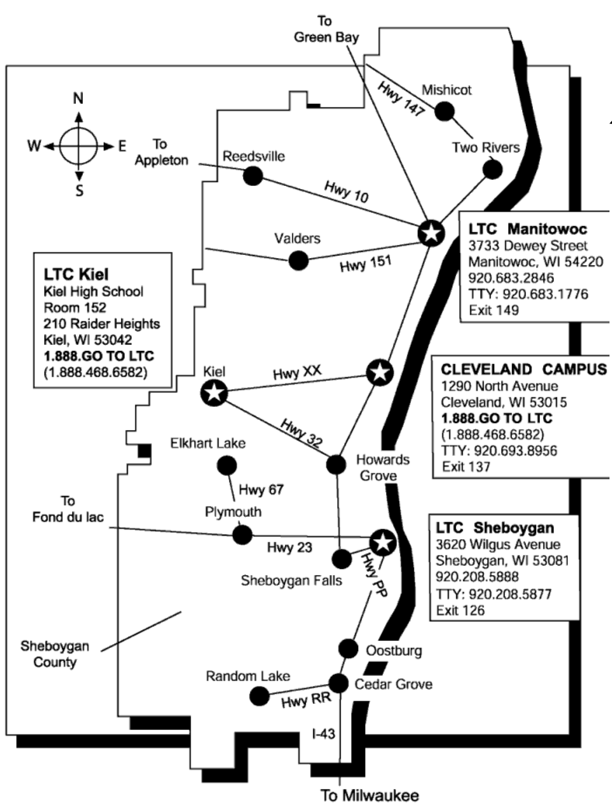
## Lakeshore Technical College
## District Board

| Officers | Name | Membership Type |
|---|---|---|
| Chair | John Lukas | Employer Member |
| Vice-Chair | Roy Kluss | Employer Member |
| Secretary/Treasurer | Lois Vasquez | Employee Member |
| Member | Vicky Hildebrandt | Additional Member |
| Member | James Parrish | Employer Member |
| Member | Don Pohlman | Elected Official Member |
| Member | Kim Rooney | Additional Member |
| Member | Joseph Sheehan | School District Administrator Member |
| Member | John Wyatt | Additional Member |

**Lakeshore Technical College District**

Manitowoc County less the portion of the Chilton, Brillion, and Denmark school districts; Sheboygan County less the portion of the New Holstein school district; plus the portion of the Kiel school district in Calumet County and Cedar Grove and Random Lake school districts in Ozaukee County.



# Financial Section

Schenck
ADVISORY | TAX | ASSURANCE

# INDEPENDENT AUDITORS' REPORT

To the District Board
Lakeshore Technical College District
Cleveland, Wisconsin

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of the Lakeshore Technical College District ("the District") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Lakeshore Technical College Foundation, Inc., a discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 29 and the schedules relating to pensions and other postemployment benefits on pages 65 through 67 be presented to supplement the basic financial statements. Such information, although not 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 auditing standards generally accepted in the United States of America, 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.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration and are also not a required part of the basic financial statements.

The supplementary information and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
December 8, 2017

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LAKESHORE TECHNICAL COLLEGE

# Lakeshore Technical College District
# Management's Discussion and Analysis

Lakeshore Technical College District's (District, College or LTC) Management's Discussion and Analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader of the financial statements in focusing on noteworthy financial issues.

While maintaining its financial health is crucial to the long-term viability of LTC, the primary mission of a public institution of higher education is to provide education and training. Therefore, net position is accumulated only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

Lakeshore Technical College Foundation, Inc. (Foundation) is a separate and independent, not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests for the maintenance and benefit of LTC and its students. The Foundation is managed by an independent board of directors, and is not fiscally accountable to the College. The financial resources of the Foundation are significant to the College as a whole and accordingly, the Foundation is reported as a discretely presented component unit in the College's basic financial statements.

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

**Statement of Revenues, Expenses, and Changes in Net Position**

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

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

| | 2017 | 2016 | Increase/(Decrease) $ | Increase/(Decrease) % | 2015 |
|---|---|---|---|---|---|
| **Operating Revenues** | | | | | |
| Program fees | $ 4,704,733 | $ 4,680,320 | $ 24,413 | 0.5% | $ 4,745,784 |
| Material fees | 331,076 | 319,552 | 11,524 | 3.6% | 304,972 |
| Other student fees | 621,597 | 632,700 | (11,103) | -1.8% | 600,770 |
| Federal grants | 4,637,375 | 4,864,792 | (227,417) | -4.7% | 5,005,802 |
| State grants | 2,190,012 | 3,215,351 | (1,025,339) | -31.9% | 1,843,833 |
| Business & school contracts | 1,699,680 | 1,825,302 | (125,622) | -6.9% | 1,362,252 |
| Auxiliary enterprise revenue | 1,863,289 | 1,843,682 | 19,607 | 1.1% | 1,510,586 |
| Miscellaneous revenue | 464,265 | 499,463 | (35,198) | -7.0% | 543,730 |
| Total operating revenues | 16,512,027 | 17,881,162 | (1,369,135) | -7.7% | 15,917,729 |
| **Non-operating Revenues** | | | | | |
| Property taxes | 10,942,612 | 10,934,545 | 8,067 | 0.1% | 10,569,450 |
| State operating appropriations | 15,385,533 | 15,264,849 | 120,684 | 0.8% | 14,864,807 |
| Gain on sale of capital assets | 0 | 12,732 | (12,732) | -100.0% | 40,692 |
| Interest income | 134,987 | 142,501 | (7,514) | -5.3% | 122,796 |
| Realized and unrealized gain (loss) on investments | (120,937) | 11,922 | (132,859) | -1114.4% | (70,502) |
| Total non-operating revenues | 26,342,195 | 26,366,549 | (24,354) | -0.1% | 25,527,243 |
| Total revenues | 42,854,222 | 44,247,711 | (1,393,489) | -3.1% | 41,444,972 |
| **Operating Expenses** | | | | | |
| Instruction | 22,052,872 | 22,211,711 | (158,839) | -0.7% | 20,751,377 |
| Instructional resources | 1,175,858 | 1,218,331 | (42,473) | -3.5% | 1,297,936 |
| Student services | 5,119,100 | 4,662,832 | 456,268 | 9.8% | 4,305,291 |
| General institutional | 5,076,089 | 5,230,797 | (154,708) | -3.0% | 4,884,308 |
| Physical plant | 2,772,618 | 3,023,460 | (250,842) | -8.3% | 2,893,973 |
| Auxiliary enterprise services | 1,407,734 | 1,414,185 | (6,451) | -0.5% | 1,410,472 |
| Depreciation | 4,121,931 | 3,870,107 | 251,824 | 6.5% | 3,756,610 |
| Student aid | 1,904,457 | 2,206,841 | (302,384) | -13.7% | 2,238,847 |
| Total operating expenses | 43,630,659 | 43,838,264 | (207,605) | -0.5% | 41,538,814 |
| **Non-operating Expenses** | | | | | |
| Loss on sale of capital assets | 3,586 | 0 | 3,586 | 0.0% | 0 |
| Interest expense | 725,062 | 732,205 | (7,143) | -1.0% | 712,620 |
| Total non-operating expenses | 728,648 | 732,205 | (3,557) | -0.5% | 712,620 |
| Total expenses | 44,359,307 | 44,570,469 | (211,162) | -0.5% | 42,251,434 |
| Change in net position before capital contributions | (1,505,085) | (322,758) | (1,182,327) | 366.3% | (806,462) |
| Federal and state capital grants | 532,102 | 596,521 | (64,419) | -10.8% | 382,701 |
| Change in net position after capital contributions | (972,983) | 273,763 | $ (1,246,746) | -455.4% | (423,761) |
| Net position - beginning of the year, as originally reported | 23,155,867 | 22,882,104 | | | 17,312,268 |
| Cumulative effect of change in accounting principle | 0 | 0 | | | 5,993,597 |
| Net position - beginning of the year, as restated | 23,155,867 | 22,882,104 | | | 23,305,865 |
| Net position - end of the year | $ 22,182,884 | $ 23,155,867 | | | $ 22,882,104 |

**Operating revenues** are the charges for services offered by the College. During 2017, the College generated $16.5 million of operating revenue. This is a decrease of $1.4 million from 2016, or 8%, compared with an increase of $2.0 million, or 12% in 2016.

Significant changes in operating revenue for the years ended June 30, 2017 and 2016 are as follows:

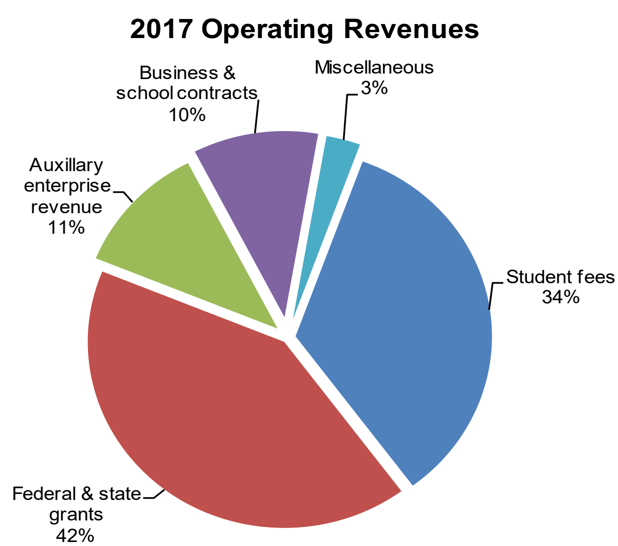
- Program, material and other fees charged to students for attending courses increased by $25,000 or 0.4% in 2017 compared to a decrease of $19,000, or 0.3% in 2016. LTC experienced a 1% decrease in student FTE's (full-time equivalent) for 2017 and a 5% decrease in 2016. Student FTEs continue to decrease as the unemployment rate decreases and there are fewer dislocated workers enrolled full time in programs. Increased program fee rates, which are set by the state, offset the decrease in enrollments. Program fee rates for the 2017 and 2016 school years increased by 1.5% and 2%, respectively. For 2016, the state held the program fee rate at the 2015 level for the 2016 summer term, but increased the rates by 2% for the fall and spring terms.

- Federal and state grants for specific purposes, including financial aid payments to students, totaled $6.8 million for 2017, a decrease of $1.3 million, or 16%. State grant revenue decreased $1.0 million in 2017 due to general purpose revenue (GPR) grants and Wisconsin Fast Forward grants coming to an end, while federal grant revenue decreased $227,000 due to a decrease in Pell grants and U.S. Department of Labor grants coming to an end. In 2016, federal and state grant operating revenue was $8.1 million, an increase of $1.2 million or 18% from 2015. State grant revenue increased $1.4 million in 2016 due to an increase in general purpose revenue (GPR) grants and Wisconsin Fast Forward grants, while federal grant revenue decreased $141,000 due to a decrease in Pell grants.

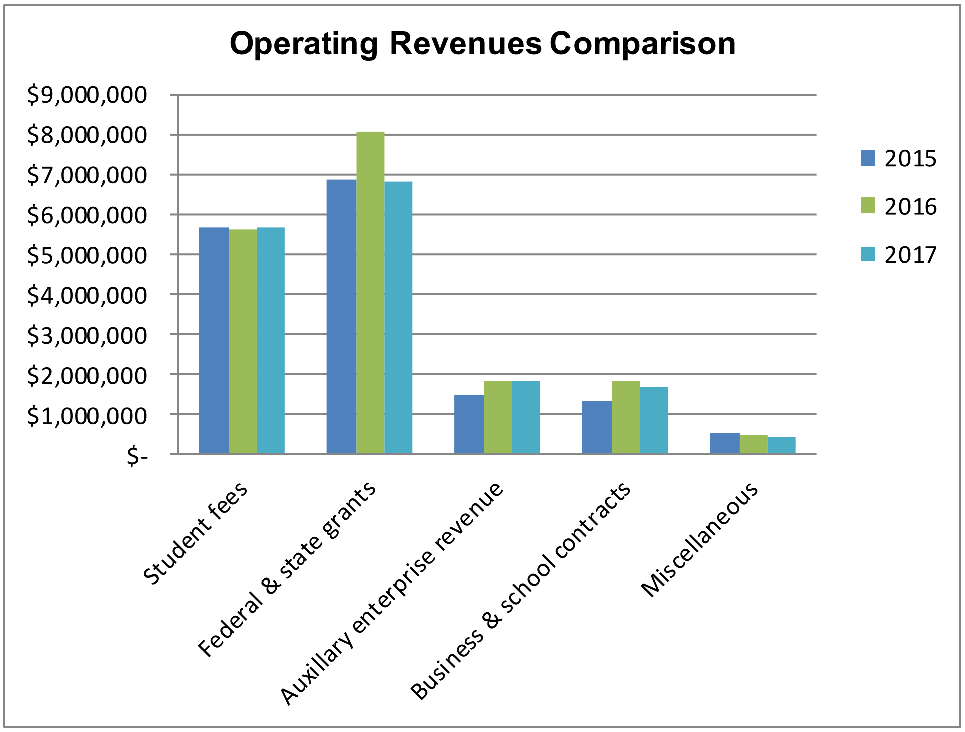
- Auxiliary enterprise revenues, including revenues generated by the bookstore, food service, child care, culinary restaurant and other instructional related activities, increased $20,000, or 1%, in 2017 while 2016 showed an increase of $333,000 or 22%. The increase in 2017 is due to the health insurance reserves, offset by decreases in commissions, shuttle revenue and instructional related revenue. The increase in 2016 is due to an increase in commissions, instructional related revenue and other miscellaneous revenue.

- Contract revenues result from customized training to business and industry as well as local school districts. Contract revenues decreased by $126,000 or 7% in 2017 and increased $463,000 or 34% in 2016. The decrease in 2017 was due to decreases in both industry contracts and Workforce Advancement Training Grant contracts. The increase in 2016 was due to increases in both industry contracts and high school contracts for dual enrollment.

The following is a graphical illustration of operating revenues by source for the fiscal year ended June 30, 2017.



The graph below depicts the comparison between 3 years of operating revenues:




**Non-operating revenues** are revenue items not directly related to providing instruction. Non-operating revenues were $26.3 million for 2017, $26.4 million for 2016 and $25.5 million for 2015.

The most significant components of non-operating revenues for the years ended June 30, 2017 and 2016 include the following:

- Property taxes were historically the biggest source of revenue for the College. In the spring of 2015, Wisconsin Act 145 was enacted that allocated $406 million in state revenue to the technical colleges for the purpose of reducing the operating tax levy. For the College, the annual property tax relief aid is $11.8 million and is included in state operating appropriations. Property tax revenue for the College for 2017 increased $8,000 or 0.1%, compared to an increase of $365,000 or 4%, in 2016. Equalized values of property in the District increased by 1.16% for 2017.

- State operating appropriations, including the property tax relief aid, increased $121,000 or 0.8% in 2017 compared to an increase of $400,000 or 3% in 2016. General state aids increased $60,000 or 0.4% in 2017 and increased $270,000 or 11% in 2016. Beginning in 2015, a percentage of the total general aid was distributed by new outcome based formula measures instead of by the longstanding complicated formula that includes actual expenditures, student FTE's, and equalized property valuations of the district. This percentage was 10% in 2015, the initial year, and increased by an additional 10% per year, to a maximum of 30%. For the College, the outcome based aid amounted to $1.2 million in 2017 and $779,000 in 2016. All state aid formulas take into consideration activities of the other fifteen technical colleges in Wisconsin. Final state aid payments are not received until November following the fiscal year end.

- Interest income, net of fees decreased $8,000 or 5% in 2017, compared with an increase of $20,000 or 16% in 2016. The weighted average interest rate on investments rose from 0.13% to 0.14%. For 2017, the realized and unrealized loss on investments was $121,000. This compares to the realized and unrealized loss on investments of $133,000 and $71,000 for 2016 and 2015, respectively. It is the intention of the College to hold its investments until maturity or until the fair value improves.

**Operating expenses** are costs related to offering the programs of the College. During 2017, operating expenses totaled approximately $43.6 million. This represents a decrease of $208,000 or 0.5%, compared to an increase of $2.3 million or 6% in 2016. The majority of these expenses, about 66%, are for salary and benefits. Other major types of expenses include supplies, printing and minor equipment (6%), contract services (5%), student aid (4%) and depreciation (9%). Expenses such as travel, insurance, utilities and other expenses account for the remaining 10% of total operating expenses.

Significant changes in operating expenses for the years ended June 30, 2017 and 2016 are as follows:

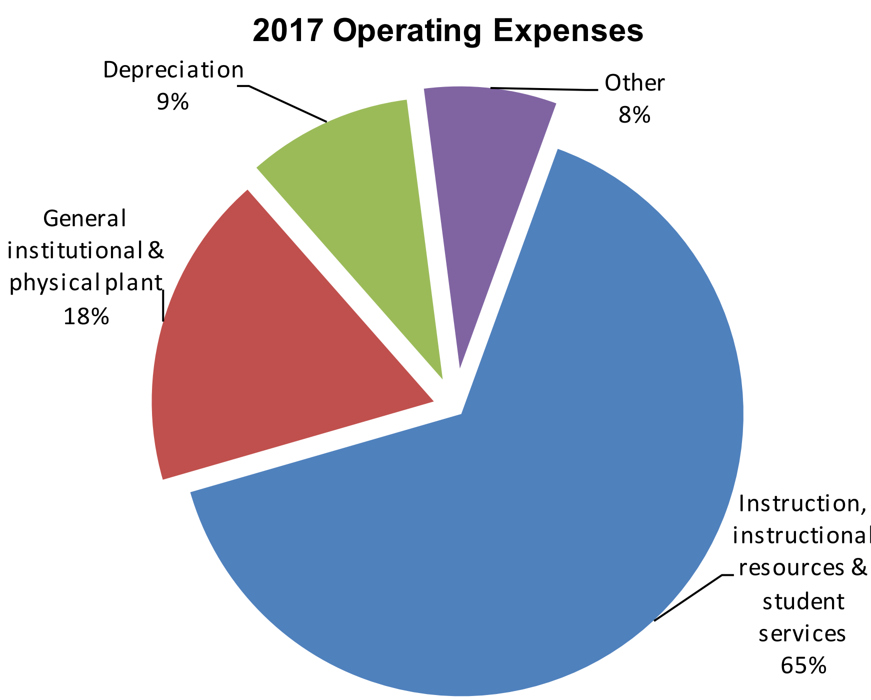
- Direct costs (instruction, instructional resources and student services) increased $255,000 or 0.9% in 2017 due to increased benefit expenses. In 2016, direct costs increased $1.7 million or 7% due to an increase in grant funded expenditures, wage and benefit increases.

- General institutional and physical plant expenses decreased $406,000 or 5% to $7.8 million for 2017, compared to $8.3 million in 2016 and $7.8 million for 2015. The year-over-year fluctuations are due to purchases related to construction activity on campus.

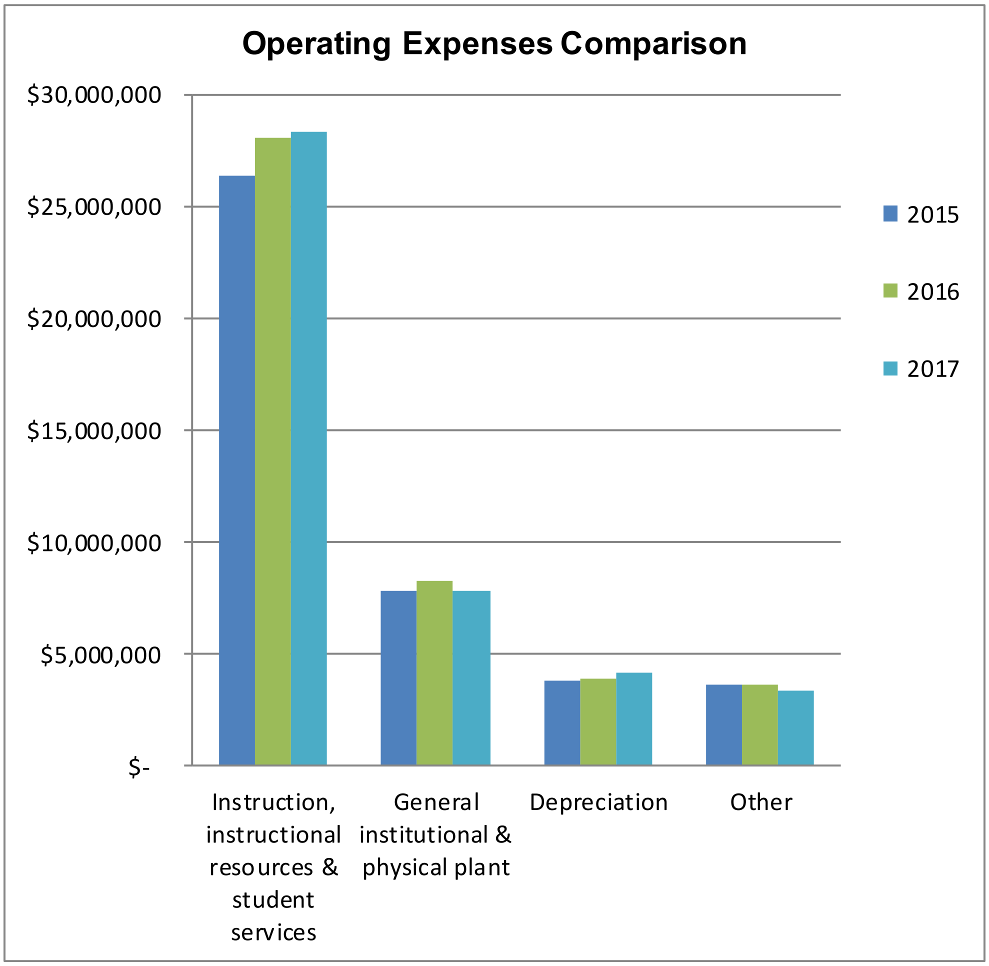
- Auxiliary enterprise services expenses remained relatively flat in 2017 and 2016, decreasing 0.5%, and increasing 0.3%, respectively.

- Student aid decreased by $302,000 or 14% in 2017 and decreased $32,000 or 1% in 2016. The decrease in 2017 is due to a decrease in Pell grants and direct lending. The decrease in 2016 is due to a decrease in Pell grants.

The following is a graphical illustration of operating expenses by function for the fiscal year ended June 30, 2017.



The graph below shows the comparison of operating expenses for the last three fiscal years.




**Non-operating expenses** are expense items not directly related to providing instruction. Non-operating expenses decreased $4,000 or 1% in 2017, compared to an increase of $20,000 or 3% in 2016. Interest expense of $725,000, $732,000 and $713,000 was the main component of non-operating expenses for 2017, 2016 and 2015, respectively.

**Statement of Cash Flows**

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital, financing and investing activities. This statement is important in evaluating the College's ability to meet financial obligations as they mature.

The following schedule summarizes the major components of the Statement of Cash Flows:

| | 2017 | 2016 | Increase/(Decrease) $ | % | 2015 |
|---|---|---|---|---|---|
| Cash flows from operating activities | $ (20,510,680) | $ (21,710,107) | $ 1,199,427 | 5.5% | $ (21,615,714) |
| Cash flows from non-capital financing activities | 26,297,641 | 26,106,175 | 191,466 | 0.7% | 27,903,390 |
| Cash flows from capital & related financing activities | (1,359,787) | (2,053,965) | 694,178 | 33.8% | (2,678,896) |
| Cash flows from investing activities | 2,277,017 | 3,074,545 | (797,528) | -25.9% | (4,760,552) |
| Net increase (decrease) in cash & cash equivalents | $ 6,704,191 | $ 5,416,648 | $ 1,287,543 | -23.8% | $ (1,151,772) |

- **Cash flows from operating activities** increased $1.2 million or 5.5% in 2017, compared to a decrease of $94,000 or 0.4% in 2016, due to the following:

  - ✓ Payments to employees of $27.0 million in 2017, $27.3 million in 2016, and $26.5 million in 2015 made up the largest portion of the cash flows from operating activities. Salaries and wages for 2017 remained relatively flat as compared to 2016 due to staffing changes. Fringe benefit costs for active employees increased $277,000, or 3%, due to an increase in health benefit and pension expense. In addition, other postemployment benefits, net increased by $27,000.

  - ✓ Payments to suppliers for 2017 decreased $624,000 or 6%, due to decreases in minor equipment purchases related to remodeling and student aid. This compares to an increase of $485,000 or 5% in 2016 due to increases in contracted services and consulting expenses.

  - ✓ Tuition and fees received from students for services were approximately $5.4 million in 2017, $5.7 million in 2016, and $5.6 million in 2015. The decrease in 2017 is due to a decrease in unearned student fees coupled with an increase in student receivables. The increase in 2016 is due to an increase in unearned student fees offset by an increase in student receivables.

  - ✓ Federal and state grants received increased $354,000 or 5% in 2017 due to Fast Forward grants payments received. This compares to an increase of $564,000 or 9% in 2016 due to the increase in state GPR and Fast Forward grants.

  - ✓ Auxiliary enterprise revenues received increased $84,000 or 5% in 2017 mainly due to the employee health insurance reserve. This compares with an increase of $288,000 or 19% in 2016 due to commission revenue and instructional related revenue.

  - ✓ Business, industry and school district contract revenues received increased $27,000 or 2% for 2017 and increased $265,000 or 18% for 2016. The increase in 2017 is due to high school contracts, while the increase in 2016 is due to industry contracts and high school contracts.

- **Cash flows from non-capital financing activities** increased $191,000 or 0.7% in 2017 and decreased $1.8 million or 6% in 2016. These cash flows consist primarily of property taxes and state appropriations received. The large decrease in 2016 was due to the timing of the receipt of the first property tax relief aid payment in 2015. The property tax relief aid payment is received in full during the fiscal year, whereas a portion of the property taxes is received in August following year-end. In 2015, the college received the final tax levy payment at the full levy amount, plus the property tax relief aid. Cash flows from property taxes were $10.9 million in 2017, $10.8 million in 2016, and $13.8 million in 2015. Cash flows from state appropriations were $15.4 million in 2017, $15.2 million in 2016 and $14.9 million in 2015.

- **Cash flows from capital and related financing activities** is primarily made up of two categories of cash flows, including purchases of capital assets and capital related debt activity (debt proceeds and principal and interest payments). For 2017, there were cash outflows of $1.4 million and for 2016 and 2015 there were cash outflows of $2.1 million and $2.7 million, respectively.

  - ✓ Debt proceeds were $7.8 million in 2017, $6.5 million in 2016, and $6.0 million in 2015. Principal payments on capital debt were $4.0 million in 2017 and $4.0 million in 2016 and $3.1 million in 2015.

  - ✓ Purchases of capital assets for 2017 amounted to $5.3 million, compared to $4.5 million in 2016 and $6.6 million in 2015. Major projects for 2017 include the completion of the remodel of the auto maintenance and auto collision program areas ($1.5 million), the start of construction of the agriculture education center ($134,000) video conferencing system ($356,000), keyless access installation ($38,000), classroom and student areas improvements ($149,000) and equipment purchases ($3.3 million). Expenditures for 2016 include the construction of the Facilities Building ($1.8 million), the remodel of the auto maintenance and auto collision program areas ($812,000), copy center remodel ($301,000), keyless access installation ($129,000), classroom and student areas improvements ($163,000) and equipment purchases ($1.1 million).

LTC had a net increase in total cash & investments of approximately $6.7 million for 2017 compared to a net increase of $5.4 million for 2016 and a net decrease of $1.2 million in 2015.

## Statement of Net Position

The Statement of Net Position presents information on all of the College's assets, liabilities, and its deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

Following are highlights of the components of the Statement of Net Position:

| | | | Increase/(Decrease) | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | $ | % | 2015 |
| Assets | | | | | |
| Cash and investments | $ 19,821,330 | $ 15,380,106 | $ 4,441,224 | 28.9% | $ 12,883,580 |
| Receivables | 7,241,414 | 8,091,227 | (849,813) | -10.5% | 6,643,894 |
| Net capital assets | 27,758,766 | 27,134,381 | 624,385 | 2.3% | 25,899,216 |
| Other | 197,684 | 550,230 | (352,546) | -64.1% | 3,592,332 |
| Total assets | 55,019,194 | 51,155,944 | 3,863,250 | 7.6% | 49,019,022 |
| Deferred Outflows of Resources | 7,633,644 | 11,350,174 | (3,716,530) | -32.7% | 2,721,220 |
| Liabilities | | | | | |
| Current liabilities | 8,983,973 | 9,333,807 | (349,834) | -3.7% | 8,055,580 |
| Non-current liabilities | 28,101,645 | 25,463,855 | 2,637,790 | 10.4% | 20,771,971 |
| Total liabilities | 37,085,618 | 34,797,662 | 2,287,956 | 6.6% | 28,827,551 |
| Deferred Inflows of Resources | 3,384,336 | 4,552,589 | (1,168,253) | -25.7% | 30,587 |
| Net Position | | | | | |
| Net investment in capital assets | 6,300,065 | 6,372,717 | (72,652) | -1.1% | 6,433,052 |
| Restricted for pension benefits | 0 | 0 | 0 | 0.0% | 3,313,754 |
| Restricted for debt service | 1,313,420 | 1,194,655 | 118,765 | 9.9% | 1,041,755 |
| Unrestricted | 14,569,399 | 15,588,495 | (1,019,096) | -6.5% | 12,093,543 |
| Total net position | $ 22,182,884 | $ 23,155,867 | $ (972,983) | -4.2% | $ 22,882,104 |

Total assets increased $3.9 million or 8% in 2017 and increased $2.1 million or 4% in 2016.

- Capital assets are the largest component of the College's assets. For 2017, net capital assets increased $624,000 or 2%, compared to an increase of $1.2 million or 5% in 2016. During 2017, the College completed the remodel of the Auto Collision and Auto Maintenance program areas and in 2016, the College completed the Facilities Building.

- Receivables include property taxes of $2.9 million in 2017 and $2.9 million in 2016 and $2.8 million in 2015. Payment on the balance of property tax receivable is typically received by the end of August for that year. Other receivables for 2017 include $3.3 million for accounts receivable and $1.0 million for federal and state receivables. Student accounts receivable (net of bad debt reserve) increased during 2017 by approximately $5,000, or 0.17%, and increased by $460,000, or 17%, in 2016. Federal and state aid receivable is down $856,000, or 46%, for 2017, and increased by $940,000, or 101%, in 2016.

- Other assets were $198,000 in 2017, $550,000 in 2016 and $3.6 million in 2015. In 2015, the College recognized a $3.3 million net pension asset with the adoption of GASB Statement No. 68. For 2017 and 2016, the College recognized a net pension liability, and changes in its proportionate share of the Wisconsin Retirement System accounted for a $3.7 million decrease in deferred outflows of resources and a $1.2 million decrease in deferred inflows of resources.

- Cash and investments increased $4.4 million in 2017 and increased $2.5 million in 2016. The timing of borrowings and expenditures for capital projects had the biggest impact on the change in cash and investment balances.

- Current liabilities include accounts payable, payroll and related liabilities, unearned revenue, the current portion of premium on bond issuance and the current portion of long-term debt.

  - ✓ The current portion of long-term liabilities makes up the largest portion of current liabilities and increased $265,000 or 7% in 2017 and increased $245,000 or 7% in 2016.

  - ✓ Unearned student fees decreased $57,000 or 2% in 2017 due to decreased enrollments for summer and fall courses. This compares to an increase of $299,000, or 14%, in 2016. Other unearned revenue decreased to $28,000, compared to $85,000 for 2016 and $35,000 for 2015.

  - ✓ Accounts payable decreased $507,000 or 47% in 2017 and increased $624,000 or 135% in 2016. The year-over-year changes fluctuate with the scope and timing of construction projects that are in process as of year-end.

  - ✓ Accrued payroll decreased $19,000 or 4% in 2017 and decreased $48,000 or 9% in 2016. The fluctuations are due to changes in wages and teacher hours for summer school.

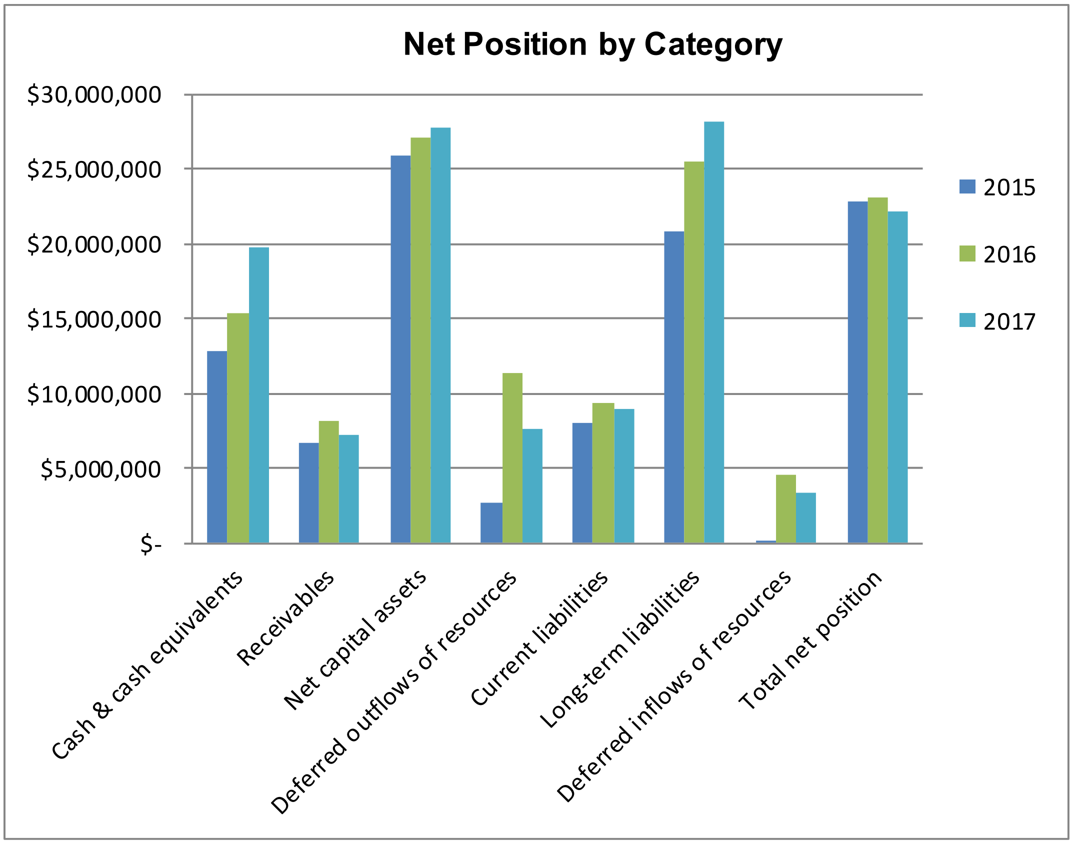
- Long-term liabilities of $28.1 million for 2017, $25.5 million for 2016, and $20.8 million for 2015 consist mainly of the long-term debt due after the next fiscal year. LTC issued $7.8 million, $6.5 million and $6.0 million in debt in 2017, 2016 and 2015, respectively, to finance equipment, general remodeling, additions and site improvements as laid out in its master facility plan completed in 2013. Payments on this debt were $4.0 million in 2017 and 2016 and $3.8 million in 2015. Long-term liabilities also included the college's net pension liability, which was $1.1 million for 2017 and $2.1 million for 2016.

- During 2017, net position decreased $973,000 or 4%. In 2016, net position increased $274,000 or 1%.

  - ✓ Net investment in capital assets decreased $73,000 or 1% in 2017. This compares to a decrease of $60,000 or 0.9% in 2016. Unexpended debt proceeds were $9.3 million in 2017 and $6.0 million in 2016. Purchase orders outstanding to be financed from unexpended debt proceeds amount to $361,000 in 2017 and $491,000 in 2016.

- ✓ Net position restricted for debt service increased $119,000 or 10% in 2017 and increased $153,000 or 15% in 2016 due to increased debt levels.

The following graph shows a comparison of the College's net position by the major category for the last three fiscal years.




**Capital Assets and Debt Administration**

LTC's investment in capital assets, net of depreciation, as of June 30, 2017 was $27,758,766 and as of June 30, 2016 and 2015 amounted to $27,134,381 and $25,899,216, respectively. This investment includes land, land improvements, buildings, building improvements, leasehold improvements and fixed and moveable equipment. The capital asset additions for 2017 were $5.6 million and include $1.5 million for the remodel of the auto maintenance and auto collision program areas, $224,000 for starting construction on the Agriculture Education Center, Scenario City, shooting range and Carpentry Lab, $356,000 for a video-conferencing system, $250,000 for a student CRM system, $200,000 for a laser cutter, $96,000 to replace an aging transformer, $38,000 for keyless access in the Agriculture Building , $59,000 for a clinical skills lab and $2.9 million for equipment purchases. Capital asset additions totaled $5.5 million in 2016 and $7.9 million in 2015. During 2016, the College spent $1.8 million for the construction of the Facilities Building, $812,000 for the remodel of the auto maintenance and auto collision program areas, $301,000 for the remodel of the copy center, $129,000 for the installation of keyless access in the Public Safety Building, $163,000 for various improvement to classroom and student areas and $1.1 million for equipment purchases. In order to better meet today's educational needs, the College is continually replacing and updating assets when their useful lives have expired in order to keep current with technology and to have well-maintained facilities. Additional information about the College's capital assets can be found in Note 3 of the Notes to Financial Statements.

As of June 30, 2017, LTC had total general obligation debt outstanding of $30,040,000, compared to $26,260,000 as of the end of 2016 and $23,745,000 at the end of 2015. The College's notes are assigned Moody's Investor Service Aa1 rating and the College continues to meet all of its debt service requirements, including timely repayment of its debt. All debt issuances for equipment, building and land improvements are repaid in seven to ten years. State statutes limit the amount of general obligation debt that the College can have to 5% of the equalized value of property in the District. This limit was $690,996,669 as of June 30, 2017. The current debt level is adequate to meet the equipment replacement and facility needs of the College. Additional information about the District's debt can be found in Note 4 of the Notes to Financial Statements.

**Financial Position**

LTC saw a decrease of $973,000 in its net position during the year ended June 30, 2017. Cash and investments as of June 30, 2017 remained strong at $19.8 million compared to $15.4 million as of June 30, 2016 and $12.9 million as of June 30, 2015. Total liabilities were $37.1 million in 2017, $34.8 million in 2016, and $28.8 million in 2015.

LTC has diversified sources of revenues consisting of property taxes, state aid, student fees, federal and state grants, and other sources to meet the expenses of the College. With a diversity of revenues and a stable tax base, LTC will continue to obtain the resources to adequately finance normal enrollment in the future.

Historically, LTC's major revenue source has been local property taxes. With the passing of Wisconsin Act 145, state operating appropriations exceeded property taxes as $11.8 million of property tax aid relief replaced tax levy. Property taxes accounted for 26% of the revenues received by LTC in 2017, and 25% and 26% for 2016 and 2015, respectively. During 2017, the College's tax levy increased by 1.57%. However, the equalized value of property within the district increased by 1.16% resulting in a tax mill rate increase of 0.40%. During 2016, the College increased its tax levy by 3.54%. The equalized value of property within the district increased by 0.68% resulting in a tax mill rate increase of 2.84%.

**Economic Factors**

Although LTC has a strong financial position, there are some financial realities that do have the potential to negatively affect the College:

- As the economy continues its upturn, laid off workers are returning to work after completing retraining or when job training dollars expire. The College saw enrollment decreases of 1% and 5% in 2017 and 2016, respectively. The College is striving to grow enrollments and is working on plans to improve retention and grow enrollments.

- The District continues to work to navigate its way through changes based on legislation recently passed in Wisconsin:

    - Wisconsin Act 20, the 2013-15 Biennial Budget Bill, replaced the previous $1.50 per $1,000 of taxable property cap on the operating tax mill rate with a new cap that limits operating levies at current year levies with two exceptions. Operating levies can be increased to capture district-wide valuation changes due to net new construction. Net new construction can be a positive number even when overall district values decline. For the taxes levied and collected in 2017, the increase allowed due to net new construction for the District was 1.19236% and for the taxes levied and collected in 2016 the allowed increase was 0.88161%. In addition, levies can be increased for operations by any amount subject to district-wide referendum approval.

    - In March 2015, Wisconsin Act 145 was enacted that allocated $406 million in property tax relief aid to the technical colleges. Tax levies are reduced by the amount of the property tax relief aid that each college receives. This shift significantly changes the colleges funding. Among the top three funding streams, local property tax funding decreases from approximately 54% to 25% of total revenues, state funding increases from 10% to 39%, while student fees remain relatively the same at 14%. Included in the bill is a mechanism to restore levy authority to the extent that the state funding is reduced in subsequent years.

- Beginning in 2015, 10% of the total general aid was distributed by new performance driven formula measures instead of by the longstanding formula driven by factors such as a district's property values, enrollment and costs relative to other districts. This percentage increased by 10% each year to the current maximum of 30%.

- Eligibility for veterans' tuition remissions was expanded to include veterans who have resided in Wisconsin for at least 5 years immediately preceding college enrollment. Previously, a veteran must have enlisted in military service as a Wisconsin resident to qualify for the remission. State funding for the veterans program is fixed and covers less than 20% of remission costs. That proportion continues to fall as more veterans enroll and eligibility is expanded.

- Wisconsin Act 10, known as the Budget Repair Bill and Act 32, the 2011-13 Biennial Budget Bill, were passed in legislature in 2011. These two bills significantly changed the collective bargaining parameters for the state of Wisconsin and the District. The District's collective bargaining agreements were in effect before the law became effective and therefore the changes did not take effect until those contracts expired on June 30, 2014. The legislative changes allow for bargaining of base wage increases only and these increases cannot exceed CPI-U without a referendum. All other employment aspects fall to management to decide. The law also required the creation of an Employee Handbook, a grievance procedure, and civil service rules. These changes have allowed the College the flexibility to better control its costs and to balance the budget, however, there are some concerns over increased employee retirements and turnover. The College formed an Employee Handbook Committee that worked on the creation of the current Employee Handbook. This committee meets quarterly to review how the implementation of the Handbook is affecting the college and its staff.

- In order to reduce the impact of recognizing and funding the other post-employment benefits liability, the College modified its benefit package for new hires. This change in the benefit package could result in increased competition for new hires.

- The economy continues to impact the market value of investments and investment revenue, which restricts the opportunity to use investment income as an alternative revenue stream.

Even with these challenges in mind, LTC is confident that its long-term financial planning will allow it to effectively meet the financial needs of future operations. LTC's current financial position is positive and it is positioned to maintain this positive status into the future.

- As employers continually change technology and processes to remain competitive, the College responds with new programs and customized training options that are essential in preparing the local workforce. These and other partnerships are key to understanding needs, building capacity, and delivering training. Additionally, to continue to grow with declining resources, the College is focusing on process improvement to improve quality and reduce expenditures.

- In support of Wisconsin's drive to address the skilled workers shortage in the state, the College recently remodeled and expanded its Center for Manufacturing Excellence. The Center for Manufacturing Excellence includes the Plastics Engineering Manufacturing Building and the Nierode Building. The Plastics Engineering Manufacturing Building is a simulated modern manufacturing site that provides welding, industrial maintenance, and sheet metal trades instruction. The facility was designed to flex with the training demands of industry. The Nierode building showcases robotics, programmable logic controllers, computer aided drafting, computer numerical controlled machine tools, and other hands-on learning equipment used in modern manufacturing facilities.

- In staying true to its mission and values, the College continues to focus on student success through increased access to services and education, coordinated services, and continued efforts to implement strategies to improve retention and transition.

- LTC has a beautiful campus that is located centrally within its district. The College is well respected in the community for its educational offering. As a result, it is attractive as an educational resource for people looking for training.

**Contacting the District's Financial Management**

The financial report is designed to provide a general overview of the District's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to Lakeshore Technical College, Chief Financial Officer, 1290 North Avenue, Cleveland, WI 53015.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF NET POSITION
June 30, 2017 and 2016

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | District | Foundation | District | Foundation |
| Assets | | | | |
| Current Assets | | | | |
| Cash & investments | $9,062,134 | $72,918 | $7,624,866 | $114,338 |
| Property taxes receivable | 2,892,329 | 0 | 2,861,825 | 0 |
| Accounts receivable, net of allowance of $145,000 and $120,000 | 3,332,552 | 0 | 3,357,284 | 0 |
| State aid receivable | 655,009 | 0 | 1,608,299 | 0 |
| Federal aid receivable | 361,524 | 0 | 263,819 | 0 |
| Unconditional promises to give | 0 | 332,981 | 0 | 289,182 |
| Other receivables | 0 | 11,205 | 0 | 12,043 |
| Inventories | 55,037 | 4,275 | 52,931 | 6,030 |
| Prepaid expenses | 142,647 | 0 | 497,299 | 0 |
| Total current assets | 16,501,232 | 421,379 | 16,266,323 | 421,593 |
| Non-current Assets | | | | |
| Restricted cash & investments | $10,759,196 | $346,300 | $7,755,240 | $208,089 |
| Unconditional promises to give | 0 | 220,692 | 0 | 107,977 |
| Investments | 0 | 2,182,505 | 0 | 1,782,685 |
| Land | 50,000 | 71,000 | 50,000 | 71,000 |
| Construction in progress | 321,138 | 0 | 809,729 | 0 |
| Other capital assets, net of depreciation | 27,387,628 | 356,972 | 26,274,652 | 356,163 |
| Total non-current assets | 38,517,962 | 3,177,469 | 34,889,621 | 2,525,914 |
| Total Assets | 55,019,194 | 3,598,848 | 51,155,944 | 2,947,507 |
| Deferred Outflows of Resources | | | | |
| Deferred outflows related to pension | 7,633,644 | 0 | 11,350,174 | 0 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 578,170 | 4,521 | 1,084,837 | 34,781 |
| Accrued payroll | 452,212 | 0 | 471,576 | 0 |
| Payroll related liabilities | 930,684 | 0 | 920,203 | 0 |
| Accrued interest | 209,510 | 2,366 | 225,936 | 2,983 |
| Unearned student fees | 2,414,212 | 0 | 2,471,040 | 0 |
| Other unearned revenue | 28,224 | 18,750 | 84,737 | 18,750 |
| Premium on debt issuance | 85,961 | 0 | 55,478 | 0 |
| Current portion of long-term liabilities | 4,285,000 | 26,000 | 4,020,000 | 25,000 |
| Total current liabilities | 8,983,973 | 51,637 | 9,333,807 | 81,514 |
| Non-current liabilities | | | | |
| Other postemployment benefits, net | 693,485 | 0 | 666,652 | 0 |
| Net pension liability | 1,070,839 | 0 | 2,147,668 | 0 |
| Premium on debt issuance | 582,321 | 0 | 409,535 | 0 |
| General obligation bonds and notes payable | 25,755,000 | 69,438 | 22,240,000 | 95,325 |
| Total non-current liabilities | 28,101,645 | 69,438 | 25,463,855 | 95,325 |
| Total Liabilities | 37,085,618 | 121,075 | 34,797,662 | 176,839 |
| Deferred Inflows of Resources | | | | |
| Deferred inflows related to pension | 3,384,336 | 0 | 4,552,589 | 0 |
| Net Position | | | | |
| Net investment in capital assets | 6,300,065 | 332,534 | 6,372,717 | 306,838 |
| Restricted for: | | | | |
| Nonexpendable: | | | | |
| Endowment | 0 | 865,633 | 0 | 865,533 |
| Expendable: | | | | |
| Debt service | 1,313,420 | 0 | 1,194,655 | 0 |
| Support of student scholarships | 0 | 1,617,577 | 0 | 1,019,043 |
| College program support | 0 | 407,356 | 0 | 358,662 |
| Unrestricted | 14,569,399 | 254,673 | 15,588,495 | 220,592 |
| Total Net Position | $22,182,884 | $3,477,773 | $23,155,867 | $2,770,668 |

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2017 and 2016

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | District | Foundation | District | Foundation |
| Operating Revenues | | | | |
| Student program fees, net of scholarship allowances of $1,118,399 and $988,624 | $4,704,733 | $0 | $4,680,320 | $0 |
| Student material fees, net of scholarship allowances of $78,827 and $67,780 | 331,076 | 0 | 319,552 | 0 |
| Other student fees, net of scholarship allowances of $147,252 and $134,169 | 621,597 | 0 | 632,700 | 0 |
| Federal grants | 4,637,375 | 0 | 4,864,792 | 0 |
| State grants | 2,190,012 | 0 | 3,215,351 | 0 |
| Business and industry contract revenue | 1,697,135 | 0 | 1,825,302 | 0 |
| School district contract revenue | 2,545 | 0 | 0 | 0 |
| Auxilliary enterprise revenues | 1,863,289 | 0 | 1,843,682 | 0 |
| Miscellaneous | 464,265 | 0 | 499,463 | 0 |
| Total operating revenues | 16,512,027 | 0 | 17,881,162 | 0 |
| Operating Expenses | | | | |
| Instruction | 22,052,872 | 0 | 22,211,711 | 0 |
| Instructional resources | 1,175,858 | 0 | 1,218,331 | 0 |
| Student services | 5,119,100 | 0 | 4,662,832 | 0 |
| General institutional | 5,076,089 | 95,880 | 5,230,797 | 103,806 |
| Physical plant | 2,772,618 | 0 | 3,023,460 | 0 |
| Auxiliary enterprise services | 1,407,734 | 0 | 1,414,185 | 0 |
| Depreciation - unallocated | 4,121,931 | 0 | 3,870,107 | 0 |
| Student aid | 1,904,457 | 0 | 2,206,841 | 0 |
| College and student support | 0 | 493,283 | 0 | 373,835 |
| Total operating expenses | 43,630,659 | 589,163 | 43,838,264 | 477,641 |
| Operating loss | (27,118,632) | (589,163) | (25,957,102) | (477,641) |
| Non-operating Revenues (Expenses) | | | | |
| Property taxes | 10,942,612 | 0 | 10,934,545 | 0 |
| State operating appropriations | 15,385,533 | 0 | 15,264,849 | 0 |
| Contributions | 0 | 1,083,665 | 0 | 586,742 |
| Rental income | 0 | 45,000 | 0 | 45,000 |
| Gain (loss) on sale of capital assets | (3,586) | 0 | 12,732 | 0 |
| Interest income, net of fees | 134,987 | 39,323 | 142,501 | 19,653 |
| Realized and unrealized gain (loss) on investments | (120,937) | 128,280 | 11,922 | (7,320) |
| Interest expense | (725,062) | 0 | (732,205) | 0 |
| Total non-operating revenues (expenses) | 25,613,547 | 1,296,268 | 25,634,344 | 644,075 |
| Change in net position before capital contributions | (1,505,085) | 707,105 | (322,758) | 166,434 |
| State capital grant contributions | 251,054 | 0 | 433,143 | 0 |
| Federal capital grant contributions | 281,048 | 0 | 163,378 | 0 |
| Change in net position | (972,983) | 707,105 | 273,763 | 166,434 |
| Net position - beginning of the year | 23,155,867 | 2,770,668 | 22,882,104 | 2,604,234 |
| Net position - end of the year | $22,182,884 | $3,477,773 | $23,155,867 | $2,770,668 |

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

## LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| Cash flows from operating activities: | | |
| Tuition and fees received | $5,425,616 | $5,660,938 |
| Federal and state grants received | 7,595,686 | 7,241,693 |
| Business, industry & school district contract revenues received | 1,729,018 | 1,701,771 |
| Payments to employees | (26,967,929) | (27,328,631) |
| Payments to suppliers | (10,734,468) | (11,358,441) |
| Auxiliary enterprise revenues received | 1,902,787 | 1,818,752 |
| Other receipts | 538,610 | 553,811 |
| Net cash used for operating activities | (20,510,680) | (21,710,107) |
| Cash flows from noncapital financing activities: | | |
| Local property taxes received | 10,912,108 | 10,841,326 |
| State appropriations received | 15,385,533 | 15,264,849 |
| Net cash provided by noncapital financing activities | 26,297,641 | 26,106,175 |
| Cash flows from capital and related financing activities: | | |
| State and federal appropriations received for capital assets | 619,388 | 495,431 |
| Purchase of capital assets | (5,251,665) | (4,533,430) |
| Proceeds from sale of capital assets | 30,709 | 32,644 |
| Proceeds from issuance of capital debt | 7,800,000 | 6,500,000 |
| Premium on debt issued | 289,230 | 211,886 |
| Principal paid on capital debt | (4,020,000) | (3,985,000) |
| Interest paid on capital debt | (827,449) | (775,496) |
| Net cash used for capital and related financing activities | (1,359,787) | (2,053,965) |
| Cash flows from investing activities | | |
| Investment income received | 14,050 | 154,423 |
| Change in long-term investments | 2,262,967 | 2,920,122 |
| Net cash provide by investing activities | 2,277,017 | 3,074,545 |
| Net increase in cash and cash equivalents | 6,704,191 | 5,416,648 |
| Cash and cash equivalents at beginning of year | 8,282,836 | 2,866,188 |
| Cash and cash equivalents at end of year | $14,987,027 | $8,282,836 |
| Reconciliation of cash and cash equivalents to the statements of net position: | | |
| Cash and investments in current assets | $9,062,134 | $7,624,866 |
| Cash and investments in restricted assets | $10,759,196 | $7,755,240 |
| Less: Long-term investments | (4,834,303) | (7,097,270) |
| Cash and cash equivalents at end of year | $14,987,027 | $8,282,836 |

(continued on following page)

## LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS (continued)
For the Years Ended June 30, 2017 and 2016

| | 2017 | 2016 |
|---|---|---|
| Reconciliation of operating loss to net cash used for operating activities | | |
| Operating loss | ($27,118,632) | ($25,957,102) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 4,121,931 | 3,870,107 |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | |
| Decrease (increase): | | |
| Accounts receivable | 24,732 | (414,574) |
| Federal and state aid receivable | 768,299 | (838,450) |
| Inventories | (2,106) | (6,630) |
| Prepaid expenses | 354,652 | (265,022) |
| Pension benefits | 1,471,448 | 1,354,470 |
| Increase (decrease): | | |
| Accounts payable | (35,613) | 32,011 |
| Accrued payroll | (19,364) | (47,877) |
| Payroll related liabilities | 10,481 | 68,902 |
| Unearned student fees | (113,341) | 348,827 |
| Other post-employment benefits, net | 26,833 | 145,231 |
| Net cash used for operating activities | ($20,510,680) | ($21,710,107) |

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lakeshore Technical College is organized under state legislation enacted in 1911 establishing vocational, technical and adult education. Lakeshore Technical College District (District, College or LTC) was legally organized on July 1, 1967, under the provisions of Chapter 292, Laws of Wisconsin 1965. Upon the time of reorganization on July 1, 1967, the major schools in Manitowoc, Sheboygan and Two Rivers were merged into the Lakeshore District. The original boundaries of the District were composed of Manitowoc County less the portion of Chilton, Brillion, and Denmark school districts that lie in Manitowoc County; Sheboygan County less the portion of the New Holstein school district that lies in Sheboygan County; plus the portion of the Cato school district that lies in Calumet County; and on July 1, 1970, the Cedar Grove and Random Lake school districts in Ozaukee County were attached to the District.

Lakeshore Technical College is one of 16 districts in the Wisconsin Technical College System. The governance of Lakeshore Technical College is shared between the local College Board and the Wisconsin Technical College System Board. The Lakeshore Technical College Board of Directors oversees the operation of the College under the provisions of Chapter 38 of the Wisconsin Statutes.

The Board consists of nine members, of whom two are employers; two are employees, one a district school administrator, one an elected official, and three additional members. By state statute, the county board chairpersons of the respective counties appoint LTC board members. As the District's governing authority, the Board has powers which include:

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

The accounting policies of the District conform to generally accepted accounting principles as applicable to public colleges and universities as well as those prescribed by the Wisconsin Technical College System Board (WTCSB).

### A. REPORTING ENTITY

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit.

Lakeshore Technical College Foundation, Inc. (Foundation) is a separate and independent, not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests for the maintenance and benefit of LTC and its students. The Foundation is managed by an independent board of directors, and is not fiscally accountable to the College. The financial resources of the Foundation are significant to the College as a whole and accordingly, the Foundation is reported as a discretely presented component unit in the College's basic financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS, 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 District's basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the years for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant inter-district transactions have been eliminated.

C. ACCOUNTING ESTIMATES

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

D. CASH AND INVESTMENTS

Cash and investments of the District are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with an initial maturity of three months or less from date of acquisition are considered to be cash equivalents.

E. PROPERTY TAX LEVY AND TAXES RECEIVABLE

The District's property taxes are levied on or before October 31 on the equalized valuation as of the prior January 1. Property taxes are recognized as revenue in the year they are levied. Under Wisconsin law, personal property taxes and certain installment real estate taxes are collected by city, village, and town treasurers or clerks who then make settlements with other taxing units, such as the county, the technical college districts and local schools. Settlements are due from the municipality by the 15th of the month following the due date based upon the municipality's payment plan. Certain installment real estate taxes and delinquent taxes area collected by the county treasurer who then make settlement with the city, village, and town treasurers and other taxing units before retaining any for county purposes. In practice, delinquent real estate taxes are withheld from the county's share. The first settlement is due January 15 and the last settlement is due August 15.

Historically, the District has received the majority of its property tax levy from municipalities by June 30 of the fiscal year for which the property taxes were levied. However, a portion of property tax revenue is received after year-end because the final installments of real estate taxes and delinquent taxes can be paid by taxpayers after June 30. The county treasurers, acting as collection agents for the District, are required by law to settle all tax amounts due to the District on or before August 20, the final tax settlement date, following the District's year end. Such settlement represents 100% of the tax levy and the counties assume responsibility for any delinquent property real estate taxes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. PROPERTY TAX LEVY AND TAXES RECEIVABLE (continued)

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

| | |
|---|---|
| Levy date | October 31, or within 10 days of receipt of equalized valuation, whichever is later |
| Tax bills mailed | Month of December |
| Lien date | Month of December |
| Payments: | |
| Taxes paid in one installment | January 31 |
| Taxes paid in two installments | |
| First installment due | January 31 |
| Second installment due | July 31 |

For taxes levied during the fiscal year ended June 30, 2017, the increase in the District's operating levy was limited by state law to the percent increase in district-wide net new construction for the previous calendar year, or 1.19236%. For taxes levied during the fiscal year ending June 30, 2016, this limit was 0.88161%. For both years, there was no cap on the debt service mill rate. During the fiscal years ended June 30, 2017 and 2016, the District levied and collected taxes as follows:

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Mill Rate | Levy Amount | % Change in Levy | Mill Rate | Levy Amount | % Change in Levy |
| Operating levy | $ 0.46756 | $ 6,461,650 | 3.46% | $ 0.45718 | $ 6,245,553 | 2.60% |
| Debt service levy | 0.33705 | 4,657,952 | -0.94% | 0.34419 | 4,702,000 | 4.81% |
| Total property tax levy | $ 0.80461 | $ 11,119,602 | 5.17% | $ 0.80137 | $ 10,947,553 | 3.54% |

F. RECEIVABLES

Student receivables, covering tuition and fees, textbooks, and other receivables for services provided, are valued at net of the estimated uncollectible amounts.

G. INVENTORIES

Inventories include items held for resale and are valued at the lower of cost or market with cost determined on the first in, first out basis. The cost of inventory items is recorded as an expense at the time of consumption.

H. PREPAID EXPENSES

Prepaid expenses represent payments made by the District for which benefits extend beyond the fiscal year end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. CAPITAL ASSETS

Capital assets include land, buildings, and equipment. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations as incurred. Equipment assets having a cost of $5,000 or more per unit and building and remodeling projects of $15,000 or more are capitalized. Depreciation on buildings and equipment is provided in amounts sufficient to relate the cost of the depreciable assets to operations on the straight-line basis over the estimated service lives, which range from five to twenty years for equipment and remodeling and 50 years for buildings. Leasehold improvements are depreciated on a straight-line basis over the remaining life of the lease.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category. The item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

K. COMPENSATED ABSENCES

District employees are granted vacation in varying amounts, based on length of service. Vacation pay and related social security taxes are accrued when earned. District employees are allowed to accumulate only the amount of vacation they earn in a year. In the event of retirement or termination, the College is obligated to pay all unused vacation pay. The District's accrued vacation liability as of June 30, 2017 was $382,000 compared with $402,000 as of June 30, 2016.

The costs related to District employees' sick pay is charged to the period in which they are paid. The unused portion of sick leave is allowed to accumulate to a maximum of 110 days for instructors and 120 days for management and support staff but is lost upon retirement, resignation or termination. Accumulated unpaid amounts are not accrued.

L. RETIREMENT PLAN AND POST-EMPLOYMENT BENEFITS

*Pensions.* District employees participate in the Wisconsin Retirement System. All contributions made by the College on behalf of its employees are reported as expenses when incurred. For purposes of measuring

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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.* As provided in the applicable contracts, District employees meeting a minimum age and length of service requirements may participate in the College's health, dental and life insurance plans. The District bears the cost of the employee's participation up to the maximum amount it pays for active employees. Substantially all full-time employees are eligible for these benefits. The District accounts for post-employment benefits on a pay-as-you-go basis.

M. RISK MANAGEMENT

District Mutual Insurance Company (DMI)
The sixteen WTCS technical colleges created Districts Mutual Insurance Company (DMI). DMI 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 $500,225,000 per occurrence; general liability, auto, educators' legal liability, and incidental medical malpractice (students in practicum) at $5,000,000 per occurrence, cyber risk at $1,000,000 aggregate 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 in its layer of insurance is limited to $5,000 to $100,000 per occurrence depending on the type of coverage and DMI purchases reinsurance for losses in excess of its retained layer of coverage.

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 was originally assessed an annual premium that included a contribution component to establish reserves for the company. Current premiums are 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.

For the years ended June 30, 2017 and 2016, the District paid insurance premiums of $199,506 and $200,435 respectively, to DMI.

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

Supplemental Insurance
The Wisconsin Technical College Insurance Trust (Trust) is an organization formed under Section 66.0301 of the Wisconsin Statutes and governed by a board of trustees consisting of one trustee from each technical college. The purpose of this Trust is to make available to the 16 districts a collaborative group insurance program for property, casualty and workers' compensation coverage. The benefits include savings in insurance premium costs and broader coverage, improved services and a centrally coordinated risk management service.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

*Crime/employee dishonesty*: $750,000 coverage, with a $10,000 deductible, for employee dishonesty, theft, forgery, computer fraud and funds transfer fraud; theft, robbery, burglary, disappearance and destruction of money and securities; computer program and electronic data restoration; identity fraud expense reimbursement and claim expense.

*Foreign travel liability:* $5,000,000 aggregate; $1,000,000 auto per accident; $1,000,000 employee benefits liability with $1,000 deductible.

*Business travel accident*: Coverage for local board of director members. $1,000,000 aggregate, $100,000 for scheduled losses, exposure and disappearance coverage.

The District paid insurance premiums of $4,948 and $4,693 for the years ended June 30, 2017 and 2016, respectively, to the WTCS Insurance Trust.

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

Wisconsin Technical College Employee Benefits Consortium (WTCEBC)
As of July 1, 2016, the District joined together with other technical 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.

As of June 30, 2017 and 2016, the District had a net reserve with the consortium in the amount of $23,381 and $343,756, respectively.

N. 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 weeks occurring before and after June 30.

O. STATE AND FEDERAL REVENUE

The District receives state aid and funding from various federal and state contracts and grants. These revenues are earned as expenditures are incurred. Such expenditures may be incurred during the grantor's fiscal period, which may be different from that of the District's fiscal period and are subject to the Federal Single Audit Act and State Single Audit Guidelines.

P. UNEARNED REVENUES

Unearned revenues include amounts received or invoiced for tuition and fees and other fees prior to the end of the fiscal year but related to the subsequent accounting period.

Q. SCHOLARSHIP ALLOWANCE AND STUDENT AID

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. 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. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

R. CLASSIFICATION OF REVENUES AND EXPENSES

The District has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (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.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting" and GASB No. 34, such as state appropriations, the local property tax levy and investment income.

Operating expenses: Operating expenses includes those expenses that are characteristic of exchange transactions, such as (1) functional expenses (instruction, instructional resources, student services, etc.), (2) depreciation, and (3) student aid, which is the excess of expenses over scholarship allowances. These expenses are incurred in the general operations of the College.

Non-operating expenses: Non-operating expenses include interest expense incurred on long-term debt and loss on sale of capital assets.

S. NET POSITION

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

Net investment in capital assets: Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted net position: Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position: Net position that is neither classified as restricted nor as net investment in capital assets. These resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide 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 toward restricted resources and then toward unrestricted resources.

## NOTE 2 – CASH AND INVESTMENTS

Invested cash consists of deposits and investments that are restricted by Wisconsin Statute 66.0603 to the following:

> Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the District's cash and investments consisted of the following at June 30:

| | 2017 | 2016 |
|---|---:|---:|
| Cash on hand | $ 2,880 | $ 2,880 |
| Deposits with financial institutions | 564,114 | 726,646 |
| Investments | | |
| Commercial paper | 679,937 | 181,640 |
| Wisconsin local government investment pool | 5,340,749 | 2,571,705 |
| Certificates of deposit | 1,683,567 | 2,891,664 |
| Money market funds | 363,555 | 173,274 |
| Municipal bonds | 100,823 | 101,834 |
| U.S. agency securities | 11,085,705 | 8,730,463 |
| Total cash and investments | $19,821,330 | $15,380,106 |

The Statements of Net Position classifies cash and investments at June 30 as follows:

| | 2017 | 2016 |
|---|---:|---:|
| Cash and investments | $ 9,062,134 | $ 7,624,866 |
| Restricted cash and investments | | |
| Capital Projects | 9,577,226 | 6,674,761 |
| Debt Service | 1,181,970 | 1,080,479 |
| Total cash and investments | $19,821,330 | $15,380,106 |

NOTE 2 – CASH AND INVESTMENTS (continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2017:

| | | Fair Value Measurement Using: | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Investments by fair value level | | | | |
| Certificates of deposit | $1,683,567 | $0 | $1,683,567 | $0 |
| Municipal bonds | 100,823 | 0 | 100,823 | 0 |
| U.S. agency securities | 11,085,705 | 0 | 11,085,705 | 0 |
| Commercial paper | 679,937 | 0 | 679,937 | 0 |
| Total investments by fair value levels | $13,550,032 | $0 | $13,550,032 | $0 |

Certificates of deposit classified in Level 2 of the fair value hierarchy are valued using market prices for similar assets in active markets. Municipal bonds, U.S. agency securities and commercial paper classified in Level 2 are valued using price of comparable securities and other observable inputs.

The District had the following fair value measurements as of June 30, 2016:

| | | Fair Value Measurement Using: | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Investments by fair value level | | | | |
| Certificates of deposit | $2,891,664 | | $2,891,664 | $0 |
| Municipal bonds | 101,834 | | 101,834 | 0 |
| U.S. agency securities | 8,730,463 | | 8,730,463 | 0 |
| Commercial paper | 181,640 | | 181,640 | 0 |
| Total investments by fair value levels | $11,905,601 | $0 | $11,905,601 | $0 |

Certificates of deposit classified in Level 2 of the fair value hierarchy were valued using market prices for similar assets in active markets. Municipal bonds, U.S. agency securities and commercial paper classified in Level 2 were valued using price of comparable securities and other observable inputs.

NOTE 2 – CASH AND INVESTMENTS (continued)

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of $5,340,749 for 2017 and $2,571,705 for 2016. The 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. SIF pool shares are bought and redeemed at $1 based on amortized cost of the investments in the SIF. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. The SIF report the fair value of its underlying assets annually. At June 30, 2017 and 2016, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Deposit and Investment Risk

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the specific risks and the District's policy related to the risk.

*Custodial Credit Risk*: Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for time and savings deposits and $250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of $250,000 per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of $400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of June 30, 2017 and 2016, none of the District's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

*Credit Risk*: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Following is the actual rating as of year-end for each investment type.

NOTE 2 – CASH AND INVESTMENTS (continued)

| | 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amount | Exempt from Disclosure | AAA | AA+ | AA | AA- | Not Rated |
| Certificates of deposit | $ 1,683,567 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 1,683,567 |
| Money market funds | 363,555 | 0 | 0 | 0 | 0 | 0 | 363,555 |
| Municipal bonds | 100,823 | 0 | 0 | 0 | 0 | 0 | 100,823 |
| U.S. agency securities | 11,085,705 | 0 | 0 | 5,151,762 | 0 | 0 | 5,933,943 |
| Wisconsin local government investment pool | 5,340,749 | 0 | 0 | 0 | 0 | 0 | 5,340,749 |
| Commerical paper | 679,937 | 0 | 0 | 0 | 0 | 0 | 679,937 |
| | $ 19,254,336 | $ 0 | $ 0 | $ 5,151,762 | $ 0 | $ 0 | $ 14,102,574 |

| | 2016 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Amount | Exempt from Disclosure | AAA | AA+ | AA | AA- | Not Rated |
| Certificates of deposit | $ 2,891,664 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 2,891,664 |
| Money market funds | 173,274 | 0 | 0 | 0 | 0 | 0 | 173,274 |
| Municipal bonds | 101,834 | 0 | 0 | 0 | 0 | 0 | 101,834 |
| U.S. agency securities | 8,730,463 | 0 | 0 | 6,522,734 | 0 | 0 | 2,207,729 |
| Wisconsin local government investment pool | 2,571,705 | 0 | 0 | 0 | 0 | 0 | 2,571,705 |
| Commerical paper | 181,640 | 0 | 0 | 0 | 0 | 0 | 181,640 |
| | $ 14,650,580 | $ 0 | $ 0 | $ 6,522,734 | $ 0 | $ 0 | $ 8,127,846 |

*Concentration of Credit Risk*: Is the risk of loss attributed to the amount invested in any one issuer. The District's investment policy minimizes credit risk by limiting investments to the low risk investments where the main objective is safety or preservation of capital. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments as of June 30, 2017 are as follows:

| Issuer | Investment Type | Amount | Percentage of Portfolio |
|---|---|---|---|
| Federal National Mortgage Association | Bonds | $3,282,086 | 17.67% |
| Federal Home Loan Bank | Bonds | 994,217 | 5.35% |
| Federal Home Loan Mortgage Corporation | Bonds | 6,008,158 | 32.35% |
| | | $10,284,461 | |

The District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of total District investments as of June 30, 2016.

NOTE 2 – CASH AND INVESTMENTS (continued)

*Interest Rate Risk*: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In order to limit the District's exposure to interest rate changes, the District's investment policy limits its investments to shorter-term investments.

The District's investment policy applies to all transactions involving the financial assets and related activity of all of its funds. Excess funds are to be managed or invested according to the following objectives in order of priority:

(1) Safety of principal
(2) Maintenance of sufficient liquidity to meet immediate payment requirements including payroll, accounts payable and debt service
(3) Obtain the highest possible rate of return consistent with safety of principal and liquidity.

Investments allowed under the policy are the same as those permitted under Wisconsin Statute 66.0603. The District Board designates as district public depositories all banks and savings and loans and loan associations in the state, the Local Government Investment Fund, or the Wisconsin Investment Series Cooperative.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30:

| | 2017 | | | | |
|---|---|---|---|---|---|
| | | Investment Maturities (in months) | | | |
| | Fair Value | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Certificates of deposit | $ 1,683,567 | $ 1,250,500 | $ 0 | $ 433,067 | $ 0 |
| Money market funds | 363,555 | 363,555 | 0 | 0 | 0 |
| Municipal bonds | 100,823 | 100,823 | 0 | 0 | 0 |
| U.S. agency securities | 11,085,705 | 6,684,469 | 672,921 | 3,728,315 | 0 |
| Wisconsin local government investment pool | 5,340,749 | 5,340,749 | 0 | 0 | 0 |
| Commercial paper | 679,937 | 679,937 | 0 | 0 | 0 |
| | $ 19,254,336 | $ 14,420,033 | $ 672,921 | $ 4,161,382 | $ 0 |

| | 2016 | | | | |
|---|---|---|---|---|---|
| | | Investment Maturities (in months) | | | |
| | Fair Value | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Certificates of deposit | $ 2,891,664 | $ 796,071 | $ 1,406,839 | $ 688,754 | $ 0 |
| Money market funds | 173,274 | 173,274 | 0 | 0 | 0 |
| Municipal bonds | 101,834 | 0 | 101,834 | 0 | 0 |
| U.S. agency securities | 8,730,463 | 3,856,482 | 1,051,906 | 3,265,207 | 556,868 |
| Wisconsin local government investment pool | 2,571,705 | 2,571,705 | 0 | 0 | 0 |
| Commercial paper | 181,640 | 181,640 | 0 | 0 | 0 |
| | $ 14,650,580 | $ 7,579,172 | $ 2,560,579 | $ 3,953,961 | $ 556,868 |

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations
The District's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

| Highly Sensitive Investments | Investment Type | Fair Value at Year End |
|---|---|---|
| Federal National Mortgage Association | Bonds | $3,282,086 |
| Federal Home Loan Bank | Bonds | 6,008,158 |
| Federal Home Loan Mortgage Corporation | Bonds | 994,217 |
| Federal Farm Credit Bureau | Bonds | 785,452 |
| | | $11,069,913 |

The District had realized gains on investments of $156,411 for 2017 and realized losses of $45,625 for 2016. Unrealized losses on investments amounted to $277,348 in 2017 and unrealized gains were $57,548 for 2016. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from the prior period.

## NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2017:

| | Balance 6/30/2016 | Additions | Disposals | Balance 6/30/2017 |
|---|---|---|---|---|
| Capital assets, not being depreciated | | | | |
| Land | $50,000 | $0 | $0 | $50,000 |
| Construction in progress | 809,729 | 321,138 | (809,729) | 321,138 |
| Total cost of capital assets not being depreciated | 859,729 | 321,138 | (809,729) | 371,138 |
| Capital assets, being depreciated | | | | |
| Site improvements | 4,205,600 | 52,158 | 0 | 4,257,758 |
| Buildings | 18,071,292 | 19,021 | 0 | 18,090,313 |
| Building improvements | 20,050,327 | 2,500,821 | 0 | 22,551,148 |
| Leasehold improvements | 392,453 | 0 | 0 | 392,453 |
| Equipment | 29,255,652 | 2,697,202 | (276,513) | 31,676,341 |
| Total cost of capital assets being depreciated | 71,975,324 | 5,269,202 | (276,513) | 76,968,013 |
| Less accumulated depreciation for: | | | | |
| Site improvements | (2,244,572) | (169,979) | 0 | (2,414,551) |
| Buildings | (8,840,988) | (362,622) | 0 | (9,203,610) |
| Building improvements | (11,257,335) | (1,469,390) | 0 | (12,726,725) |
| Leasehold improvements | (150,747) | (30,150) | 0 | (180,897) |
| Equipment | (23,207,030) | (2,089,790) | 242,218 | (25,054,602) |
| Total | (45,700,672) | (4,121,931) | 242,218 | (49,580,385) |
| Total capital assets being depreciated, net | 26,274,652 | 1,147,271 | (34,295) | 27,387,628 |
| Total capital assets, net | 27,134,381 | $1,468,409 | ($844,024) | 27,758,766 |
| Less general obligation debt, net of unspent proceeds | 20,296,652 | | | 20,790,419 |
| Less debt premium | 465,012 | | | 668,282 |
| Net investment in capital assets | $6,372,717 | | | $6,300,065 |

Construction in progress as of June 30, 2017 of $321,000 includes $134,000 in costs incurred for the construction of the Agriculture Education Center that will be completed in November 2017, $96,000 in costs incurred for the new transformer was finished in August 2017, $38,000 for the shooting range which will be completed in May 2017, $35,000 incurred for the Scenario City which will be complete in November 2017 and $17,000 incurred for the Carpentry Lab to be completed in October 2017. Depreciation commenced or will commence upon completion of the projects.

NOTE 3 – CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the year ended June 30, 2016:

| | Balance 6/30/2015 | Additions | Disposals | Balance 6/30/2016 |
|---|---|---|---|---|
| Capital assets, not being depreciated | | | | |
| Land | $50,000 | $0 | $0 | $50,000 |
| Construction in progress | 327,979 | 809,729 | (327,979) | 809,729 |
| Total cost of capital assets not being depreciated | 377,979 | 809,729 | (327,979) | 859,729 |
| Capital assets, being depreciated | | | | |
| Site improvements | 3,782,448 | 423,152 | 0 | 4,205,600 |
| Buildings | 16,590,313 | 1,480,979 | 0 | 18,071,292 |
| Building improvements | 19,028,580 | 1,021,747 | 0 | 20,050,327 |
| Leasehold improvements | 392,453 | 0 | 0 | 392,453 |
| Equipment | 28,007,000 | 1,717,556 | (468,904) | 29,255,652 |
| Total cost of capital assets being depreciated | 67,800,794 | 4,643,434 | (468,904) | 71,975,324 |
| Less accumulated depreciation for: | | | | |
| Site improvements | (2,080,364) | (164,208) | 0 | (2,244,572) |
| Buildings | (8,497,439) | (343,549) | 0 | (8,840,988) |
| Building improvements | (9,955,355) | (1,301,980) | 0 | (11,257,335) |
| Leasehold improvements | (120,597) | (30,150) | 0 | (150,747) |
| Equipment | (21,625,802) | (2,030,220) | 448,992 | (23,207,030) |
| Total | (42,279,557) | (3,870,107) | 448,992 | (45,700,672) |
| Total capital assets being depreciated, net | 25,521,237 | 773,327 | (19,912) | 26,274,652 |
| Total capital assets, net | 25,899,216 | $1,583,056 | ($347,891) | 27,134,381 |
| Less general obligation debt, net of unspent proceeds | 19,466,164 | | | 20,296,652 |
| Less debt premium | 311,722 | | | 465,012 |
| Net investment in capital assets | $6,121,330 | | | $6,372,717 |

Construction in progress as of June 30, 2016 of $810,000 included $803,000 in costs incurred for the remodeling of the Auto Collision and Auto Maintenance program areas that was completed in November 2016, and $7,000 in costs incurred for the remodeling of the Clinical Skills Lab that was completed in August 2016. Depreciation commenced upon completion of the projects.

## NOTE 4 – LONG TERM OBLIGATIONS

Long-term liabilities of the District consist of general obligation promissory notes, refunding bonds, unamortized premium on debt issuance and retiree health insurance premiums.

The changes in long-term liabilities for the year ended June 30, 2017 are as follows:

| Description | 6/30/2016 Balance | Additions | Payments | 6/30/2017 Balance | Due within one year |
|---|---|---|---|---|---|
| Promissory Notes of February 2007 at 3.99% | $ 260,000 | $0 | $ 260,000 | $0 | $0 |
| Promissory Notes of July 2007 at 4.5% | 120,000 | 0 | 120,000 | 0 | 0 |
| Promissory Notes of June 2008 at 3.55% | 440,000 | 0 | 220,000 | 220,000 | 220,000 |
| Promissory Notes of June 2009 at 3.28% | 730,000 | 0 | 235,000 | 495,000 | 245,000 |
| Promissory Notes of June 2010 at 2.93% | 2,020,000 | 0 | 480,000 | 1,540,000 | 495,000 |
| Promissory Notes of May 2011 at 2.92% | 2,135,000 | 0 | 400,000 | 1,735,000 | 415,000 |
| Promissory Notes of April 2012 at 2.22% | 3,595,000 | 0 | 615,000 | 2,980,000 | 630,000 |
| Promissory Notes of May 2013 at 2% | 2,300,000 | 0 | 310,000 | 1,990,000 | 315,000 |
| Promissory Notes of September 2013 at 2.53% | 2,960,000 | 0 | 615,000 | 2,345,000 | 645,000 |
| Promissory Notes of September 2014 at 2% | 5,410,000 | 0 | 610,000 | 4,800,000 | 625,000 |
| Promissory Notes of July 2015 at 2.69% | 4,790,000 | 0 | 155,000 | 4,635,000 | 430,000 |
| Promissory Notes of April 2016 at 2% | 1,500,000 | 0 | 0 | 1,500,000 | 90,000 |
| Promissory Notes of July 2016 at 2% | 0 | 1,500,000 | 0 | 1,500,000 | 175,000 |
| Promissory Notes of June 2017 at 2.55% | 0 | 6,300,000 | 0 | 6,300,000 | 0 |
| Total | $ 26,260,000 | $ 7,800,000 | $ 4,020,000 | $ 30,040,000 | $ 4,285,000 |

Interest paid on long-term obligations totaled $702,724 for the year ended June 30, 2017.

The changes in long-term liabilities for the year ended June 30, 2016 are as follows:

| Description | 6/30/2015 Balance | Additions | Payments | 6/30/2016 Balance | Due within one year |
|---|---|---|---|---|---|
| Promissory Notes of February 2007 at 3.99% | $ 520,000 | $0 | $ 260,000 | $ 260,000 | $ 260,000 |
| Promissory Notes of July 2007 at 4.5% | 235,000 | 0 | 115,000 | 120,000 | 120,000 |
| Promissory Notes of June 2008 at 3.55% | 660,000 | 0 | 220,000 | 440,000 | 220,000 |
| Promissory Notes of June 2009 at 3.28% | 955,000 | 0 | 225,000 | 730,000 | 235,000 |
| Promissory Notes of June 2010 at 2.93% | 2,490,000 | 0 | 470,000 | 2,020,000 | 480,000 |
| Promissory Notes of May 2011 at 2.92% | 2,525,000 | 0 | 390,000 | 2,135,000 | 400,000 |
| Promissory Notes of April 2012 at 2.22% | 4,200,000 | 0 | 605,000 | 3,595,000 | 615,000 |
| Promissory Notes of May 2013 at 2% | 2,605,000 | 0 | 305,000 | 2,300,000 | 310,000 |
| Promissory Notes of September 2013 at 2.53% | 3,555,000 | 0 | 595,000 | 2,960,000 | 615,000 |
| Promissory Notes of September 2014 at 2% | 6,000,000 | 0 | 590,000 | 5,410,000 | 610,000 |
| Promissory Notes of July 2015 at 2.69% | 0 | 5,000,000 | 210,000 | 4,790,000 | 155,000 |
| Promissory Notes of April 2016 at 2% | 0 | 1,500,000 | 0 | 1,500,000 | 0 |
| Total | $ 23,745,000 | $ 6,500,000 | $ 3,985,000 | $ 26,260,000 | $ 4,020,000 |

Interest paid on long-term obligations totaled $713,655 for the year ended June 30, 2016.

NOTE 4 – LONG TERM OBLIGATIONS (continued)

General obligation debt consisted of the following as of June 30, 2017 and 2016:

| | 2017 | 2016 |
|---|---|---|
| 2007 $5,000,000 promissory notes issued February 2007 at an average rate of 3.99% to finance equipment, general remodeling, and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2017. The notes are payable to Depository Trust Company. | $ 0 | $ 260,000 |
| 2007 $1,000,000 promissory notes issued July 2007 at an average rate of 4.50% to finance remodeling projects. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2017. The notes are payable to Depository Trust Company. | 0 | 120,000 |
| 2008 $4,300,000 promissory notes issued June 2008 at an average rate of 3.55% to finance equipment, general remodeling, addition and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2018. The notes are payable to Depository Trust Company. | 220,000 | 440,000 |
| 2009 $2,000,000 promissory notes issued June 2009 at an average rate of 3.28% to finance building remodeling, improvements, and building construction. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2019. The notes are payable to Depository Trust Company. | 495,000 | 730,000 |
| 2010 $5,000,000 promissory notes issued June 2010 at an average rate of 2.93% to finance building remodeling, site improvements, and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2020. The notes are payable to Depository Trust Company. | 1,540,000 | 2,020,000 |
| 2011 $4,000,000 promissory notes issued April 2011 at an average rate of 2.92% to finance building addition, remodeling, and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2021. The notes are payable to Depository Trust Company. | 1,735,000 | 2,135,000 |
| 2012 $4,500,000 promissory notes issued April 2012 at an average rate of 2.22% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2022. The notes are payable to Depository Trust Company. | 2,980,000 | 3,595,000 |

NOTE 4 – LONG TERM OBLIGATIONS (continued)

| | 2017 | 2016 |
|---|---|---|
| 2013 $3,000,000 promissory notes issued May 2013 at an average rate of 2.00% to finance an addition, remodeling and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2023. The bonds are payable to Depository Trust Company. | 1,990,000 | 2,300,000 |
| 2014 $5,000,000 promissory notes issued September 2013 at an average rate of 2.53% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2023. The bonds are payable to Depository Trust Company. | 2,345,000 | 2,960,000 |
| 2015 $6,000,000 promissory notes issued September 2014 at an average rate of 2.0% to finance remodeling and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2024. The bonds are payable to Depository Trust Company. | 4,800,000 | 5,410,000 |
| 2016 $5,000,000 promissory notes issued July 2015 at an average rate of 2.69% to finance addition, remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2025. The bonds are payable to Depository Trust Company. | 4,635,000 | 4,790,000 |
| 2016 $1,500,000 promissory notes issued April 2016 at an average rate of 2.0% to finance remodeling. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2026. The bonds are payable to Depository Trust Company. | 1,500,000 | 1,500,000 |
| 2017 $1,500,000 promissory notes issued July 2016 at an average rate of 2.0% to finance remodeling. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2022. The bonds are payable to Depository Trust Company. | 1,500,000 | 1,500,000 |
| 2017 $6,300,000 promissory notes issued June 2017 at an average rate of 2.0% to finance additions remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2027. The bonds are payable to Depository Trust Company. | 6,300,000 | 1,500,000 |
| Total | $30,040,000 | $26,260,000 |

NOTE 4 – LONG TERM OBLIGATIONS (continued)

Aggregate maturities and interest on general obligation debt is as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2017-18 | 4,285,000 | 721,701 | 5,006,701 |
| 2018-19 | 4,245,000 | 657,370 | 4,902,370 |
| 2019-20 | 4,355,000 | 554,978 | 4,909,978 |
| 2020-21 | 4,315,000 | 453,035 | 4,768,035 |
| 2021-22 | 3,960,000 | 349,550 | 4,309,550 |
| 2022-27 | 8,880,000 | 596,025 | 9,476,025 |
| Total | $30,040,000 | $3,332,659 | $33,372,659 |

All general obligation debt is backed by the full faith and credit of LTC. Bonds and notes payable will be retired by future property tax levies.

Chapter 67.03(1) of the Wisconsin State Statutes limits general obligation debt of the District to 5 percent of the equalized value of the taxable property in the district. This limit was $690,996,669 as of June 30, 2017 and the District's outstanding general obligation debt (net of $1,181,970 available to pay principal and interest) was $28,858,030. For June 30, 2016, this limit was $683,050,312 and the District's outstanding general obligation debt (net of $1,080,479 of available funds) was $25,179,521. Chapter 67.03(9) Wisconsin State Statutes limits bonded indebtedness of the District to 2 percent of the equalized value of taxable property in the district. This limit was $276,398,668 as of June 30, 2017, and the District had no outstanding bonds. For June 30, 2016 this limit was $273,220,125 and the District had no outstanding bonds.

NOTE 5 – RETIREMENT PLAN

All eligible District employees participate in the Wisconsin Retirement System (WRS). The WRS is a cost-sharing multiple-employer 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, and expected to work at least 1200 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. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at http://etf.wi.gov./publications/cafr.htm.

***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.

NOTE 5 – RETIREMENT PLAN (continued)

***Benefits provided***. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|---|---|---|
| 2007 | 3.0% | 10% |
| 2008 | 6.6% | 0% |
| 2009 | (2.1)% | (42)% |
| 2010 | (1.3)% | 22% |
| 2011 | (1.2)% | 11% |
| 2012 | (7.0)% | (7)% |
| 2013 | (9.6)% | 9% |
| 2014 | 4.7% | 25% |
| 2015 | 2.9% | 2% |
| 2016 | 0.5% | (5)% |

***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, and 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.

The College's contributions to the pension plan were $1,246,934 and $1,242,573 for the years ended June 30, 2017 and 2016, respectively.

NOTE 5 – RETIREMENT PLAN (continued)

Contribution rates as of June 30, 2017 and 2016 are:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| Employee Category | Employee | Employer | Employee | Employer |
| General (including teachers) | 6.8% | 6.8% | 6.6% | 6.6% |
| Executives & Elected Officials | 6.8% | 6.8% | 6.6% | 6.6% |
| Protective with Social Security | 6.8% | 10.6% | 6.6% | 9.4% |
| Protective without Social Security | 6.8% | 14.9% | 6.6% | 13.2% |

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2017 and 2016, the College reported a net pension liability of $1,070,839 and $2,147,668, respectively, for its proportionate share of the WRS net pension liability. The WRS net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the College's proportion was 0.12991854%, which was a decrease of 0.00224722% from its proportion measured as of December 31, 2015.

For the years ended June 30, 2017 and 2016, the College recognized pension expense of $2,733,341 and $2,619,520, respectively.

At June 30, 2017, the College 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 | $408,311 | $3,367,696 |
| Changes in assumptions | 1,119,604 | 0 |
| Net differences between projected and actual earnings on pension plan investments | 5,330,297 | 0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 105,057 | 16,640 |
| Employer contributions subsequent to the measurement date | 670,375 | 0 |
| Total | $7,633,644 | $3,384,336 |

At June 30, 2016, the College 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 | $370,868 | $4,519,731 |
| Changes in assumptions | 1,502,602 | 0 |
| Net differences between projected and actual earnings on pension plan investments | 8,817,658 | 0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 0 | 32,858 |
| Employer contributions subsequent to the measurement date | 659,046 | 0 |
| Total | $11,350,174 | $4,552,589 |

NOTE 5 – RETIREMENT PLAN (continued)

$670,375 reported as deferred outflows related to pension resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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 ended December 31, | Deferred Outflow of Resources | Deferred Inflows of Resources |
|---|---|---|
| 2017 | $2,524,386 | $1,082,159 |
| 2018 | $2,524,386 | $1,082,159 |
| 2019 | $2,073,145 | $1,077,879 |
| 2020 | ($161,226) | $142,139 |
| 2021 | $2,578 | $0 |
| | $6,963,269 | $3,384,336 |

***Actuarial assumptions.*** The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date | December 31, 2015 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2016 |
| Actuarial Cost Method | Entry Age |
| Asset Valuation Method | Fair Market Value |
| Long-Term Expected Rate of Return | 7.2% |
| Discount Rate | 7.2% |
| Salary Increases: | |
| Inflation | 3.2% |
| Seniority/Merit | 0.2% - 5.6% |
| Mortality | Wisconsin 2012 Mortality Table |
| Post-retirement Adjustments* | 2.1% |

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2015 using experience from 2012-2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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 arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE 5 – RETIREMENT PLAN (continued)

**Retirement Funds**
**Asset Allocation Targets and Expected Returns**
**As of December 31, 2016**

| Core Fund Asset Class | Asset Allocation % | Destination Target Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|---|---|---|---|---|
| Global Equities | 50 % | 45 % | 8.3 % | 5.4 % |
| Fixed Income | 24.5 | 37 | 4.2 | 1.4 |
| Inflation Sensitive Assets | 15.5 | 20 | 4.3 | 1.5 |
| Real Estate | 8 | 7 | 6.5 | 3.6 |
| Private Equity/Debt | 8 | 7 | 9.4 | 6.5 |
| Multi-Asset | 4 | 4 | 6.6 | 3.7 |
| Total Core Fund | 110 % | 120 % | 7.4 % | 4.5 % |
| | | | | |
| Variable Fund Asset Class | | | | |
| U.S. Equities | 70 | 70 | 7.6 | 4.7 |
| International Equities | 30 | 30 | 8.5 | 5.6 |
| Total Variable Fund | 100 % | 100 % | 7.9 % | 5.0 % |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

*Single Discount rate.* A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate*. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

| | 1% Decrease to Discount Rate (6.20%) | Current Discount Rate (7.20%) | 1% Increase To Discount Rate (8.20%) |
|---|---|---|---|
| College's proportionate share of the net pension liability (asset) | $14,087,573 | $1,070,839 | ($8,952,636) |

NOTE 5 – RETIREMENT PLAN (continued)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://etf.wi.gov/publications/cafr.htm.

***Payables to Pension Plan***

The College reported a payable to the pension plan as of June 30, 2017 and 2016 in the amount of $218,000 and $222,000, respectively, for its share and the employees' share of the June 2017 and 2016 legally required contributions to the plan. This amount is included in payroll related liabilities on the Statements of Net Position.

NOTE 6 – OTHER POSTRETIREMENT BENEFITS

Plan Description

The District provides postemployment health, dental, long-term care and life insurance benefits through a single employer defined benefit plan for eligible full-time employees and their spouses. The medical plan provides comprehensive major medical benefits and prescription drug benefits. Management and support employees hired after July 1, 2013 are not eligible for postretirement benefits. Faculty employees hired after July 1, 2014 are not eligible for postretirement benefits.

Benefits are paid by the District up to the maximum amount it pays for active employees and ends when the retiree reaches age 65. In event of the retiree's death, spousal coverage ceases. Contribution requirements are based on District policy. Participants are eligible for full benefits upon retirement between age 55 and 65. Eligibility for the plan is based on age and years of service at retirement:

| Age | Minimum Years of Service | College Pays | Retiree Pays |
|---|---|---|---|
| 61+ | 10 | 86% | 14% |
| 60 | 15 | 86% | 14% |
| 59 | 20 | 86% | 14% |
| 58 | 25 | 86% | 14% |
| 57 | 30 | 86% | 14% |
| All other ages and service | | 0% | 100% |

Any professional staff who retires under the Wisconsin Retirement System and who meets the service requirements listed above may retire up to two years earlier than the associated age requirement and receive prorated insurance benefit premiums paid by the Board until the retiree reaches Medicare eligibility.

Some retired participants have higher college premium payment rates.

Membership of the plan at June 30, 2016, the most recent actuarial valuation, was:

| | |
|---|---|
| Active | 218 |
| Retirees | 42 |
| Surviving spouses | 0 |
| Total participants | 260 |

NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

Basis of accounting: Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Funding Policy

The District makes the same monthly insurance contribution on behalf of the retirees as it makes on behalf of all other active employees during the year. The required contribution is based on a pay-as-you-go basis. The College has not set aside any funds to pay future benefits.

Annual OPEB Cost and Net OPEB Obligation

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

| | 2017 | 2016 |
|---|---|---|
| Annual required contribution | $483,094 | $601,583 |
| Interest on net OPEB obligation | 20,000 | 20,857 |
| Adjustments to annual required contribution | (34,012) | (30,154) |
| Annual OPEB cost (expense) | 469,082 | 592,286 |
| Contributions made | 442,249 | 447,055 |
| Change in net OPEB obligation | 26,833 | 145,231 |
| Net OPEB obligation – beginning of year | 666,652 | 521,421 |
| Net OPEB obligation – end of year | $693,485 | $666,652 |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year were:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Liability |
|---|---|---|---|
| 6/30/2017 | $469,082 | 94% | $693,485 |
| 6/30/2016 | $592,286 | 75% | $666,652 |
| 6/30/2015 | $594,975 | 75% | $521,421 |

NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

Funded Status and Funding Progress

The funded status as of June 30, 2016, the most recent actuarial valuation date, is as follows:

| | |
|---|---|
| Actuarial accrued liability (AAL) | $5,498,224 |
| Actuarial value of plan assets | 0 |
| Unfunded actuarial accrued liability (UAAL) | $5,498,224 |
| | |
| Funded rate (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (annual for active plan members) | $13,529,055 |
| UAAL as a percentage of covered payroll | 41% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The attribution period used was from date of hire to the date the participant is fully eligible to retire and begin receiving benefits. All eligible employees are assumed to be covered in the plan at retirement if they satisfy the necessary age and service requirements for payment of premiums by the College. Ten percent of all other eligible employees are assumed to be covered in the plan at retirement. The actuarial assumptions include an underlying inflation assumption of 2.5%, a 3% investment rate of return and a salary scale of 3% per annum (used for life insurance only). Deductibles, out-of-pocket maximums, and employee contributions are assumed to increase annually at the medical care cost trend rate. The following table shows the annual health care cost trend rates, reduced by decrements to a rate of 5% after ten years.

| Year | Medical | Dental |
|---|---|---|
| 0 | 10% | 5% |
| 1-2 | 9% | 5% |
| 3-5 | 8% | 5% |
| 6-8 | 7% | 5% |
| 9-10 | 6% | 5% |
| 11+ | 5% | 5% |

NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

The UAAL is being amortized as a level dollar over an open 30-year period. Any prior year (gain) or loss is being amortized over an open 30-year period. The remaining amortization period at June 30, 2017 was 30 years. The actuarial value of the plan assets was not determined because there were no plan assets as of the date of the actuarial valuation.

## NOTE 7 – OPERATING LEASES

Operating Lease – Lessee

The District leases property under operating leases. Following is a schedule by years of future minimum rental payments required under the operating leases as of June 30, 2017:

| Year ending June 30, | Amount |
|---|---|
| 2018 | 525,889 |
| 2019 | 164,522 |
| 2020 | 165,717 |
| 2021 | 140,674 |
| 2022 | 61,265 |
| Total | $ 1,058,067 |

Rent expenditures under all operating leases amounted to approximately $538,144 and $533,162 for the years ended June 30, 2017 and 2016, respectively.

Operating Lease – Lessor

The District is the lessor of excess capacity on its educational broadband services channels under an operating lease expiring in 2027, renewable for one additional ten-year term. Minimum future rental payments to be received under the non-cancellable leases at June 30, 2017 for each of the next five years and thereafter are as follows:

| Year ending June 30, | Agreement | Service Credits to Cash | Total |
|---|---|---|---|
| 2018 | $197,482 | $11,400 | $208,882 |
| 2019 | 204,394 | 11,400 | 215,794 |
| 2020 | 211,550 | 11,400 | 222,950 |
| 2021 | 218,953 | 11,400 | 230,353 |
| 2022 | 226,617 | 11,400 | 238,017 |
| Thereafter | 1,257,755 | 57,000 | 1,314,755 |
| Total | $2,316,751 | $114,000 | $2,430,751 |

The excess capacity of the broadband services channels is not recognized as a capital asset of the District and therefore has no carrying value. Rent revenue under the operating lease amounted to $194,402 and $195,750 for the years ended June 30, 2017 and 2016, respectively.

## NOTE 8 – EXPENSE CLASSIFICATION

Operating expenses on the Statements of Revenues, Expenses and Changes in Net Position are classified by function. Alternatively, the expenses could also be shown by type of expense, as follows for the years ended June 30, 2017 and 2016:

| | 2017 | 2016 |
|---|---|---|
| Salaries and wages | $20,127,499 | $20,132,546 |
| Fringe benefits | 8,650,205 | 8,373,055 |
| Travel, memberships and subscriptions | 965,367 | 955,553 |
| Supplies, printing and minor equipment | 2,462,819 | 2,758,449 |
| Contract services | 2,211,424 | 2,211,298 |
| Rentals | 538,144 | 536,365 |
| Repairs and maintenance | 66,514 | 97,652 |
| Insurance | 220,742 | 214,134 |
| Utilities | 640,135 | 627,939 |
| Depreciation | 4,121,931 | 3,870,107 |
| Resale | 38,728 | 51,040 |
| Student aid | 1,904,457 | 2,206,841 |
| Fiscal agent pass-throughs | 747,918 | 520,104 |
| Other | 934,776 | 1,283,181 |
| Total operating expenses | $43,630,659 | $43,838,264 |

## NOTE 9 – JOINT VENTURE - WISPALS

The District implemented a computerized library database through a joint venture with Gateway, Waukesha County, and Moraine Park Technical Colleges by forming the Wisconsin Public Access Library System (WisPALS) in the fall of 1997. WisPALS is governed by the colleges' presidents and librarians with each college having an equal vote. Through the joint venture each college owns one-fifth of the computer hardware and software that comprises WisPALS; however, the computer hardware and software is permanently housed at WCTC's Pewaukee campus. Operating costs of WisPALS are also shared equally by the colleges.

The District accounts for its share of the operating costs, which amounted to $33,019 and $32,708 for the years ended June 30, 2017 and 2016, respectively, in the general fund. LTC's had no investment in capital assets during the years ended June 30, 2017 and 2016, respectively.

As the operating costs of WisPALS are funded in full by the participating colleges, there is no change in fund balance for the joint venture for the year ended June 30, 2017. WisPALS has no joint venture debt outstanding.

The WisPALS financial statements can be obtained through Gateway Technical College District, 3520 30th Avenue, Racine, WI 53144.

## NOTE 10 – JOINT VENTURE - WILM

Lakeshore Technical College is also part of the Wisconsin Indianhead, Lakeshore and Mid-State Consortium (WILM), which was formed under Sec. 66.0301 and Chapter 38 of the Wisconsin Statutes. The purpose of the consortium is to develop, procure, enhance and manage a customer-focused, state-of-the-art environment for performing administrative business services for consortium members. The District is the management agent for the WILM Consortium. The District accounts for its share of the operating costs, which amounted to $453,182 and $463,469 for the years ended June 30, 2017 and 2016, respectively, in the general fund. LTC's share of the capital costs for the year ended June 30, 2017 and 2016 were $59,076 and $33,771, respectively, and were recorded in the capital projects fund.

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

## NOTE 11 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The District will, after adoption of GASB No. 75, recognize on the face of the financial statements its OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued GASB Statement No. 87, Leases. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

# REQUIRED SUPPLEMENTARY INFORMATION

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## LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
For the fiscal year ended June 30, 2017

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### Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)*

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Employer's proportion of the collective net pension liability (asset) | 0.12991854% | 0.13216576% | 0.13490981% |
| Employer's proportionate share of the collective net pension liability (asset) | $1,070,839 | $2,147,668 | ($3,313,754) |
| Employer's covered payroll | $18,880,504 | $18,273,147 | $18,257,138 |
| Employer's proportionate share of the collective net pension liability (asset) as a percentage of covered payroll | 5.67% | 11.75% | (18.15%) |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 99.12% | 98.2% | 102.74% |

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

### Schedule of Employer Contributions*

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Contractually required contributions | $ 1,246,934 | $ 1,242,573 | $ 1,246,789 |
| Contributions in relation to the contractually required contributions | (1,246,934) | (1,242,573) | (1,246,789) |
| Contribution deficiency (excess) | $ 0 | $ 0 | $ 0 |
| Employer's covered payroll | $18,880,504 | $18,273,147 | $18,078,366 |
| Contributions as a percentage of covered payroll | 6.6% | 6.8% | 6.9% |

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See Notes to Required Supplementary Information.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS AND
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN
For the fiscal year ended June 30, 2017

**Schedule of Employer Contributions**

| Year Ended June 30, | Employer Contributions | Annual Required Contribution | Percentage of ARC Contributed | Net OPEB Liability |
|---|---|---|---|---|
| 2015 | $ 444,199 | $ 601,583 | 74% | $ 521,421 |
| 2016 | $ 447,055 | $ 601,583 | 74% | $ 666,652 |
| 2017 | $ 442,249 | $ 483,094 | 92% | $ 693,485 |

**Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Projected Unit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll ( c) | UAAL as a % of Covered Payroll ((b-a/c) |
|---|---|---|---|---|---|---|
| 6/30/2012 | $ - | $ 6,383,341 | $ 6,383,341 | 0% | $17,676,819 | 36% |
| 6/30/2014 | $ - | $ 6,072,632 | $ 6,072,632 | 0% | $17,725,505 | 34% |
| 6/30/2016 | $ - | $ 5,498,224 | $ 5,498,224 | 0% | $13,529,055 | 41% |

See Notes to Required Supplementary Information.

(1) Wisconsin Retirement System
  a. *Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.
  b. *Changes of assumptions.* There were no changes assumptions.

(2) Other Postemployment Benefits
  a. *Schedule of Funding Progress.* The following assumptions have been changed effective for the June 30, 2016 valuation:
    - The interest rate was decreased from 4% to 3%.
    - The inflation rate was decreased from 3% to 2.5%.
    - The mortality assumption was changed from RP-2000 projected to 2016 using Scale AA to RP-2014 Total Dataset adjusted to 2006 using MP-2014 and projected generationally using MP-2016.
    - The salary scale was decreased from 5% per annum to 3% per annum.
    - The medical trend assumption was updated as shown in the appendices.

  The change to the interest rate increased the UAAL (Unfunded Actuarial Accrued Liability) by $344,513. The other assumption changes combined reduced the UAAL by $69,408.

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## 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.

# GENERAL FUND

The general fund is the primary operating fund of the District and its accounts reflect all financial activity not accounted for in another fund.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2017

| | Original Budget | Final Budget | Actuals on a GAAP Basis | Adjustment to Budgetary Basis | Actuals on a Budgetary Basis | Variance |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Local government - tax levy | $5,165,000 | $5,165,000 | $4,721,660 | $0 | $4,721,660 | ($443,340) |
| Property tax relief aid | 11,878,000 | 11,878,000 | 11,877,887 | 0 | 11,877,887 | (113) |
| State aids | 4,259,000 | 4,259,000 | 4,313,711 | 0 | 4,313,711 | 54,711 |
| Program fees | 5,610,000 | 5,610,000 | 5,840,411 | 0 | 5,840,411 | 230,411 |
| Material fees | 370,000 | 370,000 | 411,645 | 0 | 411,645 | 41,645 |
| Other student fees | 500,000 | 500,000 | 438,704 | 0 | 438,704 | (61,296) |
| Institutional revenue | 500,000 | 500,000 | 81,814 | 0 | 81,814 | (418,186) |
| Federal revenue | 330,000 | 330,000 | 333,575 | 0 | 333,575 | 3,575 |
| Total Revenues | 28,612,000 | 28,612,000 | 28,019,407 | 0 | 28,019,407 | (592,593) |
| **Expenditures** | | | | | | |
| Instruction | 17,203,000 | 17,203,000 | 16,632,169 | (20,582) | 16,611,587 | 591,413 |
| Instructional resources | 1,077,000 | 1,077,000 | 996,763 | 0 | 996,763 | 80,237 |
| Student services | 3,506,000 | 3,506,000 | 3,398,754 | 0 | 3,398,754 | 107,246 |
| General institutional | 4,755,000 | 4,755,000 | 4,752,572 | 0 | 4,752,572 | 2,428 |
| Physical plant | 2,171,000 | 2,171,000 | 2,003,531 | 0 | 2,003,531 | 167,469 |
| Total Expenditures | 28,712,000 | 28,712,000 | 27,783,789 | (20,582) | 27,763,207 | 948,793 |
| Revenues over (under) expenditures | (100,000) | (100,000) | 235,618 | 20,582 | 256,200 | 356,200 |
| Fund balance at beginning of year | | | 8,859,434 | (20,582) | 8,838,852 | |
| Fund balance at end of year | | | $9,095,052 | $0 | $9,095,052 | |

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted to expenditures for designated purposes because of the legal or regulatory provisions. The District has two special revenue funds:

Operating Fund – The operating fund is used to account for the proceeds from specific revenue sources other than non-operating fund that are legally restricted as to expenditures for specific purposes.

Non-aidable Fund – The non-operating fund is used to account for assets held by the District in a trustee capacity, primarily for student aids and other student activities.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

SPECIAL REVENUE FUND - OPERATING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2017

| | Original Budget | Final Budget | Actuals on a GAAP Basis | Adjustment to Budgetary Basis | Actuals on a Budgetary Basis | Variance |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Local government - tax levy | $1,235,000 | $1,235,000 | $1,163,000 | $0 | $1,163,000 | ($72,000) |
| State aids | 875,000 | 875,000 | 734,654 | 0 | 734,654 | (140,346) |
| Other student fees | 30,000 | 30,000 | 12,615 | 0 | 12,615 | (17,385) |
| Institutional revenue | 1,773,000 | 1,773,000 | 1,753,149 | 0 | 1,753,149 | (19,851) |
| Federal revenue | 1,153,000 | 1,153,000 | 978,539 | 0 | 978,539 | (174,461) |
| Total Revenues | 5,066,000 | 5,066,000 | 4,641,957 | 0 | 4,641,957 | (424,043) |
| **Expenditures** | | | | | | |
| Instruction | 3,705,000 | 3,690,000 | 3,264,415 | 0 | 3,264,415 | 425,585 |
| Student services | 1,008,000 | 1,023,000 | 1,019,895 | 0 | 1,019,895 | 3,105 |
| Physical plant | 353,000 | 353,000 | 350,000 | 0 | 350,000 | 3,000 |
| Total Expenditures | 5,066,000 | 5,066,000 | 4,634,310 | 0 | 4,634,310 | 431,690 |
| Revenues over (under) expenditures | $0 | $0 | 7,647 | 0 | 7,647 | $7,647 |
| Fund balance at beginning of year | | | 145,103 | 0 | 145,103 | |
| Fund balance at end of year | | | $152,750 | $0 | $152,750 | |

## LAKESHORE TECHNICAL COLLEGE DISTRICT

SPECIAL REVENUE FUND – NON-AIDABLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2017

| | Original Budget | Final Budget | Actuals on a GAAP Basis | Adjustment to Budgetary Basis | Actuals on a Budgetary Basis | Variance |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| State aids | $420,000 | $580,000 | $649,293 | $0 | $649,293 | $69,293 |
| Other student fees | 300,000 | 300,000 | 317,646 | 0 | 317,646 | 17,646 |
| Institutional revenue | 174,000 | 174,000 | 151,553 | 0 | 151,553 | (22,447) |
| Federal revenue | 3,719,000 | 3,719,000 | 3,325,261 | 0 | 3,325,261 | (393,739) |
| Total Revenues | 4,613,000 | 4,773,000 | 4,443,753 | 0 | 4,443,753 | (329,247) |
| **Expenditures** | | | | | | |
| Instruction | 600,000 | 760,000 | 747,918 | 0 | 747,918 | 12,082 |
| Student services | 4,013,000 | 4,013,000 | 3,699,733 | 0 | 3,699,733 | 313,267 |
| Total Expenditures | 4,613,000 | 4,773,000 | 4,447,651 | 0 | 4,447,651 | 325,349 |
| Revenues over (under) expenditures | $0 | $0 | (3,898) | 0 | (3,898) | ($3,898) |
| Fund balance at beginning of year | | | 364,748 | 0 | 364,748 | |
| Fund balance at end of year | | | $360,850 | $0 | $360,850 | |

## CAPITAL PROJECTS FUND

The capital projects fund is used to account for financial sources used for the acquisition or construction of major capital assets and remodeling.

**LAKESHORE TECHNICAL COLLEGE DISTRICT**

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2017

| | Original Budget | Final Budget | Actuals on a GAAP Basis | Adjustment to Budgetary Basis | Actuals on a Budgetary Basis | Variance |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Local government - tax levy | $0 | $0 | $400,000 | $0 | $400,000 | $400,000 |
| State aids | $255,000 | $255,000 | $251,054 | $0 | $251,054 | ($3,946) |
| Institutional revenue | 100,000 | 100,000 | 307,413 | 0 | 307,413 | 207,413 |
| Federal revenue | 55,000 | 182,000 | 281,048 | 0 | 281,048 | 99,048 |
| Total Revenues | 410,000 | 537,000 | 1,239,515 | 0 | 1,239,515 | 702,515 |
| **Expenditures** | | | | | | |
| Capital Outlay | | | | | | |
| Instruction | 1,532,000 | 1,532,000 | 1,743,428 | (216,281) | 1,527,147 | 4,853 |
| Instructional resources | 514,000 | 714,000 | 697,577 | 1,911 | 699,488 | 14,512 |
| Student services | 71,000 | 261,000 | 252,680 | 0 | 252,680 | 8,320 |
| General institutional | 632,000 | 757,000 | 650,472 | 47,891 | 698,363 | 58,637 |
| Physical plant | 2,133,000 | 2,810,000 | 2,409,125 | 57,517 | 2,466,642 | 343,358 |
| Total Expenditures | 4,882,000 | 6,074,000 | 5,753,282 | (108,962) | 5,644,320 | 429,680 |
| Revenues over (under) expenditures | (4,472,000) | (5,537,000) | (4,513,767) | 108,962 | (4,404,805) | 1,132,195 |
| Other financing sources: | | | | | | |
| Proceeds from debt | 1,500,000 | 7,800,000 | 7,800,000 | 0 | 7,800,000 | 0 |
| Total other financing sources | 1,500,000 | 7,800,000 | 7,800,000 | 0 | 7,800,000 | 0 |
| Revenues and other financing sources over (under) expenditures | ($2,972,000) | $2,263,000 | 3,286,233 | 108,962 | 3,395,195 | $1,132,195 |
| Fund balance at beginning of year | | | 5,963,348 | (469,849) | 5,493,499 | |
| Fund balance at end of year | | | $9,249,581 | ($360,887) | $8,888,694 | |

## DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2017

| | Original Budget | Final Budget | Actuals on a GAAP Basis | Adjustment to Budgetary Basis | Actuals on a Budgetary Basis | Variance |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Local government - tax levy | $4,720,000 | $4,720,000 | $4,657,952 | $0 | $4,657,952 | ($62,048) |
| Institutional revenue | 2,000 | 2,000 | 2,605 | 0 | 2,605 | 605 |
| Total Revenues | 4,722,000 | 4,722,000 | 4,660,557 | 0 | 4,660,557 | (61,443) |
| **Expenditures** | | | | | | |
| Physical plant | 4,744,000 | 4,744,000 | 4,722,724 | 0 | 4,722,724 | 21,276 |
| Total Expenditures | 4,744,000 | 4,744,000 | 4,722,724 | 0 | 4,722,724 | 21,276 |
| Revenues over (under) expenditures | (22,000) | (22,000) | (62,167) | 0 | (62,167) | (40,167) |
| Other financing sources: | | | | | | |
| Proceeds from debt premium | 0 | 0 | 164,506 | 0 | 164,506 | 164,506 |
| Total other financing sources | 0 | 0 | 164,506 | 0 | 164,506 | 164,506 |
| Revenues and other financing sources over (under) expenditures | ($22,000) | ($22,000) | 102,339 | 0 | 102,339 | $124,339 |
| Fund balance at beginning of year | | | 1,420,591 | 0 | 1,420,591 | |
| Fund balance at end of year | | | $1,522,930 | $0 | $1,522,930 | |

## ENTERPRISE FUND

The enterprise fund is used to account for ongoing activities which are similar to those often found in the private sector. Their measurement focus is based upon determination of net income. The operations of the culinary restaurant, food service, bookstore, child care, and other activities which complement the basic educational objectives of the District (instructional related resale accounts and seminar activity) are accounted for in the enterprise fund. Services are provided primarily through user charges.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2017

| | Original Budget | Final Budget | Actuals on a GAAP Basis | Adjustment to Budgetary Basis | Actuals on a Budgetary Basis | Variance |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Institutional revenue | $1,600,000 | $1,600,000 | $1,863,289 | $0 | $1,863,289 | $263,289 |
| Total Revenues | 1,600,000 | 1,600,000 | 1,863,289 | 0 | 1,863,289 | 263,289 |
| **Expenses** | | | | | | |
| Auxiliary services | 1,600,000 | 1,600,000 | 1,439,160 | (268) | 1,438,892 | 161,108 |
| Total Expenses | 1,600,000 | 1,600,000 | 1,439,160 | (268) | 1,438,892 | 161,108 |
| Revenues over (under) expenses | 0 | 0 | 424,129 | 268 | 424,397 | 424,397 |
| Net position at beginning of year | | | 2,080,326 | (268) | 2,080,058 | |
| Net position at end of year | | | $2,504,455 | $0 | $2,504,455 | |

## INTERNAL SERVICE FUND

The internal service fund is used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis. Included are self-insured dental, media services, copy center, and equipment repair.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2017

| | Original Budget | Final Budget | Actuals on a GAAP Basis | Adjustment to Budgetary Basis | Actuals on a Budgetary Basis | Variance |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Institutional revenue | $618,000 | $618,000 | $594,911 | $0 | $594,911 | ($23,089) |
| Total Revenues | 618,000 | 618,000 | 594,911 | 0 | 594,911 | (23,089) |
| **Expenses** | | | | | | |
| Auxiliary services | 618,000 | 618,000 | 509,565 | 0 | 509,565 | 108,435 |
| Total Expenses | 618,000 | 618,000 | 509,565 | 0 | 509,565 | 108,435 |
| Revenues over (under) expenses | $0 | $0 | 85,346 | 0 | 85,346 | $85,346 |
| Net postion at beginning of year | | | 215,810 | 0 | 215,810 | |
| Net position at end of year | | | $301,156 | $0 | $301,156 | |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED
FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the fiscal year ended June 30, 2017

| | Governmental Fund Types | | | | | Proprietary Fund Types | | | | Statement of Revenues, Expenses and Changes in Net Position | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Special Revenue Funds | | Capital | Debt | | Internal | | Reconciling | | |
| | General | Operating | Non-Aidable | Projects | Service | Enterprise | Service | Total | Items | | |
| Revenues | | | | | | | | | | | |
| Local government - tax levy | $4,721,660 | $1,163,000 | $0 | $400,000 | $4,657,952 | $0 | $0 | $10,942,612 | $0 | $10,942,612 | |
| Intergovernmental revenue: | | | | | | | | | | | |
| State | 16,191,598 | 734,654 | 649,293 | 251,054 | 0 | 0 | 0 | 17,826,599 | 0 | 17,826,599 | (1) |
| Federal | 333,575 | 978,539 | 3,325,261 | 281,048 | 0 | 0 | 0 | 4,918,423 | 0 | 4,918,423 | (2) |
| Tuition and fees: | | | | | | | | | | | |
| Program fees | 5,840,411 | 0 | 0 | 0 | 0 | 0 | 0 | 5,840,411 | (1,135,678) | 4,704,733 | |
| Material fees | 411,645 | 0 | 0 | 0 | 0 | 0 | 0 | 411,645 | (80,569) | 331,076 | |
| Other student fees | 438,704 | 12,615 | 317,646 | 0 | 0 | 0 | 0 | 768,965 | (147,368) | 621,597 | |
| Institutional revenue | 81,814 | 1,753,149 | 151,553 | 307,413 | 2,605 | 1,863,289 | 594,911 | 4,754,734 | (2,580,325) | 2,174,409 | (3) |
| Auxiliary enterprise revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,863,289 | 1,863,289 | |
| Total Revenues | 28,019,407 | 4,641,957 | 4,443,753 | 1,239,515 | 4,660,557 | 1,863,289 | 594,911 | 45,463,389 | (2,080,651) | 43,382,738 | |
| Expenditures | | | | | | | | | | | |
| Instruction | 16,611,587 | 3,264,415 | 747,918 | 0 | 0 | 0 | 0 | 20,623,920 | 1,428,952 | 22,052,872 | |
| Instructional resources | 996,763 | 0 | 0 | 0 | 0 | 0 | 0 | 996,763 | 179,095 | 1,175,858 | |
| Student services | 3,398,754 | 1,019,895 | 3,699,733 | 0 | 0 | 0 | 0 | 8,118,382 | (2,999,282) | 5,119,100 | |
| General institutional | 4,752,572 | 0 | 0 | 0 | 0 | 0 | 0 | 4,752,572 | 323,517 | 5,076,089 | |
| Physical plant | 2,003,531 | 350,000 | 0 | 0 | 4,722,724 | 0 | 0 | 7,076,255 | (3,578,575) | 3,497,680 | (4) |
| Student aid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,904,457 | 1,904,457 | |
| Capital outlay | 0 | 0 | 0 | 5,644,320 | 0 | 0 | 0 | 5,644,320 | (5,644,320) | 0 | |
| Depreciation - unallocated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,121,931 | 4,121,931 | |
| Auxiliary enterprise services | 0 | 0 | 0 | 0 | 0 | 1,438,892 | 509,565 | 1,948,457 | (540,723) | 1,407,734 | |
| Total Expenditures | 27,763,207 | 4,634,310 | 4,447,651 | 5,644,320 | 4,722,724 | 1,438,892 | 509,565 | 49,160,669 | (4,804,948) | 44,355,721 | |
| Excess (deficiency) of revenues over (under) expenditures | 256,200 | 7,647 | (3,898) | (4,404,805) | (62,167) | 424,397 | 85,346 | (3,697,280) | 2,724,297 | (972,983) | |
| Other financing sources: | | | | | | | | | | | |
| Proceeds from debt | 0 | 0 | 0 | 7,800,000 | 0 | 0 | 0 | 7,800,000 | (7,800,000) | 0 | |
| Proceeds from debt premium | 0 | 0 | 0 | 0 | 164,506 | 0 | 0 | 164,506 | (164,506) | 0 | |
| Total other financing sources | 0 | 0 | 0 | 7,800,000 | 164,506 | 0 | 0 | 7,964,506 | (7,964,506) | 0 | |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | 256,200 | 7,647 | (3,898) | 3,395,195 | 102,339 | 424,397 | 85,346 | 4,267,226 | (5,240,209) | (972,983) | |
| Fund balance at beginning of year | 8,838,852 | 145,103 | 364,748 | 5,493,499 | 1,420,591 | 2,080,058 | 215,810 | 18,558,661 | 4,597,206 | 23,155,867 | |
| Fund balance at end of year | $9,095,052 | $152,750 | $360,850 | $8,888,694 | $1,522,930 | $2,504,455 | $301,156 | $22,825,887 | ($643,003) | $22,182,884 | (5) |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)
For the fiscal year ended June 30, 2017

Budgets and Budgetary Accounting

The District's fund structure used in preparing 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 District follows the procedures listed below in adopting annual budgets for all funds in accordance with legal requirements.

- Budgets are developed within the established parameters and guidelines.

- Public hearings are conducted on the proposed budget prior to District Board approval.

- Prior to July 1, the budget is legally enacted through approval by the District Board.

- Budget amendments made during the year are legally authorized by the District Board. Budget transfers (between funds and functional areas within funds) and changes in budgeted revenues and expenditures (appropriations) require approval by two-thirds of the entire membership of the Board and require publishing a Class I public notice in the District's official newspaper within 10 days according to Wisconsin Statutes.

- Management exercises control over budgeted expenditures by fund and function as presented in the accompanying financial statements. Expenditures, by fund and function, may not exceed funds available or appropriated. Unused appropriations lapse at year end.

Formal budgetary integration is employed as a planning device for all funds. The District adopts an annual operating budget that is prepared on a different basis from the basic financial statements. The budget differs from GAAP by recognizing encumbrances as expenditures. Also, the budget does not incorporate changes related to GASB Statement Nos. 34, 35, 37, 38, 45, 68 and 71.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)
For the fiscal year ended June 30, 2017

(1) State grant revenue is presented on the Statements of Revenues, Expenses and Changes in Net Position as follows:

| | |
|---|---|
| Operating | $ 2,190,012 |
| Non-operating | 15,385,533 |
| Capital grants | 251,054 |
| Total | $17,826,599 |

(2) Federal grant revenue is presented on the Statements of Revenues, Expenses and Changes in Net Position as follows:

| | |
|---|---|
| Operating | $4,637,375 |
| Capital grants | 281,048 |
| Total | $4,918,423 |

(3) Other institutional revenue is reported as five separate lines on the Statements of Revenues, Expenses and Changes in Net Position as follows:

| | |
|---|---|
| Business and industry contract revenue | $1,697,135 |
| School district contract revenue | 2,545 |
| Miscellaneous | 464,265 |
| Interest income, net of fees | 134,987 |
| Loss on sale of capital assets | (3,586) |
| Realized and unrealized loss on investments | (120,937) |
| Total | $2,174,409 |

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

| | |
|---|---|
| Physical plant | $2,772,618 |
| Interest expense | 725,062 |
| Total | $3,497,680 |

(5) Reconciliation of budgetary basis fund balance and net position as presented on the Statements of Revenue, Expenses and Changes in Net Position is as follows:

| | |
|---|---|
| Budgetary basis fund balance | $22,825,887 |
| Capital assets at cost | 76,851,540 |
| Accumulated depreciation on capital assets | (49,217,356) |
| General obligation debt | (30,040,000) |
| Other postemployment benefits, net | (693,485) |
| Insurance reserves | 10,381 |
| Net pension liability | (1,070,839) |
| Deferred outflows of resources related to pension | 7,633,644 |
| Deferred inflows of resources related to pension | (3,384,336) |
| Book value of proprietary fund assets removed with adoption of capitalization policy | (73,340) |
| Accrued interest on long-term debt | (209,510) |
| Summer school tuition | 202,147 |
| Summer school instructional expenses | (344,454) |
| Bond premium | (668,282) |
| Current year encumbrances | 360,887 |
| Net position per basic financial statements | $22,182,884 |

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# Statistical Section

# STATISTICAL SECTION

The following statistical information is presented as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. The information was prepared by the District and was not subject to audit by the independent certified public accounting firm.

**<u>Contents</u>**

**Financial Trends**
The schedules contain trend information to help readers understand how the District's financial performance and well-being has changed over time.

**Revenue Capacity**
This information is provided to assist the reader in assessing factors that affect the District's most significant local revenue source – its property tax.

**Debt Capacity**
The schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the ability to issue additional debt in the future.

**Demographic and Economic Information**
These schedules offer demographic and economic indicators to help the reader better understand the environment within the District.

**Operating Information**
The schedules contain service and infrastructure data to help the reader understand how the financial information relates to the services the District provides and the activities it performs.

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# LAKESHORE TECHNICAL COLLEGE DISTRICT

NET POSITION BY COMPONENT
For the fiscal years ended June 30, 2008 to 2017
(Accrual Basis of Accounting)

| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Position | | | | | | | | | | |
| Net investment in capital assets | $2,831,320 | $3,557,156 | $5,811,169 | $6,407,432 | $6,921,296 | $7,075,074 | $7,477,870 | $6,433,052 | $6,372,717 | $6,300,065 |
| Restricted for pension benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,313,754 | 0 | 0 |
| Restricted for capital projects | 0 | 0 | 0 | 0 | 0 | 700,000 | 423,654 | 0 | 0 | 0 |
| Restricted for debt service | 355,449 | 328,971 | 427,099 | 555,091 | 595,270 | 701,109 | 786,782 | 1,041,755 | 1,194,655 | 1,313,420 |
| Unrestricted | 3,567,943 | 6,355,247 | 7,346,719 | 8,735,550 | 8,785,086 | 8,200,542 | 8,623,962 | 12,093,543 | 15,588,495 | 14,569,399 |
| Total Net Position | $6,754,712 | $10,241,374 | $13,584,987 | $15,698,073 | $16,301,652 | $16,676,725 | $17,312,268 | $22,882,104 | $23,155,867 | $22,182,884 |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

OPERATING EXPENSES, OPERATING REVENUES AND NON-OPERATING REVENUES (EXPENSES)
For the fiscal years ended June 30, 2008 to 2017
(Accrual Basis of Accounting)

| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Expenses** | | | | | | | | | | |
| Instruction | $ 19,869,587 | $ 20,248,335 | $ 21,777,488 | $ 22,611,188 | $ 21,342,093 | $ 22,114,622 | $ 20,839,681 | $ 20,751,377 | $ 22,211,711 | $ 22,052,872 |
| Instructional resources | 1,405,751 | 1,337,240 | 1,268,033 | 1,456,097 | 1,300,558 | 1,267,206 | 1,178,019 | 1,297,936 | 1,218,331 | 1,175,858 |
| Student services | 3,109,793 | 3,341,416 | 3,335,445 | 3,412,933 | 3,268,403 | 3,377,376 | 4,125,590 | 4,305,291 | 4,662,832 | 5,119,100 |
| General institutional | 4,043,720 | 4,389,012 | 4,581,946 | 4,948,372 | 4,810,180 | 4,524,899 | 4,646,304 | 4,884,308 | 5,230,797 | 5,076,089 |
| Physical plant | 2,473,210 | 2,314,386 | 1,916,100 | 2,501,930 | 2,901,839 | 2,777,227 | 3,418,572 | 2,893,973 | 3,023,460 | 2,772,618 |
| Auxiliary enterprise services | 829,977 | 877,667 | 1,014,912 | 968,898 | 1,024,776 | 1,476,354 | 1,639,328 | 1,410,472 | 1,414,185 | 1,407,734 |
| Depreciation - unallocated | 2,029,808 | 1,993,321 | 2,156,931 | 2,468,712 | 2,631,714 | 2,983,097 | 3,221,118 | 3,756,610 | 3,870,107 | 4,121,931 |
| Student aid | 554,979 | 776,469 | 2,499,059 | 3,486,097 | 3,529,081 | 2,706,886 | 2,303,114 | 2,238,847 | 2,206,841 | 1,904,457 |
| Total operating expenses | 34,316,825 | 35,277,846 | 38,549,914 | 41,854,227 | 40,808,644 | 41,227,667 | 41,371,726 | 41,538,814 | 43,838,264 | 43,630,659 |
| **Operating Revenues** | | | | | | | | | | |
| Tuition and fees, net of scholarship allowances | 4,471,017 | 5,271,962 | 6,242,161 | 6,680,221 | 6,950,014 | 6,135,350 | 5,822,670 | 5,651,526 | 5,632,572 | 5,657,406 |
| Federal grants | 2,962,569 | 3,243,928 | 5,433,937 | 7,308,596 | 5,346,341 | 5,335,658 | 5,165,082 | 5,005,802 | 4,864,792 | 4,637,375 |
| State grants | 898,711 | 953,142 | 1,219,210 | 1,007,638 | 1,441,612 | 1,309,717 | 1,133,099 | 1,843,833 | 3,215,351 | 2,190,012 |
| Business and industry contract revenue | 1,020,035 | 824,204 | 1,138,041 | 1,129,720 | 1,055,025 | 1,196,382 | 1,297,391 | 1,360,124 | 1,825,302 | 1,697,135 |
| School district contract revenue | 10,416 | 13,455 | 6,578 | 4,089 | 3,237 | 2,220 | 6,547 | 2,128 | 0 | 2,545 |
| Auxillary enterprise revenue | 1,594,403 | 994,305 | 1,171,993 | 1,294,916 | 1,049,107 | 1,156,000 | 1,460,728 | 1,510,586 | 1,843,682 | 1,863,289 |
| Miscellaneous | 499,155 | 550,331 | 1,119,050 | 986,452 | 720,436 | 1,030,679 | 833,423 | 543,730 | 499,463 | 464,265 |
| Total operating revenues | 11,456,306 | 11,851,327 | 16,330,970 | 18,411,632 | 16,565,772 | 16,166,006 | 15,718,940 | 15,917,729 | 17,881,162 | 16,512,027 |
| Operating loss | $(22,860,519) | $(23,426,519) | $(22,218,944) | $(23,442,595) | $(24,242,872) | $(25,061,661) | $(25,652,786) | $(25,621,085) | $(25,957,102) | $(27,118,632) |
| **Non-Operating Revenues (Expenses)** | | | | | | | | | | |
| Property taxes | $ 20,244,210 | $ 20,990,984 | $ 21,583,690 | $ 21,951,606 | $ 22,031,068 | $ 22,114,352 | $ 22,146,080 | $ 10,569,450 | $ 10,934,545 | $ 10,942,612 |
| State operating appropriations | 3,995,777 | 4,266,077 | 4,296,697 | 4,065,961 | 2,881,080 | 2,916,657 | 2,744,687 | 14,864,807 | 15,264,849 | 15,385,533 |
| Gain (loss) on disposal of assets | (24,484) | (14,148) | 21,808 | (1,326) | 8,031 | 32,684 | (25,175) | 40,692 | 12,732 | (3,586) |
| Investment income | 415,554 | 180,744 | 24,903 | 163,776 | 379,619 | (77,789) | 180,406 | 52,294 | 154,423 | 14,050 |
| Interest expense | (698,245) | (734,088) | (662,689) | (681,856) | (658,367) | (490,161) | (543,016) | (712,620) | (732,205) | (725,062) |
| Total non-operating revenues (expenses) | $ 23,932,812 | $ 24,689,569 | $ 25,264,409 | $ 25,498,161 | $ 24,641,431 | $ 24,495,743 | $ 24,502,982 | $ 24,814,623 | $ 25,634,344 | $ 25,613,547 |
| **Capital Contributions** | | | | | | | | | | |
| Contributions | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 700,000 | $ 1,570,000 | $ 0 | $ 0 | $ 0 |
| Federal and state capital grants | 105,621 | 118,800 | 298,148 | 57,520 | 205,020 | 256,041 | 215,347 | 382,701 | 596,521 | 532,102 |
| Total non-operating revenues (expenses) | $ 105,621 | $ 118,800 | $ 298,148 | $ 57,520 | $ 205,020 | $ 956,041 | $ 1,785,347 | $ 382,701 | $ 596,521 | $ 532,102 |
| **Change in Net Position** | $ 1,177,914 | $ 1,381,850 | $ 3,343,613 | $ 2,113,086 | $ 603,579 | $ 390,123 | $ 635,543 | $ (423,761) | $ 273,763 | $ (972,983) |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## EQUALIZED VALUE OF TAXABLE PROPERTY (A)
For the fiscal years ended June 30, 2008 to 2017

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| MANITOWOC COUNTY | | | | | | | | | | |
| Equalized valuations including TID | | | | | | | | | | |
| Real Estate: | | | | | | | | | | |
| Residential | $3,754,251,700 | $3,908,288,300 | $3,962,851,900 | $3,870,930,300 | $3,861,336,900 | $3,709,479,400 | $3,679,189,600 | $3,711,694,600 | $3,711,929,200 | $3,798,653,500 |
| Commercial | 678,303,400 | 705,430,100 | 815,159,600 | 761,608,000 | 727,382,400 | 719,485,200 | 692,160,200 | 700,924,700 | 728,413,300 | 712,894,000 |
| Manufacturing | 223,330,700 | 226,160,500 | 230,094,500 | 235,637,900 | 237,282,300 | 228,360,300 | 230,301,300 | 227,267,400 | 226,523,300 | 238,130,600 |
| Agricultural | 39,991,600 | 41,837,700 | 42,200,600 | 40,940,900 | 39,954,300 | 38,535,200 | 37,210,400 | 36,794,500 | 36,963,800 | 37,415,400 |
| Undeveloped | 17,606,100 | 24,177,300 | 24,117,800 | 26,220,500 | 38,273,200 | 37,418,400 | 46,718,700 | 43,773,900 | 48,605,800 | 42,367,400 |
| Agriculture Forest | 17,949,300 | 29,239,800 | 29,794,700 | 31,061,400 | 35,092,400 | 37,196,500 | 36,086,700 | 38,681,900 | 38,105,300 | 39,913,100 |
| Forest | 32,502,900 | 42,265,600 | 41,592,100 | 40,743,300 | 52,669,200 | 52,371,600 | 51,256,700 | 50,057,500 | 49,112,700 | 51,272,300 |
| Other | 195,091,100 | 192,546,400 | 243,974,000 | 250,796,000 | 247,457,100 | 234,476,600 | 211,994,300 | 225,538,600 | 232,764,000 | 238,782,800 |
| Total Real Estate | 4,959,026,800 | 5,169,945,700 | 5,389,785,200 | 5,257,938,300 | 5,239,447,800 | 5,057,323,200 | 4,984,917,900 | 5,034,733,100 | 5,072,417,400 | 5,159,429,100 |
| Total Personal Property | 120,393,700 | 119,637,200 | 141,715,800 | 139,772,500 | 134,820,400 | 128,967,100 | 130,978,300 | 127,689,800 | 130,365,100 | 116,306,700 |
| Total Equalized Value | $5,079,420,500 | $5,289,582,900 | $5,531,501,000 | $5,397,710,800 | $5,374,268,200 | $5,186,290,300 | $5,115,896,200 | $5,162,422,900 | $5,202,782,500 | $5,275,735,800 |
| Total Assessed Value | $4,794,821,391 | $4,864,640,798 | $4,982,122,001 | $5,129,914,552 | $5,173,377,990 | $5,232,412,360 | $5,260,511,585 | $5,284,102,414 | $5,310,848,980 | $5,335,439,526 |
| Ratio of Assessed to Equalized Value | 94.40% | 91.97% | 90.07% | 95.04% | 96.26% | 100.89% | 102.83% | 102.36% | 102.08% | 101.13% |
| SHEBOYGAN COUNTY | | | | | | | | | | |
| Equalized valuations including TID | | | | | | | | | | |
| Real Estate: | | | | | | | | | | |
| Residential | $6,638,643,100 | $6,858,239,200 | $6,835,667,000 | $6,667,282,500 | $6,600,372,700 | $6,356,373,400 | $6,162,019,800 | $6,220,495,100 | $6,226,857,900 | $6,303,790,800 |
| Commercial | 1,365,391,900 | 1,418,934,000 | 1,531,815,800 | 1,431,334,200 | 1,384,228,500 | 1,361,176,300 | 1,407,669,500 | 1,398,486,000 | 1,404,001,900 | 1,426,483,400 |
| Manufacturing | 390,240,900 | 388,954,600 | 397,398,700 | 400,198,000 | 397,180,600 | 406,929,800 | 416,568,200 | 447,610,000 | 457,888,400 | 464,712,800 |
| Agricultural | 28,108,900 | 29,158,100 | 29,769,600 | 28,809,100 | 28,363,000 | 27,571,900 | 26,544,700 | 26,164,000 | 26,445,000 | 26,719,400 |
| Undeveloped | 30,558,500 | 34,487,100 | 28,894,000 | 21,809,800 | 23,711,300 | 22,575,600 | 27,644,500 | 29,789,000 | 35,484,400 | 30,345,800 |
| Agriculture Forest | 24,379,100 | 27,509,800 | 29,350,600 | 27,854,900 | 27,665,800 | 28,952,400 | 30,132,100 | 28,046,200 | 28,443,200 | 29,778,300 |
| Forest | 24,952,900 | 29,654,800 | 26,683,900 | 24,796,300 | 25,477,700 | 25,391,400 | 26,909,000 | 26,429,200 | 25,550,100 | 26,117,800 |
| Other | 180,517,000 | 185,155,700 | 187,511,200 | 164,473,300 | 163,193,300 | 160,135,400 | 159,410,000 | 159,057,300 | 168,999,200 | 173,524,900 |
| Total Real Estate | 8,682,792,300 | 8,972,093,300 | 9,067,090,800 | 8,766,558,100 | 8,650,192,900 | 8,389,106,200 | 8,256,897,800 | 8,336,076,800 | 8,373,670,100 | 8,481,473,200 |
| Total Personal Property | 234,908,300 | 271,308,300 | 268,449,200 | 259,037,400 | 244,287,700 | 262,221,600 | 269,803,300 | 268,686,100 | 271,416,100 | 273,644,300 |
| Total Equalized Value | $8,917,700,600 | $9,243,401,600 | $9,335,540,000 | $9,025,595,500 | $8,894,480,600 | $8,651,327,800 | $8,526,701,100 | $8,604,762,900 | $8,645,086,200 | $8,755,117,500 |
| Total Assessed Value | $7,891,187,582 | $8,543,473,819 | $8,661,581,644 | $8,891,444,386 | $8,880,555,891 | $8,946,154,842 | $8,974,784,621 | $8,711,459,963 | $8,758,982,694 | $8,842,905,531 |
| Ratio of Assessed to Equalized Value | 88.49% | 92.43% | 92.78% | 98.51% | 99.84% | 103.41% | 105.26% | 101.24% | 101.32% | 101.00% |
| Total LTC Equalized Value (B ) | $ 13,720,365,222 | $ 14,239,835,631 | $ 14,480,939,422 | $ 14,098,895,295 | $ 14,049,917,159 | $ 13,708,573,547 | $ 13,514,454,019 | $ 13,569,069,801 | $ 13,661,006,238 | $ 13,819,933,389 |
| Total Tax Rate (C ) | $ 1.48 | $ 1.47 | $ 1.49 | $ 1.56 | $ 1.56 | $ 1.61 | $ 1.64 | $ 0.78 | $ 0.80 | $ 0.80 |

NOTE:

(A ) Due to varying assessment ratios to full market value used in municipalities, all underlying tax districts, such as the technical colleges, are required to use equalized value for levying property taxes. Equalized value, define by state statute, is the legal market value determined by Wisconsin Department of Revenue Bureau of Property Tax. These amounts are reduced by Tax Incremental District value increments for apportioning the college's levy. Source: Wisconsin Department of Revenue

(B ) This schedule contains detailed information for the counties of Manitowoc and Sheboygan. Together they comprise 97% of the District's equalized valuation.

(C ) Property tax rates are shown per $1,000 of equalized value.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES
For the fiscal years ended June 30, 2008 to 2017
(Rate per $1,000 of Equalized Value)

| | LTC | | | Overlapping Rates (d) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (b) Year Ended June 30 | Operational (c) | Debt Service | Total | Other School Districts | Local | County | Other | Gross Total | State Tax Relief | Net Tax Rate |
| 2008 | 1.18 | 0.30 | 1.48 | 8.25 | 2.80 | 5.38 | 0.65 | 18.56 | (1.37) | 17.19 |
| 2009 | 1.18 | 0.29 | 1.47 | 8.14 | 2.70 | 5.07 | 0.60 | 17.98 | (1.40) | 16.58 |
| 2010 | 1.20 | 0.29 | 1.49 | 8.64 | 2.69 | 5.00 | 0.64 | 18.46 | (1.35) | 17.11 |
| 2011 | 1.26 | 0.30 | 1.56 | 9.64 | 3.12 | 5.34 | 0.71 | 20.37 | (1.44) | 18.93 |
| 2012 | 1.26 | 0.30 | 1.56 | 9.75 | 3.51 | 5.34 | 0.50 | 20.66 | (1.46) | 19.20 |
| 2013 | 1.29 | 0.32 | 1.61 | 10.07 | 3.34 | 5.52 | 0.56 | 21.10 | (1.55) | 19.55 |
| 2014 | 1.32 | 0.32 | 1.64 | 10.28 | 3.64 | 5.65 | 0.56 | 21.77 | (1.60) | 20.17 |
| 2015 | 0.45 | 0.33 | 0.78 | 10.09 | 3.73 | 5.62 | 0.55 | 20.77 | (1.59) | 19.18 |
| 2016 | 0.46 | 0.34 | 0.80 | 9.94 | 3.72 | 5.63 | 0.55 | 20.64 | (1.78) | 18.86 |
| 2017 | 0.47 | 0.34 | 0.81 | 9.57 | 3.86 | 5.64 | 0.61 | 20.49 | (1.77) | 18.72 |

Notes:
(a) Source -Wisconsin Department of Revenue, Division of State and Local Finance reports.
(b) The fiscal year represents the year that the taxes are collected.
(c) The operational property tax levies for the governmental-type funds. For taxes levied prior to June 30, 2013, this rate could not exceed $1.50.
(d) Overlapping rate are those of local and county governments that apply to property owners with the LTC district. Not all overlapping rates apply to all property owners with the LTC district. For example, the county rate is made up of the rates for Manitowoc, Sheboygan and parts of Ozaukee and Calumet counties. The individual county rates apply only to the property owners within each of these counties. These overlapping rates are an average of the rates for each municipality making up the detail in this column since each governmental unit can have a different rate.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

PRINCIPAL TAXPAYERS
For the fiscal years ended June 30, 2008 and 2017

| | 2017 | | | 2008 | | |
|---|---|---|---|---|---|---|
| Principal Taxpayers | Equalized Valuation (a) | % of Total Equalized Value | Rank | Assessed Valuation (a) | % of Total Equalized Value | Rank |
| Kohler Company | $ 146,912,800 | 1.06% | 1 | 160,971,221 | 1.17% | 1 |
| Acuity | 68,318,700 | 0.49% | 2 | 50,378,560 | 0.37% | 2 |
| Sargento Foods | 40,700,400 | 0.29% | 3 | | | |
| Wal-Mart (b ) | 39,508,700 | 0.29% | 4 | 46,365,443 | 0.34% | 3 |
| Manitowoc Cranes, Inc. (c ) | 31,425,520 | 0.23% | 5 | 23,509,563 | 0.17% | 6 |
| Bemis Manufacturing | 28,521,900 | 0.21% | 6 | | | |
| Johnsonville Sausage | 23,083,400 | 0.17% | 7 | 20,663,100 | 0.15% | 8 |
| St. Nicholas Hospital | 20,944,700 | 0.15% | 8 | | | |
| Morrelle Warehousing LLC | 18,241,600 | 0.13% | 9 | | | |
| Aurora Medical Group | 15,737,300 | 0.11% | 10 | 30,514,896 | 0.22% | 5 |
| Holy Family Memorial Medical Center | | | | 23,002,526 | 0.17% | 7 |
| Blue Harbor Resort | | | | 36,105,200 | 0.26% | 4 |
| Target Corp | | | | 16,819,300 | 0.12% | 9 |
| Lowes | | | | 9,241,847 | 0.07% | 10 |
| **Total** | **$ 433,395,020** | **3.14%** | | **$ 417,571,656** | **3.04%** | |
| **Total District Equalized Value** | **$ 13,819,933,389** | | | **$ 13,720,365,222** | | |

Note:
(a ) Sources - Manitowoc County and Sheboygan County 2016 and Lakeshore Technical College District 2007-08 CAFR.
(b ) Sheboygan County.
(c ) Formerly The Manitowoc Company.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS (a)
For the fiscal years ended June 30, 2008 to 2017

| Fiscal Year | | As of June 30 of Fiscal Year | | Cumulative as of June 30, 2017 | |
|---|---|---|---|---|---|
| Ended June 30 | Total Tax Levy | Amount Collected | Percent Collected | Amount Collected | Percent Collected |
| 2008 | 20,244,500 | 14,823,046 | 73% | 20,244,500 | 100% |
| 2009 | 20,967,414 | 15,043,671 | 72% | 20,967,414 | 100% |
| 2010 | 21,589,000 | 15,511,435 | 72% | 21,589,000 | 100% |
| 2011 | 21,960,000 | 15,592,212 | 71% | 21,960,000 | 100% |
| 2012 | 21,960,000 | 15,816,660 | 72% | 21,960,000 | 100% |
| 2013 | 22,022,000 | 16,009,074 | 73% | 22,022,000 | 100% |
| 2014 | 22,131,000 | 16,109,219 | 73% | 22,131,000 | 100% |
| 2015 | 10,573,172 | 7,804,566 | 74% | 10,573,172 | 100% |
| 2016 | 10,947,553 | 8,085,728 | 74% | 8,085,728 | 74% |
| 2017 (b) | 11,119,602 | 8,227,273 | 74% | 8,227,273 | 74% |

Notes:

(a) Under Wisconsin law, personal property taxes and certain installment real estate taxes are collected by city, village, and town treasurers or clerks, who then make settlement with the other taxing units, such as the county, LTC, and local schools. Settlements are due from the municipality by the 15th of the month following the due date based on the municipality's payment plan. Certain installment real estate taxes and deliquent taxes are collected by the county treasurer who then makes settlement with the city, village and town treasurers and other taxing units before retaining any for county purposes. In practice, any delinquent real estate taxes are withheld from the county's share. Therefore, LTC receives 100% of its levy upon receipt of settlement from the county treasurers, although the taxes collected as a percentage of total tax levy will vary in any given fiscal year due to timing of payments received from municipalities.

(b) LTC will receive the balance of its tax payments by August 20, 2017.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

RATIO OF NET DEBT TO EQUALIZED VALUATION AND DEBT PER CAPITA
For the fiscal years ended June 30, 2008 to 2017

| Year Ended June 30 | Population (a) | Personal Income ('000s)(c) | Equalized Valuation (b) | Outstanding Debt | Percent of Total Debt to Equalized Valuation | Percent of Total Debt to Personal Income | Total Debt Per Capita |
|---|---|---|---|---|---|---|---|
| 2008 | 208,735 | 6,993 | 13,720,365,222 | 19,515,000 | 0.14% | 279% | $ 93.49 |
| 2009 | 209,415 | 7,308 | 14,239,835,631 | 18,025,000 | 0.13% | 247% | $ 86.07 |
| 2010 | 209,792 | 7,202 | 14,480,939,422 | 19,530,000 | 0.13% | 271% | $ 93.09 |
| 2011 | 209,896 | 7,723 | 14,098,895,295 | 20,055,000 | 0.14% | 260% | $ 95.55 |
| 2012 | 203,967 | 7,715 | 14,049,917,159 | 20,970,000 | 0.15% | 272% | $ 102.81 |
| 2013 | 203,983 | 8,409 | 13,708,573,547 | 20,255,000 | 0.15% | 241% | $ 99.30 |
| 2014 | 203,736 | 8,679 | 13,514,454,019 | 21,580,000 | 0.16% | 249% | $ 105.92 |
| 2015 | 203,688 | 8,749 | 13,569,069,801 | 23,745,000 | 0.17% | 271% | $ 116.58 |
| 2016 | 203,716 | 8,880 | 13,661,006,238 | 26,260,000 | 0.19% | 296% | $ 128.90 |
| 2017 | 203,514 | N/A | 13,819,933,389 | 30,040,000 | 0.22% | N/A | $ 147.61 |

Notes:

(a) Source - Wisconsin Department of Revenue, Division of State and Local Finance reports. Includes the entire district as of January 1, 2016.

(b) Equalized value is reported as of the December 31 of the previous calendar year (i.e. 2017 information is as of December 31, 2016).

(c) Source - US Department of Commerce, Bureau of Economic Analysis, as of December of prior year.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
For the fiscal year ended June 30, 2017

| Municipality/District | Outstanding Principal | Principle Payments Scheduled over next 12 months | Anticipated New Debt | Percentage Applicable to LTC | Amount Applicable to LTC |
|---|---|---|---|---|---|
| OVERLAPPING DEBT | | | | | |
| County of: | | | | | |
| Calumet | $17,725,000 | $2,340,000 | $3,100,000 | 1.63% | $ 301,306 |
| Manitowoc | 23,940,000 | 1,105,000 | 1,590,000 | 96.76% | 23,633,630 |
| Ozaukee | 27,125,000 | 2,590,000 | 3,850,000 | 4.43% | 1,257,456 |
| Sheboygan | 37,240,000 | 6,635,000 | 7,180,000 | 99.90% | 37,747,215 |
| Total all counties | | | | | 62,939,607 |
| City of: | | | | | |
| Kiel | 11,595,075 | 861,848 | 1,700,000 | 100.00% | 12,433,227 |
| Manitowoc | 50,110,106 | 7,581,749 | 7,000,000 | 100.00% | 49,528,357 |
| Plymouth | 22,835,000 | 3,040,000 | 0 | 100.00% | 19,795,000 |
| Sheboygan | 38,739,532 | 5,335 | 10,000,000 | 100.00% | 48,734,197 |
| Sheboygan Falls | 10,070,000 | 1,306,832 | 1,800,000 | 100.00% | 10,563,168 |
| Two Rivers | 14,930,456 | 2,294,037 | 1,500,000 | 100.00% | 14,136,419 |
| Total all cities | | | | | 155,190,368 |
| Town of: | | | | | |
| Belgium | 50,330 | 22,555 | 0 | 100.00% | 27,775 |
| Eaton | 0 | 0 | 125,000 | 100.00% | 125,000 |
| Fredonia | 420,404 | 95,035 | 0 | 100.00% | 325,369 |
| Greenbush | 153,441 | 36,270 | 0 | 99.06% | 116,070 |
| Liberty | 153,000 | 81,000 | 0 | 100.00% | 72,000 |
| Lima | 90,386 | 62,846 | 0 | 100.00% | 27,540 |
| Lyndon | 25,939 | 14,500 | 0 | 100.00% | 11,439 |
| Meeme | 119,970 | 43,120 | 0 | 100.00% | 76,850 |
| Mishicot | 144,415 | 24,699 | 0 | 100.00% | 119,716 |
| Mosel | 153,777 | 19,188 | 0 | 100.00% | 134,589 |
| Rhine | 630,417 | 26,504 | 0 | 100.00% | 603,913 |
| Rockland | 111,405 | 59,259 | 0 | 68.07% | 35,496 |
| Russell | 17,000 | 6,000 | 0 | 100.00% | 11,000 |
| Sheboygan | 2,621,608 | 570,483 | 1,500,000 | 100.00% | 3,551,125 |
| Sheboygan Falls | 463,058 | 108,336 | 190,000 | 100.00% | 544,722 |
| Sherman | 0 | 0 | 800,000 | 100.00% | 800,000 |
| Wilson | 50,000 | 25,000 | 0 | 100.00% | 25,000 |
| Total all towns | | | | | 6,607,604 |
| Village of: | | | | | |
| Adell | 1,030,000 | 102,500 | 0 | 100.00% | 927,500 |
| Belgium | 6,685,029 | 841,766 | 0 | 100.00% | 5,843,263 |
| Cedar Grove | 1,177,901 | 215,520 | 500,000 | 100.00% | 1,462,380 |
| Cleveland | 1,280,000 | 310,000 | 0 | 100.00% | 970,000 |
| Elkhart Lake | 7,849,788 | 415,500 | 2,500,000 | 100.00% | 9,934,288 |
| Francis Creek | 870,000 | 95,000 | 250,000 | 100.00% | 1,025,000 |
| Glenbeulah | 373,272 | 37,979 | 0 | 100.00% | 335,293 |
| Howards Grove | 367,053 | 67,145 | 0 | 100.00% | 299,908 |
| Kellnersville | 65,933 | 40,709 | 0 | 100.00% | 25,224 |
| Kohler | 6,836,620 | 680,125 | 793,000 | 100.00% | 6,949,495 |
| Mishicot | 209,994 | 71,058 | 0 | 100.00% | 138,936 |
| Oostburg | 16,065,000 | 552,000 | 0 | 100.00% | 15,513,000 |
| Random Lake | 1,356,076 | 183,613 | 0 | 100.00% | 1,172,463 |
| Reedsville | 2,140,940 | 310,119 | 0 | 100.00% | 1,830,821 |
| Saint Nazianz | 1,230,708 | 72,231 | 0 | 100.00% | 1,158,477 |
| Valders | 604,292 | 78,187 | 1,200,000 | 100.00% | 1,726,105 |
| Waldo | 649,159 | 75,815 | 24,102 | 100.00% | 597,446 |
| Whitelaw | 367,878 | 31,227 | 170,000 | 100.00% | 506,651 |
| Total all villages | | | | | 50,416,250 |

(continued on following page)

# LAKESHORE TECHNICAL COLLEGE DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (continued)
For the fiscal year ended June 30, 2017

| Municipality/District | Outstanding Principal | Principle Payments Scheduled over next 12 months | Anticipated New Debt | Percentage Applicable to LTC | Amount Applicable to LTC |
|---|---|---|---|---|---|
| School District of: | | | | | |
| Campbellsport | 7,080,950 | 1,365,017 | 0 | 1.08% | 61,732 |
| Cedar Grove-Belgium | 5,925,000 | 1,150,000 | 0 | 100.00% | 4,775,000 |
| Elkhart Lake-Glenbeulah | 1,157,711 | 971,000 | 0 | 100.00% | 186,711 |
| Howards Grove | 9,476,167 | 620,235 | 0 | 100.00% | 8,855,932 |
| Kewaskum | 21,040,000 | 1,295,000 | 9,525,000 | 100.00% | 29,270,000 |
| Kewaunee | 14,990,000 | 810,000 | 0 | 3.77% | 534,586 |
| Kiel | 7,889,874 | 1,227,859 | 0 | 100.00% | 6,662,015 |
| Kohler | 5,715,000 | 800,000 | 0 | 100.00% | 4,915,000 |
| Manitowoc | 8,338,000 | 669,000 | 0 | 100.00% | 7,669,000 |
| Mishicot | 10,070,000 | 530,000 | 0 | 100.00% | 9,540,000 |
| New Holstein | 12,035,000 | 1,215,000 | 0 | 1.63% | 176,366 |
| Oostburg | 16,065,000 | 552,000 | 0 | 100.00% | 15,513,000 |
| Plymouth | 10,125,000 | 1,210,000 | 0 | 100.00% | 8,915,000 |
| Random Lake | 7,792,000 | 835,310 | 0 | 100.00% | 6,956,690 |
| Reedsville | 6,540,000 | 1,315,000 | 0 | 100.00% | 5,225,000 |
| Sheboygan | 47,928,000 | 2,215,000 | 9,000,000 | 100.00% | 54,713,000 |
| Sheboygan Falls | 50,625,000 | 21,560,000 | 0 | 100.00% | 29,065,000 |
| Two Rivers | 12,255,000 | 2,185,000 | 0 | 100.00% | 10,070,000 |
| Valders | 2,925,000 | 605,000 | 0 | 100.00% | 2,320,000 |
| Total all school districts | | | | | 205,424,032 |
| TOTAL OVERLAPPING DEBT | | | | | $ 480,577,862 |
| DIRECT DEBT | | | | | |
| Lakeshore Technical College | | | | | $ 30,040,000 |
| TOTAL DIRECT DEBT | | | | | $ 30,040,000 |
| TOTAL DIRECT AND OVERLAPPING DEBT | | | | | $ 510,617,862 |

Notes:

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of LTC. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses located in LTC's boundaries. This process recognizes that, when considering LTC's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(2) The percentage of overlapping debt applicable to LTC is the equalized property value of property of the overlapping government located in LTC's district as a percentage of total equalized value of all property for the overlapping government.

(3) Sources - Survey of municipalities.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## LEGAL DEBT MARGIN INFORMATION
For the fiscal years ended June 30, 2008 to 2017
($000's)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Equalized valuation** | $13,720,365 | $14,239,836 | $14,480,939 | $14,098,895 | $14,049,917 | $13,708,574 | $13,514,454 | $13,569,070 | $13,661,006 | $13,819,933 |
| **Debt limit - 5% of equalized value** | $686,018 | $711,992 | $724,047 | $704,945 | $702,496 | $685,429 | $675,723 | $678,454 | $683,050 | $690,997 |
| (Wisconsin statutory limitation) | | | | | | | | | | |
| Gross indebtedness applicable to debt limit: | | | | | | | | | | |
| General obligation promissory notes and bonds | 19,515 | 18,025 | 19,530 | 20,055 | 20,970 | 20,255 | 21,580 | 23,745 | 26,260 | 30,040 |
| Less debt service funds available | (272) | (260) | (356) | (479) | (512) | (624) | (691) | (936) | (1,080) | (1,182) |
| Total amount of debt applicable to debt margin | 19,243 | 17,765 | 19,174 | 19,576 | 20,458 | 19,631 | 20,889 | 22,809 | 25,180 | 28,858 |
| Legal debt margin (Debt capacity) | $666,775 | $694,227 | $704,873 | $685,369 | $682,038 | $665,798 | $654,834 | $655,645 | $657,870 | $662,139 |
| Percent of debt capacity used | 2.80% | 2.50% | 2.65% | 2.78% | 2.91% | 2.86% | 3.09% | 3.36% | 3.69% | 4.18% |
| **Debt limit - 2% of equalized value** | $274,407 | $284,797 | $289,619 | $281,978 | $280,998 | $274,171 | $270,289 | $271,381 | $273,220 | $276,399 |
| (Wisconsin statutory limitation) | | | | | | | | | | |
| Gross bonded indebtedness applicable to debt limit: | | | | | | | | | | |
| General obligation bonds | - | - | - | - | 1,990 | 1,240 | 620 | - | - | - |
| Less debt service funds available | - | - | - | - | - | - | - | - | - | - |
| Total amount of debt applicable to debt margin | - | - | - | - | 1,990 | 1,240 | 620 | - | - | - |
| Legal debt margin (Debt capacity) | $274,407 | $284,797 | $289,619 | $281,978 | $279,008 | $272,931 | $269,669 | $271,381 | $273,220 | $276,399 |
| Percent of debt capacity used | 0.00% | 0.00% | 0.00% | 0.00% | 0.71% | 0.45% | 0.23% | 0.00% | 0.00% | 0.00% |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *debt service funds available:* | | | | | | | | | | |
| *debt service fund equity* | *556,852* | *539,065* | *612,689* | *755,762* | *787,811* | *869,116* | *977,543* | *1,252,386* | *1,420,591* | *1,522,930* |
| *less: interest due sept 1 of that year* | *(284,623)* | *(279,423)* | *(256,340)* | *(276,570)* | *(276,268)* | *(244,623)* | *(286,141)* | *(315,948)* | *(340,112)* | *(340,960)* |
| | *272,229* | *259,642* | *356,349* | *479,192* | *511,543* | *624,493* | *691,402* | *936,438* | *1,080,479* | *1,181,970* |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS
For the calendar years ended December 31, 2007 to 2016

| | Sheboygan County | | | | | | Manitowoc County | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Calendar Year | Population (a) | Personal Income ('000s) (b) | Per Capita Personal Income (b) | Unemployment Rate (c ) | K-12 Public & Private School Enrollment (d ) | Senior Class Enrollment (d ) | Population (a) | Personal Income ('000s) (b) | Per Capita Personal Income (b) | Unemployment Rate (c ) | K-12 Public & Private School Enrollment (d ) | Senior Class Enrollment (d ) |
| 2007 | 117,045 | 4,309,677 | 37,736 | 4.1% | 22,386 | 1,778 | 84,324 | 2,683,305 | 33,222 | 4.9% | 14,183 | 1,169 |
| 2008 | 117,472 | 4,435,849 | 38,755 | 8.9% | 22,155 | 1,866 | 84,553 | 2,871,694 | 35,598 | 9.6% | 14,034 | 1,135 |
| 2009 | 117,566 | 4,328,472 | 37,783 | 7.4% | 22,032 | 1,761 | 84,785 | 2,874,292 | 35,669 | 8.0% | 13,755 | 1,191 |
| 2010 | 117,650 | 4,812,650 | 41,681 | 7.7% | 21,725 | 1,737 | 84,798 | 2,909,848 | 35,777 | 7.9% | 13,398 | 1,163 |
| 2011 | 115,569 | 4,595,577 | 39,910 | 6.8% | 21,557 | 1,666 | 81,406 | 3,119,148 | 38,519 | 7.8% | 13,106 | 1,073 |
| 2012 | 115,549 | 5,150,016 | 44,779 | 6.0% | 21,505 | 1,710 | 81,437 | 3,258,641 | 40,394 | 7.1% | 12,925 | 1,008 |
| 2013 | 115,386 | 5,344,757 | 46,508 | 5.6% | 21,301 | 1,723 | 81,352 | 3,333,927 | 41,336 | 6.6% | 12,862 | 973 |
| 2014 | 115,362 | 5,341,196 | 46,328 | 4.3% | 21,120 | 1,537 | 81,320 | 3,408,347 | 42,519 | 5.9% | 12,675 | 1,074 |
| 2015 | 115,305 | 5,304,168 | 45,896 | 3.4% | 21,231 | 1,638 | 81,372 | 3,575,583 | 44,803 | 4.6% | 12,466 | 1,034 |
| 2016 | 115,050 | N/A | N/A | 3.3% | 21,160 | 1,636 | 81,061 | N/A | N/A | 4.3% | 12,398 | 1,009 |

Notes:
(a) Source - Wisconsin Department of Revenue - Division of State and Local Finance.
(b) Source - US Department of Commerce, Bureau of Economic Analysis.
(c) Source - Wisconsin Department of Workforce Development - Office of Economic Advisors.
(d) Source - Wisconsin Department of Instruction.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## TEN LARGEST EMPLOYERS (a)
For the fiscal years ended June 30, 2008 and 2017

| | | 2017 | | | 2008 | | |
|---|---|---|---|---|---|---|---|
| Employer | Nature of Business | Approximate Number of Employees | Rank | % of Total Employment | Approximate Number of Employees | Rank | % of Total Employment |
| Kohler Company | Plumbing fixtures and fittings, hotel & real estate | 2,500 | 1 | 2.4% | 8,152 | 1 | 6.5% |
| Lakeside Foods | Supplier of frozen and canned vegetable | 1,700 | 2 | 1.6% | | | |
| Bemis Mfg. Company | Toilet seats, lavatories, cutting | 1,650 | 3 | 1.6% | 18,000 | 2 | 14.5% |
| Aurora Medical Group | Medical Clinic | 1,434 | 4 | 1.4% | 850 | 10 | 0.7% |
| Sargento Foods, Inc. | Cheese manufacturing | 1,300 * | 5 | 1.2% | 1,300 | 6 | 1.0% |
| Sheboygan Area School District | Education | 1,257 | 6 | 1.2% | 1,535 | 3 | 1.2% |
| Nemak, formerly J.L. French Corp. | Foundry/automotive parts | 1,160 | 7 | 1.1% | 1,325 | 4 | 1.1% |
| Holy Family Memorial Medical Center | Medical facility | 1,080 | 8 | 1.0% | 1,312 | 5 | 1.1% |
| Johnsonville Sausage | Meat processing | 1,053 | 9 | 1.0% | | | |
| City of Manitowoc | Government | 898 | 10 | 0.9% | | | |
| Hamilton L. Fisher LC (Fisher Scientific) (Formerly Thermo Fisher Scientific) | Laboratory apparatus & furniture mfg | | | | 900 | 8 | 0.7% |
| Sheboygan County | County employees, nursing care facilities | | | | 904 | 7 | 0.7% |
| Fresh Brands Distributing | Wholesale/retail grocers | | | | 900 | 9 | 0.7% |
| | **TOTAL EMPLOYMENT (b)** | **105,099** | | | **124,551** | | |

Notes:
(a) Sources - Infogroup (www.salesgenie.com), Employer contacts and websites and Lakeshore Technical College District 2007-08 CAFR.
(b) Sources - Wisconsin Department of Workforce Development - Office of Economic Advisors. Includes total employment for Sheboygan County and Manitowoc County.

* Figure includes facilities in Hilbert and Elkhart Lake.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

FULL-TIME EQUIVALENT POSITIONS BY CATEGORY
For the fiscal years ended June 30, 2008 to 2017

| Category | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Est. 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Administrators/ Supervisors | 27.8 | 32.5 | 33.2 | 33.0 | 30.8 | 33.7 | 37.2 | 38.6 | 44.2 | 42.1 |
| Teachers | 143.9 | 143.9 | 151.9 | 150.6 | 149.7 | 151.6 | 148.2 | 137.6 | 142.6 | 149.7 |
| Specialists | 5.1 | 5.1 | 5.0 | 5.0 | 3.7 | 2.5 | 2.4 | 2.0 | 1.0 | 1.0 |
| Other Staff | 136.0 | 134.4 | 139.5 | 144.3 | 150.0 | 156.0 | 154.6 | 153.4 | 156.2 | 145.7 |
| | 312.8 | 315.9 | 329.6 | 332.9 | 334.2 | 343.8 | 342.4 | 331.6 | 344.0 | 338.5 |

(a) Source - Lakeshore Technical College District Plan and Budget Reports - WTCS Staff Accounting Reports.
(b) All staff, including adjunct faculty, are included in the above FTE numbers.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

ENROLLMENT STATISTICS
For the fiscal years ended June 30, 2007 to 2017

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| Student Enrollment (a) | | | | | | | | | | |
| Associate degree | 3,401 | 3,502 | 4,103 | 4,190 | 3,942 | 3,825 | 3,730 | 3,698 | 4,213 | 4,243 |
| Vocational: | | | | | | | | | | |
| Technical Diploma | 1,099 | 1,027 | 1,023 | 996 | 898 | 1,003 | 1,109 | 1,068 | 938 | 901 |
| Apprentices | 193 | 175 | 152 | 137 | 123 | 140 | 170 | 194 | 225 | 204 |
| Basic skills | 2,631 | 2,765 | 3,020 | 2,259 | 1,829 | 1,658 | 1,889 | 1,768 | 1,321 | 1,100 |
| Vocational adult | 9,755 | 8,559 | 7,935 | 7,263 | 8,404 | 7,685 | 8,386 | 6,265 | 6,998 | 5,698 |
| District service | 176 | 118 | 102 | 253 | 221 | 201 | 459 | 354 | 161 | 134 |
| Total | 17,255 | 16,146 | 16,335 | 15,098 | 15,417 | 14,512 | 15,743 | 13,347 | 13,856 | 12,280 |
| Full-Time Equivalent (b) | | | | | | | | | | |
| Associate degree | 1,278 | 1,444 | 1,776 | 1,794 | 1,598 | 1,508 | 1,397 | 1,314 | 1,279 | 1,284 |
| Vocational: | | | | | | | | | | |
| Technical Diploma | 233 | 222 | 257 | 238 | 219 | 238 | 243 | 236 | 211 | 211 |
| Apprentices | 27 | 25 | 23 | 20 | 18 | 24 | 30 | 35 | 40 | 39 |
| Basic skills | 410 | 442 | 483 | 374 | 314 | 281 | 248 | 247 | 198 | 184 |
| Vocational adult | 125 | 109 | 121 | 90 | 103 | 88 | 88 | 65 | 72 | 61 |
| District service | 0 | 0 | 0 | 1 | 1 | 1 | 2 | 2 | 1 | 1 |
| Total | 2,073 | 2,242 | 2,660 | 2,517 | 2,253 | 2,140 | 2,008 | 1,899 | 1,801 | 1,780 |
| Graduate Follow-Up Statistics (c) | | | | | | | | | | |
| Number of graduates | 865 | 924 | 1,032 | 968 | 975 | 926 | 1,007 | 851 | 788 | n/a |
| Responses | | | | | | | | | | |
| Number | 526 | 655 | 752 | 679 | 533 | 486 | 705 | 595 | 474 | n/a |
| Percent of graduates | 61% | 72% | 73% | 70% | 55% | 53% | 70% | 70% | 60% | n/a |
| Percent employed | 91% | 81% | 81% | 82% | 85% | 89% | 90% | 90% | 92% | n/a |
| Percent in related employment | 80% | 74% | 79% | 70% | 78% | 77% | 72% | 77% | 73% | n/a |
| Percent employed in district | 75% | 78% | 74% | 70% | 76% | 77% | 69% | 70% | 70% | n/a |
| Seeking related employment (d) | 36 | 74 | 71 | 89 | 70 | 46 | n/a | n/a | n/a | n/a |
| Not seeking related employment (d) | 128 | 240 | 336 | 208 | 51 | 67 | n/a | n/a | n/a | n/a |

Notes:
(a) Student enrollment represents the duplicated count of citizens enrolled in district courses.
(b) A full-time equivalent (FTE) is basically equal to 30 annual student credits based on a mathematical calculation which varies somewhat by program and which is subject to state aproval and audit of students and course data.
(c) Graduate follow-up statistics are based on the surveys of district graduates approximately six months after graduation, therefore current fiscal year data is not yet available.
(d) Beginning in 2014, graduates were no longer asked if they were seeking related employment.
(e) Source - Annual Graduate Follow-Up Survey Results, Research & Planning Department.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

CAMPUS SITES – SQUARE FOOTAGE
June 30, 2017

The District's main campus is on a 154-acre site in Cleveland, Wisconsin. A detailed breakdown of space, along with the respective ages, is included below:

**Cleveland Campus**

| Building | Date Constructed | Square Footage |
|---|---|---|
| Lakeshore | 1974 | 121,044 |
| Addition | 1979 | 78,104 |
| Addition | 2011 | 12,400 |
| | | 211,548 |
| Nierode | 1974 | 63,893 |
| Addition | 1979 | 2,655 |
| Addition | 1982 | 1,631 |
| Addition | 2014 | 7,755 |
| | | 75,934 |
| Agriculture & Energy | 1976 | 18,150 |
| Addition | 1983 | 17,014 |
| | | 35,164 |
| Public Safety | 1988 | 6,280 |
| Addition | 1991 | 13,480 |
| Addition | 2005 | 10,550 |
| | | 30,310 |
| Plastics Engineering Manufacturing Building | 1980 | 19,000 |
| Addition | 2013 | 14,658 |
| | | 33,658 |
| Facilities Building | 2016 | 11,600 |
| Burn Simulator Building | 1997 | 2,712 |
| Tactical Skills Lab | 2006 | 1,475 |
| Agriculture Education Center | In construction | 6,200 |
| Carpentry Lab | In construction | 1,200 |
| Total Cleveland Campus | | 409,801 |

Leased Facilities

| Location | Lease Term | Square Footage |
|---|---|---|
| Sheboygan Job Center | 2013-2023 | 12,991 |
| Manitowoc Job Center | 2013-2023 | 11,207 |
| Environmental Campus | 2010-2020 | 5,502 |
| Culinary Institute | 2012-2022 | 9,880 |
| Jake's Café | 2013-2016 | 188 |
| Total Leased Properties | | 39,768 |
| Total Square Footage | | 449,569 |

## LAKESHORE TECHNICAL COLLEGE DISTRICT

PROGRAM OFFERINGS

June 30, 2017

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**Associate Degree Programs**

Accounting
Administrative Professional
Agribusiness Science & Technology
Broadcast Captioning
Business Management
Court Reporting
Criminal Justice – Law Enforcement
Culinary Arts
Early Childhood Education
Electro-Mechanical Technology
Energy Management Technology
Environmental Waste & Water Technology
Fire Medic
Graphic and Web Design
Health Information Management
Hotel/Hospitality Management
Human Resources
Individualized Technical Studies
IT - Computer Support Specialist
IT - Network Specialist
IT - Web & Software Developer
Landscape Horticulture
Manufacturing Management
Marketing
Mechanical Design
Nuclear Technology
Nursing
Paralegal
Paramedic Technician
Pharmacy Services Management
Quality Assurance Technician
Radiation Safety/Health Physics
Radiography
Supply Chain Management
Technical Studies – Journeyworker
Wind Energy Technology

**Technical Diplomas**

Accounting Assistant
Agriculture Technician
Auto Collision Repair & Refinish Technician
Automotive Maintenance Technician
Child Care Services
Criminal Justice – Law Enforcement
CNC Technician
Culinary & Baking Basics
Culinary Assistant
Dairy Herd Management
Dental Assistant (Short Term)
Emergency Medical Technician – Paramedic
Health Care Technician
Health Unit Coordinator
Horticulture Technician
Human Resources Assistant
Industrial Maintenance Technician
Industrial Maintenance Mechanic
Machine Tool Operation
Mechanical Computer Aided Drafting
Medical Assistant
Medical Coding Specialist
Nursing Assistant
Office Assistant
Ophthalmic Medical Assistant
Pharmacy Technician
Practical Nursing
Quality Process Improvement
Security and Corrections
Sales Representative
Security and Corrections
Supply Chain Assistant
Welding Fabrication Technician
Welding

**Apprenticeship Programs**

Carpentry – Construction
Child Care Development Specialist
Industrial Electrician
Industrial Manufacturing
Machinist
Maintenance Mechanic/Millwright
Maintenance Technician
Technical Brick Masonry
Metal Fabrication
Sheet Metal – Construction
Sheet Metal - Industrial
Plumbing
Tool and Die

Single Audit Section

## SINGLE AUDIT SECTION

The Single Audit Act Amendments of 1996 mandates independent financial and compliance audits of the federal awards programs. The State of Wisconsin also stipulates that grantees who are required to have a federal single audit completed must include selected state award programs in the scope of the single audit. In addition to the required auditors' reports, the schedule of expenditures of federal and state awards and accompanying notes and schedule of findings and questioned costs are provided to support the requirements for compliance with Uniform Grant Guidance and State of Wisconsin Single Audit Guidelines. The schedules provide more detailed financial information related to grant activity and other revenue.

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Schenck
ADVISORY | TAX | ASSURANCE

# 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*

To the District Board
Lakeshore Technical College District
Cleveland, 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 Lakeshore Technical College District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Lakeshore Technical College District's basic financial statements, and have issued our report thereon dated December 8, 2017. The financial Statements of the Lakeshore Technical College Foundation, Inc. were not audited in accordance with Government Auditing Standards.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lakeshore Technical College District's internal control over financial reporting (internal control) to determine the 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 Lakeshore Technical College District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lakeshore Technical College 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 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lakeshore Technical College 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Lakeshore Technical College 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 Lakeshore Technical College District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
December 8, 2017

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

To the District Board
Lakeshore Technical College District
Cleveland, Wisconsin

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

We have audited Lakeshore Technical College District's ("the District") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration 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, 2017. 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.

## Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

## Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, the Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

## Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of 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, 2017.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control 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 or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. 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 or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
December 8, 2017

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2017

| Grantor Agency/Pass-through Agency/Program/Grant Title | CFDA Number | Project Identification Number | Grant Period | Grant Amount | Federal Direct Revenue | Match | Total Expenditures | Passed through to Sub-Recipients |
|---|---|---|---|---|---|---|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Rural Utilities Service's Distance Learning and Telemedicine Loan and Grant Program | 10.855 | | | | | | | |
| Videoconferencing (786) | | WI 733-A16 | 9/12/16-9/12/19 | $ 724,911 | $ 202,697 | $ 153,301 | $ 355,998 | $ - |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | 724,911 | 202,697 | 153,301 | 355,998 | - |
| U.S. DEPARTMENT OF LABOR | | | | | | | | |
| H-1B Job Training Grants | 17.268 | | | | | | | |
| Passed thru Wisconsin Technical College System | | | | | | | | |
| WAGE$ Systemwide Apprenticeship Curricula (757) | | 11-757-155-117 | 10/1/16-12/31/18 | 518,400 | 129,600 | - | 129,600 | - |
| Passed thru Bay Area Workforce Development Board | | | | | | | | |
| Business Solutions Specialist (735) | | 17LTC BUSSOL | 7/1/16-6/30/17 | 80,139 | 76,662 | - | 76,662 | - |
| Total H-1B Job Training Grants | | | | 598,539 | 206,262 | - | 206,262 | - |
| Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants | 17.282 | | | | | | | |
| Passed through Chippewa Valley Technical College | | | | | | | | |
| ACT for Healthcare (688/689) | | TC-26455-14-60-A-55 | 10/1/14-9/30/18 | 758,633 | 232,826 | - | 301,717 | - |
| INTERFACE Project (687/787) | | TC-25118-13-60-1-55 | 10/1/13-9/30/17 | 897,039 | 149,426 | - | 149,426 | - |
| Total Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants | | | | 1,655,672 | 382,252 | - | 451,143 | - |
| TOTAL U.S. DEPARTMENT OF LABOR | | | | 2,254,211 | 588,514 | - | 657,405 | - |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | | | |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | | | | | | | | |
| Haz-Mat Interagency Hazardous Materials | 20.703 | N/A | 7/1/16-6/30/17 | 5,069 | 5,069 | - | 5,069 | - |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | | 5,069 | 5,069 | - | 5,069 | - |
| U.S. DEPARTMENT OF ENERGY | | | | | | | | |
| Nuclear Energy Research, Development and Demonstration | 81.121 | | | | | | | |
| NEUP Fellowship/Scholarship (785) | | DE-NE0000642 | 10/1/13-9/30/18 | 7,500 | 7,500 | - | 7,500 | - |
| TOTAL U.S. DEPARTMENT OF ENERGY | | | | 7,500 | 7,500 | - | 7,500 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Adult Education - Basic Grants to States | 84.002 | | | | | | | |
| Passed Through Wisconsin Technical College System | | | | | | | | |
| English Literacy/Civics | | 11-714-146-167 | 7/01/16-6/30/17 | 12,711 | 12,711 | - | 12,711 | - |
| AEFL-Comprehensive | | 11-715-146-127 | 7/01/16-6/30/17 | 208,521 | 208,521 | 502,900 | 711,421 | - |
| Institutionalized | | 11-722-146-117 | 7/01/16-6/30/17 | 40,879 | 40,879 | 13,626 | 54,505 | - |
| Total Adult Education - Basic Grants to States | | | | 262,111 | 262,111 | 516,526 | 778,637 | - |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the fiscal year ended June 30, 2017

| Grantor Agency/Pass-through Agency/Program/Grant Title | CFDA Number | Project Identification Number | Grant Period | Grant Amount | Federal Direct Revenue | Match | Total Expenditures | Passed through to Sub-Recipients |
|---|---|---|---|---|---|---|---|---|
| *Student Financial Assistance Cluster* | | | | | | | | |
| SEOG | 84.007 | P007A164506 | 7/01/16-6/30/17 | 71,229 | 71,229 | - | 71,229 | - |
| Federal Work Study Program | 84.033 | P033A164506 | 7/01/16-6/30/17 | 43,748 | 43,748 | - | 43,748 | - |
| PELL | 84.063 | P063P163160 | 7/01/16-6/30/17 | 3,089,562 | 3,089,562 | - | 3,089,562 | - |
| Federal Direct Student Loans | 84.268 | P268K173160 | 7/01/16-6/30/17 | 3,241,284 | 3,241,284 | - | 3,241,284 | - |
| Total *Student Financial Assistance Cluster* | | | | 6,445,823 | 6,445,823 | - | 6,445,823 | - |
| TRIO Cluster | | | | | | | | |
| Student Support Services Program | 84.042 | | | | | | | |
| TRIO-Student Support Services (791) | | P042A150027 | 9/1/15-8/31/20 | 1,100,000 | 226,805 | - | 226,805 | - |
| Career and Technical Education - Basic Grants to States | 84.048 | | | | | | | |
| Passed through Wisconsin Technical College System | | | | | | | | |
| Student Success | | 11-704-150-237 | 7/01/16-6/30/17 | 115,338 | 115,338 | 182,599 | 297,937 | - |
| Strengthening Programs | | 11-707-150-257 | 7/01/16-6/30/17 | 42,940 | 42,940 | - | 42,940 | - |
| Non-Traditional Occupations | | 11-709-150-267 | 7/01/16-6/30/17 | 56,421 | 56,421 | - | 56,421 | - |
| Career Prep | | 11-734-150-217 | 7/01/16-6/30/17 | 35,881 | 35,881 | - | 35,881 | - |
| Total Career and Technical Education - Basic Grants to States | 84.048 | | | 250,580 | 250,580 | 182,599 | 433,179 | - |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | 8,058,514 | 7,185,319 | 699,125 | 7,884,444 | - |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| Area Health Education Centers | 93.107 | | | | | | | |
| Passed through Northeastern Wisconsin Area Health Education Center | | | | | | | | |
| Lakeshore Health Careers Academy (728) | | NE3-17 | 9/1/16-6/30/17 | 10,000 | 10,000 | - | 10,000 | - |
| NIEHS Hazardous Waste Worker Health and Safety Training | 93.142 | | | | | | | |
| Passed through University of Cincinnati | | | | | | | | |
| HazMat Worker Health and Safety Training Cooperative Agreement (675) | | ES006184-24 | 8/1/15-7/31/16 | 142,401 | 23,822 | - | 23,822 | - |
| HazMat Worker Health and Safety Training Cooperative Agreement (775) | | ES006184-25 | 8/1/16-7/31/17 | 142,401 | 130,275 | - | 130,275 | - |
| Total NIES Hazardous Waste Worker Heatlh and Safety Training | | | | 284,802 | 154,097 | - | 154,097 | - |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | 294,802 | 164,097 | - | 164,097 | - |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | $ 11,345,007 | $ 8,153,196 | $ 852,426 | $ 9,074,513 | $ - |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the fiscal year ended June 30, 2017

| Grantor Agency/Pass-through Agency/Program/Grant Title | CFDA Number | Project Identification Number | Grant Period | Grant Amount | Federal Direct Revenue | Match | Total Expenditures | Passed through to Sub-Recipients |
|---|---|---|---|---|---|---|---|---|
| Reconciliation of Federal Revenue | | | | | | | | |
| Schedule of Expenditures of Federal Awards | | | | | 8,153,196 | | | |
| DEDUCT: | | | | | | | | |
| Federal Direct Student Loans | | | | | 3,241,284 | | | |
| ADD: | | | | | | | | |
| PELL Administration | | | | | 5,130 | | | |
| Veterans Administration - Recording Fee | | | | | 657 | | | |
| Revenue from Prior Year's Projects | | | | | 724 | | | |
| | | | | | | $ 4,918,423 | | |
| Federal grants | | | | | 4,637,375 | | | |
| Federal capital grants | | | | | 281,048 | | | |
| Basic Financial Statements | | | | | | $ 4,918,423 | | |

See Notes to the Schedule of Expenditures of Federal and State Awards

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the fiscal year ended June 30, 2017

| Grantor Agency/Pass-through Agency/Program/Grant Title | Catalog Number | Project Identification Number | Grant Period | Grant Amount | State Direct Revenue | Match | Total Expenditures | Passed through to Sub-Recipients |
|---|---|---|---|---|---|---|---|---|
| WISCONSIN DEPARTMENT OF TRANSPORTATION | 20.395(4)(aq) | | | | | | | |
| Driver Education | | | | | | | | |
| Motorcycle Safety Grant | | 105976-1 | 1/1/17-12/31/17 | $ 43,284 | $ 19,477 | $ - | $ 19,477 | $ - |
| Motorcycle Safety Grant | | 0094-16-35 | 1/1/16-12/31/16 | 56,412 | 34,961 | - | 34,961 | - |
| Total Driver Education & Wisconsin Department of Transporation | | | | 99,696 | 54,438 | - | 54,438 | - |
| WISCONSIN HIGHER EDUCATION AIDS BOARD | | | | | | | | |
| Wisconsin Higher Education Grant | 235.102 | | 7/01/16-6/30/17 | 534,014 | 534,014 | - | 534,014 | - |
| Remission of Fees for Veterans and Dependents | 235.105 | N/A | 7/01/16-6/30/17 | 122,347 | 122,347 | - | 122,347 | - |
| Wisconsin Covenant Scholars | 235.108 | N/A | 7/01/16-6/30/17 | 12,124 | 12,124 | - | 12,124 | - |
| Talent Incentive Program | 235.114 | | 7/01/16-6/30/17 | 16,200 | 16,200 | - | 16,200 | - |
| Nursing Student Loan | 235.117 | | 7/01/16-6/30/17 | 6,000 | 6,000 | - | 6,000 | - |
| Technical Excellence Scholarship | 235.119 | | 7/01/16-6/30/17 | 21,375 | 21,375 | - | 21,375 | - |
| Wisconsin Indian Assistance Grant | 235.132 | | 7/01/16-6/30/17 | 2,750 | 2,750 | - | 2,750 | - |
| Total Wisconsin Higher Education Aids Board | | | | 714,810 | 714,810 | - | 714,810 | - |
| WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD | | | | | | | | |
| State Aid for Technical Colleges | 292.105 | N/A | 7/01/16-6/30/17 | 2,772,668 | 2,772,932 | (264) | 2,772,668 | - |
| Grants to District Boards | 292.124 | | | | | | | |
| Mobile Lab | | 11-681-124-186 | 7/01/15-6/30/16 | 150,000 | 612 | - | 612 | - |
| Career Pathways - Culinary | | 11-705-124-127 | 7/01/16-6/30/17 | 169,038 | 169,038 | 56,346 | 225,384 | - |
| Career Pathways - Manufacturing | | 11-708-124-127 | 7/01/16-6/30/17 | 585,218 | 585,218 | 195,073 | 780,291 | - |
| Professional Development | | 11-719-124-157 | 7/01/16-6/30/17 | 50,818 | 50,818 | - | 50,818 | - |
| Student Support | | 11-720-124-167 | 7/01/16-6/30/17 | 287,297 | 287,297 | 95,765 | 383,062 | - |
| Core Industry - Practical Nursing | | 11-724-124-137 | 7/01/16-6/30/17 | 240,866 | 240,866 | - | 240,866 | - |
| Core Industry - Criminal Justice | | 11-725-124-137 | 7/01/16-6/30/17 | 140,303 | 140,303 | - | 140,303 | - |
| Core Industry - Agribusiness Science and Technology | | 11-726-124-137 | 7/01/16-6/30/17 | 280,362 | 280,362 | - | 280,362 | - |
| WAT - Dutchland Plastics | | 11-630-124-176 | 7/01/15-8/31/16 | 20,760 | 35 | 4 | 39 | - |
| WAT - Kohler Company | | 11-631-124-176 | 7/01/15-8/31/16 | 197,466 | 2,012 | 224 | 2,236 | - |
| WIDS Implementation | | 11-732-124-187 | 7/01/16-8/31/17 | 200,000 | 200,000 | - | 200,000 | - |
| Passed through Northeast Wisconsin Technical College | | | | | | | | |
| Advanced Manufacturing Network (740) | | 13-440-124-187 | 7/01/16-6/30/17 | 10,840 | 10,840 | - | 10,840 | - |
| Technical Skills Attainment | | 11-741-124-187 | 7/01/16-6/30/17 | 189,800 | 189,300 | - | 189,300 | - |
| WTCS Repository and Grant Project Support | | 11-743-124-187 | 7/01/16-6/30/17 | 36,192 | 36,192 | - | 36,192 | - |
| WTCS Repository Document Library Development | | 11-744-124-187 | 7/01/16-6/30/17 | 18,720 | 18,720 | - | 18,720 | - |
| WAT-Tramontina | | 11-751-124-177 | 7/01/16-8/31/17 | 23,530 | 23,530 | - | 23,530 | - |
| WAT-Ironwood Plastics | | 11-752-124-177 | 7/01/16-8/31/17 | 22,486 | 11,333 | - | 11,333 | - |
| Statewide Apprenticeship Curriculum | | 11-756-124-117 | 7/01/16-6/30/17 | 199,088 | 199,088 | - | 199,088 | - |
| Total Grants to District Boards | 292.124 | | | 2,822,784 | 2,445,564 | 347,412 | 2,792,976 | - |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
For the fiscal year ended June 30, 2017

| Grantor Agency/Pass-through Agency/Program/Grant Title | Catalog Number | Project Identification Number | Grant Period | Grant Amount | State Direct Revenue | Match | Total Expenditures | Passed through to Sub-Recipients |
|---|---|---|---|---|---|---|---|---|
| Kikkoman Foundation - Culinary Arts Scholarship | 292.135 | 11-777-135-117 | 7/1/16-6/30/18 | 25,000 | 8,628 | - | 8,628 | - |
| Property Tax Relief Aid | 292.162 | | 7/01/16-6/30/17 | 11,877,887 | 11,877,887 | - | 11,877,887 | - |
| TOTAL WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD | | | | 17,498,339 | 17,105,011 | 347,148 | 17,452,159 | - |
| WISCONSIN DEPARTMENT OF NATRUAL RESOURCES | | | | | | | | |
| State Aid in Lieu of Property Taxes | 370.503 | | 7/01/16-6/30/17 | 12,624 | 12,624 | - | 12,624 | - |
| WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT | | | | | | | | |
| Local Youth Apprenticeship Grants | 445.107 | | | | | | | |
| Youth Apprenticeship | | 111754 | 7/1/16-6/30/17 | 114,300 | 114,300 | 57,150 | 171,450 | - |
| Wisconsin Fast Forw ard | 445.109 | | | | | | | |
| Blueprint for Prosperity - Waitlist | | BP142TC-L | 7/11/14-12/31/16 | 1,384,530 | 282,571 | - | 282,571 | - |
| TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT | | | | 1,498,830 | 396,871 | 57,150 | 454,021 | - |
| WISCONSIN DEPARTMENT OF REVENUE | | | | | | | | |
| State Aid - Computers | 835.109 | | 7/01/16-6/30/17 | 72,797 | 72,797 | - | 72,797 | - |
| TOTAL EXPENDITURES OF STATE AWARDS | | | | 19,897,096 | 18,356,551 | 404,298 | 18,760,849 | - |

# LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
For the fiscal year ended June 30, 2017

| Grantor Agency/Pass-through Agency/Program/Grant Title | Catalog Number | Project Identification Number | Grant Period | Grant Amount | State Direct Revenue | Match | Total Expenditures | Passed through to Sub-Recipients |
|---|---|---|---|---|---|---|---|---|
| Reconciliation of State Revenue | | | | | | | | |
| Schedule of Expenditures of State Awards | | | | | 18,356,551 | | | |
| ADD: | | | | | | | | |
| Revenue from Prior Year's Projects | | | | | 2 | | | |
| Emergency Assistance Grants - Student Emergency Fund | | | | | 13,599 | | | |
| Fire Fighter Training 2% | | | | | 27,535 | | | |
| DEDUCT: | | | | | | | | |
| Wisconsin Higher Education Grant | | | | | 534,014 | | | |
| Talent Incentive Program | | | | | 16,200 | | | |
| Wisconsin Covenant Scholars | | | | | 12,124 | | | |
| Nursing Student Loan | | | | | 6,000 | | | |
| Wisconsin Indian Assistance Grant | | | | | 2,750 | | | |
| | | | | | | $ 17,826,599 | | |
| State Operating Appropriations | | | | | 15,385,533 | | | |
| State Grants | | | | | 2,190,012 | | | |
| State Capital Grants | | | | | 251,054 | | | |
| Basic Financial Statements | | | | | | $ 17,826,599 | | |

See Notes to the Schedule of Expenditures of Federal and State Awards

# LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the fiscal year ended June 30, 2017

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards for the District are 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 "State Single Audit Guidelines" issued by the Wisconsin Department of Administration.

Note 2 – Significant Accounting Policies

Revenues and expenditures in the schedule are presented in accordance with the accrual basis of accounting and are in agreement with amounts reported in the District's basic financial statements. Match represents District contributions to federal and state programs.

Note 3 – Sub-recipients

The District passed through funds from the following entities and catalog numbers:

| WTCS Foundation Inc. | |
|---|---|
| 292.124 | $444,212 |
| 17.268 | $129,600 |

The District did not provide any federal funds to sub-recipients during the fiscal year ended June 30, 2017.

Note 4 – Oversight Agencies

The U.S. Department of Education has been designated as the federal oversight agency for the District. The Wisconsin Technical College System Board is the state oversight agency for the District.

Note 5 – Indirect Cost Rate

The District has an approved indirect cost rate approved by the Department of Health and Human Services that is in effect until June 30, 2019. The District has not elected to charge a de minimis indirect rate of 10% of modified total direct costs on the grants.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

### Section I - Summary of Auditors' Results

| | |
|---|---|
| Basic Financial Statements | |
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified? | None Reported |
| Noncompliance material to basic financial statements noted? | No |
| Federal and State Awards | |
| Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified? | None Reported |
| Type of auditors' report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines* | No |

Identification of major federal and state programs:

| Name of Federal Programs | CFDA Number |
|---|---|
| Student Financial Assistance Cluster | |
| Federal Supplemental Educational Opportunity Grant Program | 84.007 |
| Federal Work-Study Program | 84.033 |
| Federal Pell Grant Program | 84.063 |
| Federal Direct Student Loans | 84.268 |

| Name of State Programs | State ID Number |
|---|---|
| Wisconsin Higher Education Grant | 235.102 |
| General State Aid | 292.105 |
| Property Tax Relief Aid | 292.162 |

| | |
|---|---|
| Audit threshold used to determine between Type A and Type B federal programs: | $750,000 |
| Audit threshold used to determine between Type A and Type B state programs: | $250,000 |
| Auditee qualified as low-risk auditee | |
| Federal | Yes |
| State | Yes |

**LAKESHORE TECHNICAL COLLEGE DISTRICT**

Schedule of Findings and Questioned Costs, Continued
For the Year Ended June 30, 2017

**Section II - Basic Financial Statement Findings as Required by Government Auditing Standards**

| Finding Number | Internal Control Findings |
|---|---|
| | There were no findings required to be reported in accordance with generally accepted governmental auditing standards. |

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs**

| Finding Number | Uniform Guidance Findings | Questioned Costs |
|---|---|---|
| | There were no findings required to be reported in accordance with Uniform Guidance. | |

| Finding Number | State Single Audit Guideline Findings | Questioned Costs |
|---|---|---|
| | There were no findings required to be reported in accordance with the *State Single Audit Guidelines*. | |

## LAKESHORE TECHNICAL COLLEGE DISTRICT

Schedule of Findings and Questioned Costs, Continued
For the Year Ended June 30, 2017

### Section IV - Other Issues

| | |
|---|---|
| Does the auditors' report or the notes to the financial statements include disclosures 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 non-compliance, non-material non-compliance, 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*: | |
| Wisconsin Department of Transportation | No |
| Wisconsin Higher Education Aids Board | No |
| Wisconsin Technical College System Board | No |
| Wisconsin Department of Natural Resources | No |
| Wisconsin Department of Workforce Development | No |
| Wisconsin Department of Revenue | No |
| Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |

Name and signature of Account Director

Kelly M Schafer, CPA

Kelly M. Schafer, CPA

Date of report December 8, 2017

## LAKESHORE TECHNICAL COLLEGE DISTRICT

Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2017

**Status of Prior Year Audit Findings**

No audit findings were issued in the prior year.

**Corrective Action Plan For Audit Findings**

None required for the year ended June 30, 2017.

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**LAKESHORE TECHNICAL COLLEGE**

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