



Comprehensive Annual Financial Report

For the Fiscal Years Ended **June 30, 2015 & 2014**

LAKESHORE TECHNICAL COLLEGE DISTRICT

1290 North Avenue
Cleveland, WI 53015
920.693.1000

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal years ended June 30, 2015 and 2014

LTC District Board

Dr. Sharon Chappy	Chair
Mr. John Lukas	Vice-Chair
Mr. Roy Kluss	Secretary/Treasurer
Ms. Nancy Crowley	Member
Ms. Vicky Hildebrandt	Member
Mr. James Parrish	Member
Mr. Don Pohlman	Member
Dr. Joseph Sheehan	Member
Ms. Lois Vasquez	Member

Administration

Dr. Michael Lanser	President
Ms. Barbara Dodge	Vice-President of Instruction
Dr. Douglas Gossen	Vice-President of Student Services
Mr. Peter Thillman	Vice-President of Workforce and Economic Solutions
Ms. Cindy Dross	Chief Financial Officer
Ms. Kathleen Kotojarvi	Chief Human Resources Officer
Ms. Julie Mirecki	Marketing Director
Ms. Karla Zahn	Advancement Director
Ms. Heidi Soodsma	Executive Assistant to the President

Official Issuing Report

Ms. Cindy Dross	Chief Financial Officer
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Report Prepared by:

Ms. Molly O'Connell	Business Office Manager
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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, 2015 and 2014

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Introductory Section



December 16, 2015

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, 2015 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.

Michael A. Lanser, Ed.D., President

PROFILE OF THE DISTRICT

Lakeshore Technical College is a not-for-profit, public, two-year post-secondary educational institution that focuses on occupational education. It is one of 16 comprehensive 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 (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 five 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 a Culinary Institute in the heart of downtown Sheboygan. LTC also operates community education centers in District high schools with a focus on Mishicot and Two Rivers, Kiel and Plymouth, Cedar Grove-Belgium, Oostburg, and Random Lake. Reedsville and Elkhart Lake High schools have also hosted classes.

LTC demonstrates a commitment to excellence through its focus on preparing a workforce, being responsive to community needs, and its philosophy of continuous process improvement. Partnerships in the community and within education, both K-12 and post-secondary, are key to building career ladders and keeping the economy strong. LTC's acceptance into the Higher Learning Commission's Academic Quality Improvement Program (AQIP) for accreditation in 2000 promoted the principles and benefits of continuous improvement and practices that lead to enhanced continuous learning, quality improvement, and performance excellence.

LTC completed its strategic plan in 2013 through a process that collected input from staff, students, and other stakeholders. The outcome is a three year road map which influences how the College educates and trains a workforce to meet the evolving Lakeshore area employment needs. The College employs an integrated planning model that requires annual review, assessment, and update of the College's long- and short-term strategies. The Leadership Team tracks progress on key indicators through monthly and semiannual College monitors and through monitoring the key college results of FTEs, graduation and placement rates.

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 learning and staff development. Annual themes include: "Innovation" in 2011-12, "Keep it Simple" in 2012-13, "Strive for Five" in 2013-14 and "Every Student Matters" in 2014-15.

The College is affiliated with the Lakeshore Technical College Foundation, Inc. (Foundation), a not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of LTC and its students. The Foundation is a legally separate tax exempt component unit of the College. A separate board of directors governs the Foundation. The Foundation has been reported as a discretely presented component unit in LTC's basic financial statements.

Scope of Educational Offerings

LTC's mission is realized with each graduation 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, participation in student clubs and student life activities, and service learning. Thirty-seven associate of applied science degrees, thirty-seven technical diplomas, one embedded pathway certificate, seventy-nine technical certificates, and thirteen state-indentured apprenticeships are offered through eight 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. It also provides entrepreneurship services through E-Seed courses and business assistance in plan development to local entrepreneurs.

Community Education and Pre-College instruction is available through LTC's Manitowoc and Sheboygan County Job Centers and Community Education centers. Community Education focuses on personal and professional growth. 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).

Student Base, Needs, Requirements

LTC's student base is slightly lower than the District's demographics, with 75 percent of students over 25 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 27 in 2014-15. The District's estimated minority population is nearly 11 percent.

Of the College's total student base, 79 percent reside within the District. Flexible learning options allow the College to serve a student population outside the commutable geographic area. Another market segment for the College is prior degree holders.

Collaboration

Relationships with organizations are created, prioritized, and built based on LTC's strategic and annual goals. The College creates relationships by identifying potential partners who help achieve the goals.

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, 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. The LTC Foundation provides resources to support students, activities, and current and innovative learning environments that help students succeed. Additionally, the LTC Foundation works with the College to ensure that private resources are available for student scholarships as well as for initiatives that help achieve College-wide goals.

The College values the importance of strong relationships with K-12 partners as evidenced by the number of high schools that earn both high school and LTC credits for the same course through one of our dual-credit offerings. The College employs two Career Coaches to assist high school students with their transition to college, a Youth Apprenticeship Coordinator, two Youth Apprenticeship Specialists 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 area manufacturers to expand LTC technical programming into the high school to meet local employment needs through a DWD grant and provide technical courses that the high school did not have teachers to cover. The focus for dual-credit courses is to give high school students a jump start on college and their career. The college also provides Early College tracks in Industrial Maintenance, Web & Software Developer, Administrative Professional, Machine Tool, Welding, and Health Care which lead to an industry recognized certificate. 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.

Distinctive/Critical Facilities, Equipment, Technologies, Regulatory Environment

LTC has planned 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 offers an intravenous (IV) arms, human patient simulators, a planned radiography lab, and other hands-on learning equipment for healthcare students to practice and check off skills before being placed in a clinical site externship. The human patient simulator simulates health conditions for students to practice treating. 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.

LTC's renewable energy demonstrations include four grid-tied wind turbines and two photovoltaic panels which introduced renewable energy and sustainability education. 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. In 2011, the College developed an Energy Education Center. Future sustainable infrastructure installations are planned as well as additional residential workshops and sustainability offerings. 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 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. LTC expanded this building in 2013-14, to combine and expand the welding labs, provide space for the fabrication program and increase 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 has also collaborated with Plymouth High School to create a LTC Plymouth Science and Technology Center. The labs and classrooms are used by the high school students during the day and by LTC students in the evenings. In 2012, LTC in collaboration with the Department of Corrections and Bay Area Workforce Development Board purchased a truck and trailer to be used as a Mobile Manufacturing Lab. The lab contains equipment that is used for training in basic mechanics and industrial automation. The lab provides training to the Department of Corrections as well as to local high schools.

LTC leases a former restaurant in Sheboygan to house the Culinary Arts program which launched in May 2012. 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. Students in the Hotel and Hospitality, Graphic and Web Design, and Accounting programs are involved in various aspects of the program and restaurant.

The learning college classroom and technology refresh plans ensure every classroom and conference room has current and similar equipment and room arrangements to increase usability and functionality. The technology refresh plan ensures computer, network and media equipment is updated on regular cycles. Wireless networking is available throughout the campus.

Faculty and Staff Base

LTC currently employees 279 full and part-time people within three organizational groups: 111 support staff, 60 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 529 part time (adjunct) faculty, students, temporary help, dentists, and child care workers. LTC's staff are aligned to functional areas which make up the systems of the college.

ECONOMIC CONDITIONS

Competitive Environment

There are four Wisconsin Technical Colleges, two University of Wisconsin (UW) two-year transfer colleges, and two four-year institutions that offer educational opportunities in the local area. Additionally, there are four established private colleges and three public institutions of higher education within fifty miles of LTC. While these institutions offer educational opportunities, our missions are different therefore allowing unique partnerships to form.

There is increased competition globally from institutions offering on-line courses. For-profit institutions have increased their local presence through information nights, newspaper, radio, and television advertisements. Institutions such as Rasmussen, University of Phoenix, Upper Iowa, Globe University, Kaplan University, Bryant & Stratton College, and ITT Tech 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, 2014. 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.

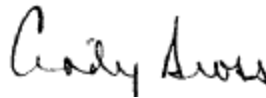
Acknowledgment

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,



Michael Lanser, Ed.D.
President



Cindy Dross, CPA
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

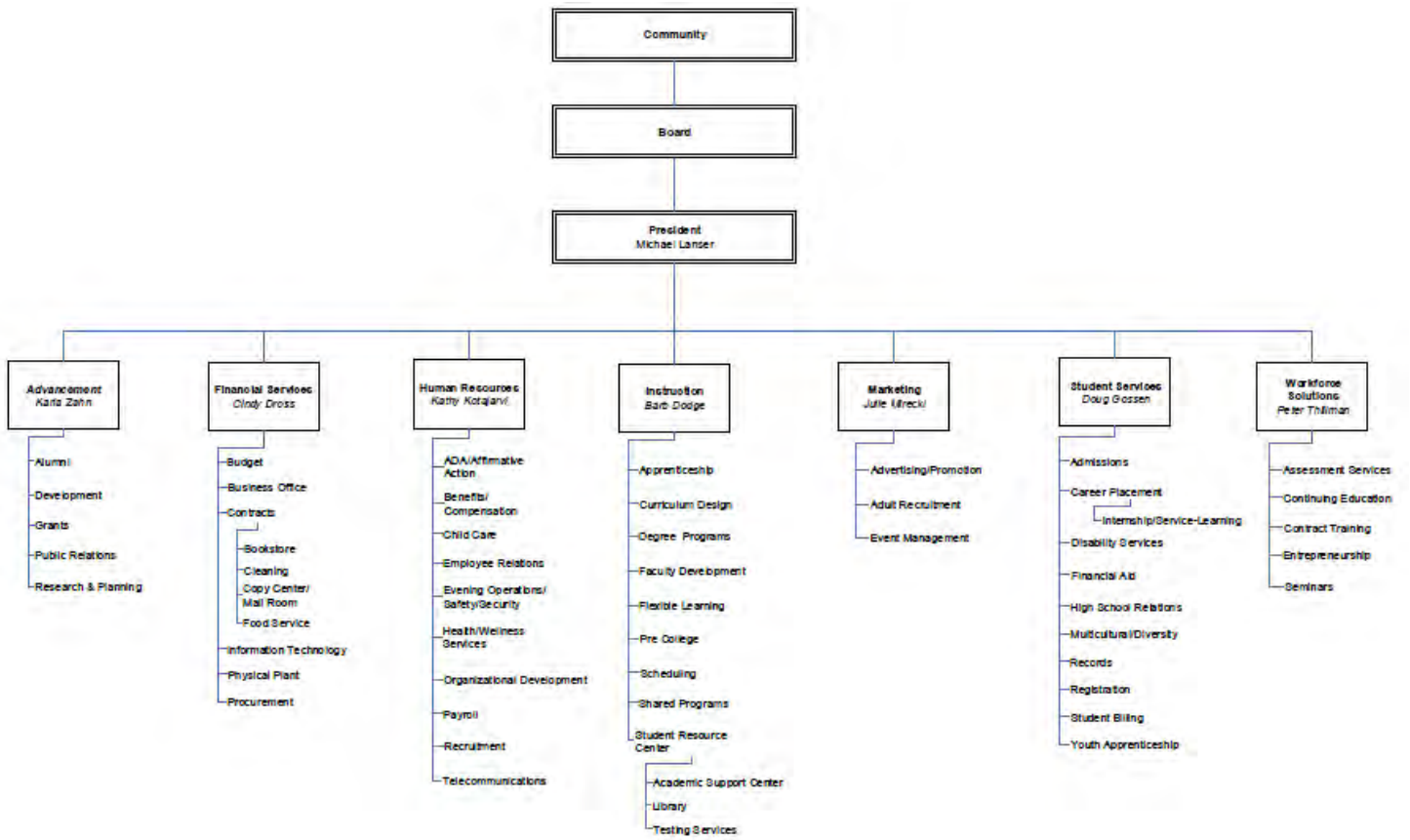
**Lakeshore Technical College District
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Lakeshore Technical College Organizational Chart

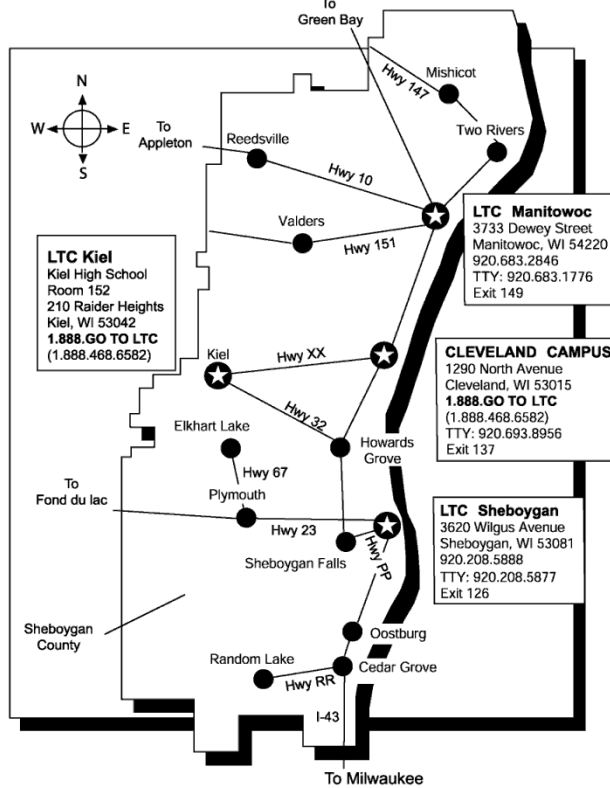


**Lakeshore Technical College
District Board**

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

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 (District) as of and for the years ended June 30, 2015 and 2014, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 audit 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, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules relating to pensions and other post-employment benefits on pages 17 - 29 and 63 - 65 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 opinions 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* 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 2, 2015, 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 2, 2015

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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.

LTC is affiliated with the Lakeshore Technical College Foundation, Inc. (Foundation), a not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of LTC and its students. The Foundation has been 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:

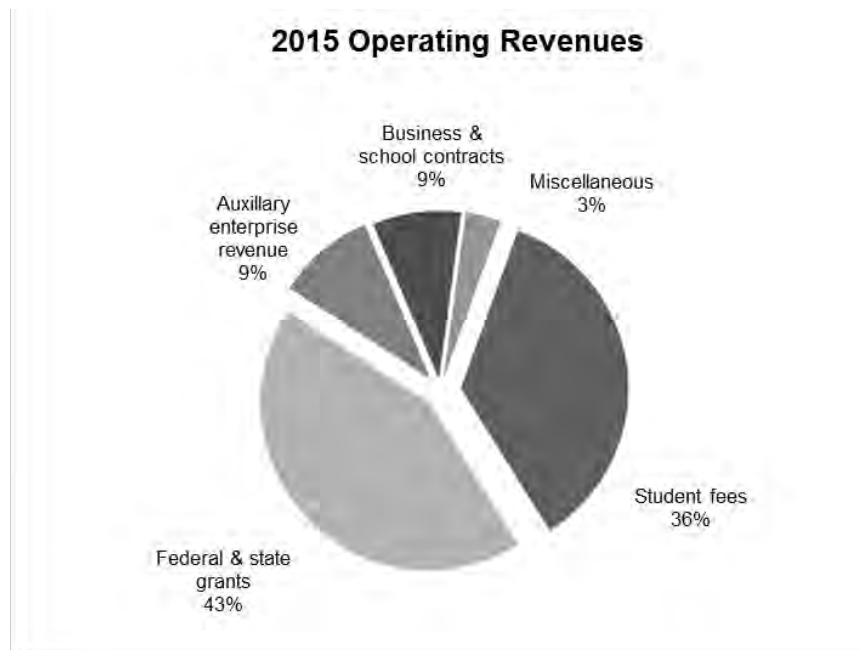
	2015	2014	Increase/(Decrease)		2013
			\$	%	
Operating Revenues					
Program fees	\$ 4,745,784	\$ 4,871,487	\$ (125,703)	-2.6%	\$ 5,212,340
Material fees	304,972	317,475	(12,503)	-3.9%	330,519
Other student fees	600,770	633,708	(32,938)	-5.2%	592,491
Federal grants	5,005,802	5,165,082	(159,280)	-3.1%	5,335,658
State grants	1,843,833	1,133,099	710,734	62.7%	1,309,717
Business & school contracts	1,362,252	1,303,938	58,314	4.5%	1,198,602
Auxiliary enterprise revenue	1,510,586	1,460,728	49,858	3.4%	1,156,000
Miscellaneous revenue	543,730	833,423	(289,693)	-34.8%	1,030,679
Total operating revenues	<u>15,917,729</u>	<u>15,718,940</u>	<u>198,789</u>	<u>1.3%</u>	<u>16,166,006</u>
Non-operating Revenues					
Property taxes	10,569,450	22,146,080	(11,576,630)	-52.3%	22,114,352
State operating appropriations	14,864,807	2,744,687	12,120,120	441.6%	2,916,657
Gain on sale of capital assets	40,692	0	40,692	0.0%	32,684
Interest income	122,796	177,832	(55,036)	-30.9%	199,221
Realized and unrealized gain (loss) on investments	<u>(70,502)</u>	<u>2,574</u>	<u>(73,076)</u>	<u>-2839.0%</u>	<u>(277,010)</u>
Total non-operating revenues	<u>25,527,243</u>	<u>25,071,173</u>	<u>456,070</u>	<u>1.8%</u>	<u>24,985,904</u>
Total revenues	<u>41,444,972</u>	<u>40,790,113</u>	<u>654,859</u>	<u>1.6%</u>	<u>41,151,910</u>
Operating Expenses					
Instruction	20,751,377	20,839,681	(88,304)	-0.4%	22,114,622
Instructional resources	1,297,936	1,178,019	119,917	10.2%	1,267,206
Student services	4,305,291	4,125,590	179,701	4.4%	3,377,376
General institutional	4,884,308	4,646,304	238,004	5.1%	4,524,899
Physical plant	2,893,973	3,418,572	(524,599)	-15.3%	2,777,227
Auxiliary enterprise services	1,410,472	1,639,328	(228,856)	-14.0%	1,476,354
Depreciation	3,756,610	3,221,118	535,492	16.6%	2,983,097
Student aid	2,238,847	2,303,114	(64,267)	-2.8%	2,706,886
Total operating expenses	<u>41,538,814</u>	<u>41,371,726</u>	<u>167,088</u>	<u>0.4%</u>	<u>41,227,667</u>
Non-operating Expenses					
Loss on sale of capital assets	0	25,175	(25,175)	-100.0%	0
Interest expense	712,620	543,016	169,604	31.2%	490,161
Total non-operating expenses	<u>712,620</u>	<u>568,191</u>	<u>144,429</u>	<u>25.4%</u>	<u>490,161</u>
Total expenses	<u>42,251,434</u>	<u>41,939,917</u>	<u>311,517</u>	<u>0.7%</u>	<u>41,717,828</u>
Change in net position before capital contributions	(806,462)	(1,149,804)	343,342	-29.9%	(565,918)
Contributions	0	1,570,000	(1,570,000)		700,000
Federal and state capital grants	382,701	215,347	167,354	77.7%	256,041
Change in net position after capital contributions	<u>(423,761)</u>	<u>635,543</u>	<u>\$(1,059,304)</u>	<u>-166.7%</u>	<u>390,123</u>
Net position - beginning of the year, as originally reported	17,312,268	16,676,725			16,301,652
Cumulative effect of change in accounting principle (Note 11)	<u>5,993,597</u>	<u>0</u>			<u>(15,050)</u>
Net position - beginning of the year, as restated	<u>23,305,865</u>	<u>16,676,725</u>			<u>16,301,652</u>
Net position - end of the year	<u>\$ 22,882,104</u>	<u>\$ 17,312,268</u>			<u>\$ 16,676,725</u>

Operating revenues are the charges for services offered by the College. During 2015, the College generated \$15.9 million of operating revenue. This is an increase of \$199,000 from 2014, or 1.3%, compared with a decrease of \$447,000, or 2.8% in 2013.

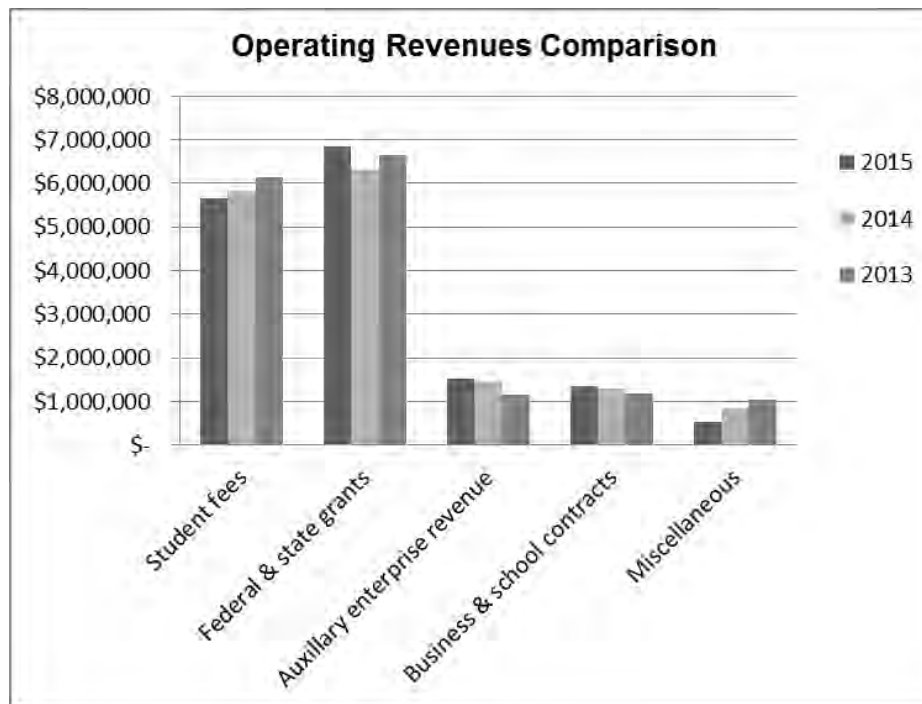
Significant changes in operating revenue for the years ended June 30, 2015 and 2014 are as follows:

- Program, material and other fees charged to students for attending courses decreased by \$171,000 or 3% in 2015 compared to a decrease of \$313,000, or 5% in 2014. LTC experienced a 5.5% decrease in student FTE's (full-time equivalent) for 2015 and a 6% decrease in 2014. 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. The state increased the program fee rates by 3% for 2015 and 4.5% for 2014 and 2013.
- Federal and state grants for specific purposes, including financial aid payments to students, totaled \$6.8 million for 2015, an increase of \$551,000, or 9%. State grant revenue increased \$711,000 due to an increase in general purpose revenue (GPR) grants and Wisconsin Fast Forward grants, while federal grant revenue decreased \$159,000 due to a decrease in Title III grant funding. In 2014, federal and state grant operating revenue was \$6.3 million, a decrease of \$347,000 or 5%. This decrease was due to a decrease in state grants for health care education and curriculum development, along with a decrease in federal PELL grant revenue.
- Auxiliary enterprise revenues, including revenues generated by the bookstore, food service, child care, culinary restaurant and other instructional related activities, increased \$50,000, or 3%, in 2015 while 2014 showed an increase of \$305,000 or 26%. The increase in 2015 is due to an increase in commissions and other miscellaneous revenue, while the increase in 2014 is due to increased instructional related revenue, shuttle revenue and other miscellaneous revenue.
- Contract revenues result from customized training to business and industry as well as local school districts. Contract revenues increased by \$58,000 or 4% in 2015 and increased \$105,000 or 9% in 2014. The increase in both years was due to an increase in high school contracts for dual enrollment courses.

The following is a graphical illustration of operating revenues by source for the fiscal year ended June 30, 2015.



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 \$25.5 million for 2015 and \$25.0 million for 2014 and 2013.

The most significant components of non-operating revenues for the years ended June 30, 2015 and 2014 include the following:

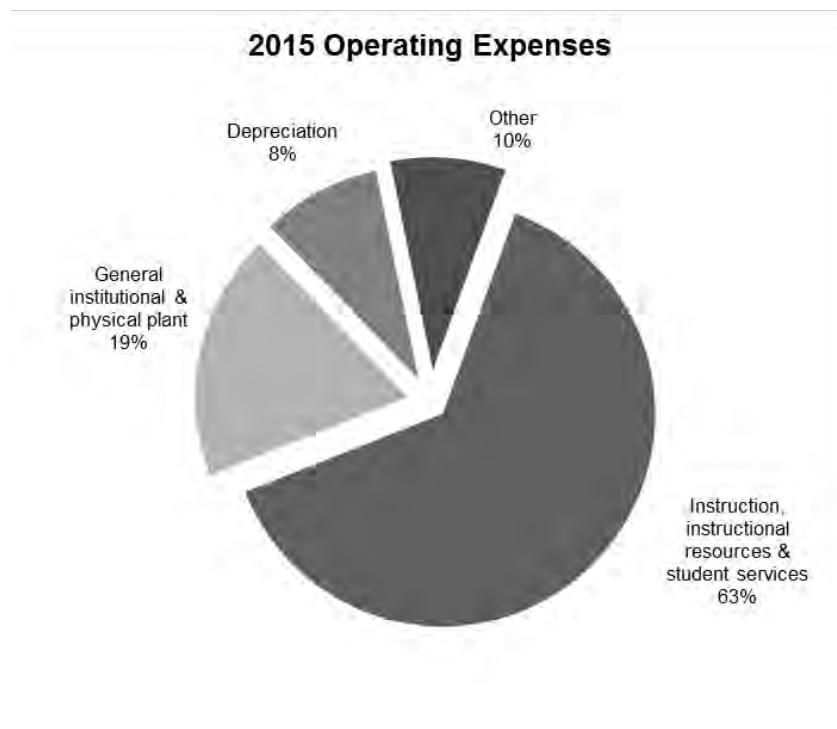
- Property taxes have historically been the biggest source of revenue for the College. In spring of 2014, Wisconsin Act 145 was enacted that allocated \$406 million in state revenue to the technical colleges for the purpose of reducing the operating tax levy. For the College, this amounted to \$11.8 million. Property tax revenue for the College for 2015 was \$10.6 million, compared with \$22.1 million for 2014, a decrease of \$11.6 million or 52%. In 2014, property tax revenue increased \$32,000, or 0.1%. Equalized values of property in the District increased by 0.4% from 2014.
- State operating appropriations, including the property tax relief aid, increased \$12.1 million or 442% in 2015 compared to a decrease of \$172,000 or 6% in 2014. General state aids increased \$463,000 or 22% in 2015 and decreased \$162,000 or 7% in 2014. Beginning in 2015, 10% 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. For the College, the outcome based aid amounted to \$393,000 in 2015. 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 decreased \$55,000 or 31% in 2015, compared with a decrease of \$21,000 or 11% in 2014. The weighted average interest rate on investments fell from 0.11% to 0.06%.
- For 2015, the realized and unrealized loss on investments was \$71,000. This compares to the realized and unrealized gain on investments of \$3,000 for 2014 and the realized and unrealized loss on investments of \$277,000 for 2013. The year over year fluctuation is largely due to changes in the fair value of bonds and bond mutual funds held. It is the intention of the College to hold its bonds to maturity and to keep its investment in the bond mutual funds until the fair value of the funds improve.

Operating expenses are costs related to offering the programs of the College. During 2015, operating expenses totaled approximately \$41.5 million. This represents an increase of \$167,000 or 0.4%, compared to an increase of \$144,000 or 0.3% in 2014. The majority of these expenses, about 65%, are for salary and benefits. Other major types of expenses include supplies, printing and minor equipment (7%), contract services (4%), student aid (5%) and depreciation (9%). Expenses such as travel, insurance, utilities and other expenses account for the remaining 10% of total operating expenses.

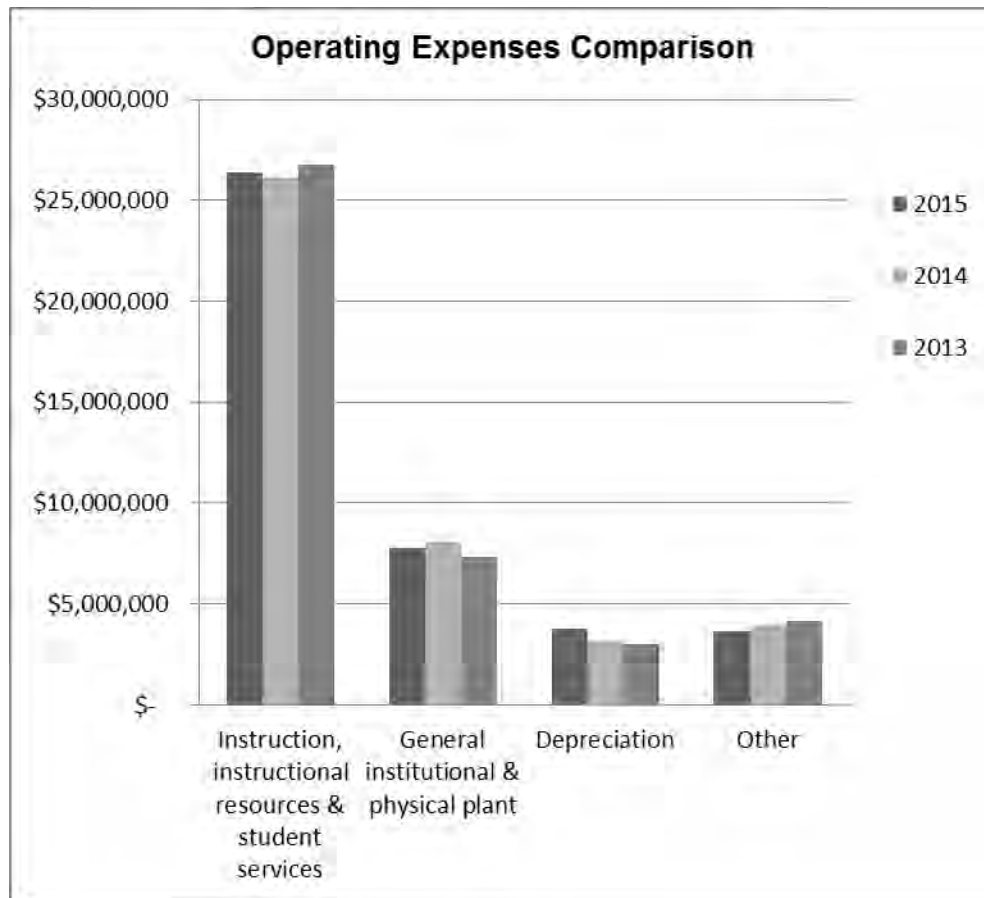
Significant changes in operating expenses for the years ended June 30, 2015 and 2014 are as follows:

- Direct costs (instruction, instructional resources and student services) increased \$211,000 or 0.8% in 2015 due to an increase in contracted services and maintenance contracts. In 2014, direct costs decreased \$616,000 or 2% due to a decrease in wages and benefits for summer school instruction and a decrease in minor equipment costs.
- General institutional and physical plant expenses decreased \$287,000 or 4% to \$7.8 million for 2015, compared to \$8.0 million in 2014 and \$7.3 million for 2013. The year-over-year fluctuations are largely due to purchases related to construction activity on campus.
- Auxiliary enterprise services expenses decreased \$229,000 or 14% in 2015 and increased \$163,000 or 11% in 2014. The decrease in 2015 was due to a decrease in contracted services and miscellaneous expenditures. The increase in 2014 was due to the outsourcing of a shuttle program for students and additional staffing for the Culinary Institute.
- Student aid decreased by \$64,000 or 3% in 2015 and decreased \$404,000 or 15% in 2014. The decrease in 2015 is due to a decrease in direct lending. The decrease in 2014 is due to decreases in both direct lending and PELL grants.

The following is a graphical illustration of operating expenses by function for the fiscal year ended June 30, 2015.



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 increased \$144,000 or 25% in 2015, compared to an increase of \$78,000 or 16% in 2014. Interest expense of \$713,000, \$543,000 and \$490,000 was the main component of non-operating expenses for 2015, 2014 and 2013, 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:

	2015	2014	Increase/(Decrease)		2013
			\$	%	
Cash flows from operating activities	\$ (21,615,714)	\$ (22,238,177)	\$ 622,463	2.8%	\$ (21,390,577)
Cash flows from non-capital financing activities	27,903,390	24,095,975	3,807,415	15.8%	24,241,989
Cash flows from capital & related financing activities	(2,678,896)	(3,271,846)	592,950	18.1%	(3,346,561)
Cash flows from investing activities	(4,760,552)	(3,695,621)	(1,064,931)	-28.8%	(838,450)
Net decrease in cash & cash equivalents	<u>\$ (1,151,772)</u>	<u>\$ (5,109,669)</u>	<u>\$ 3,957,897</u>	<u>77.5%</u>	<u>\$ (1,333,599)</u>

- **Cash flows from operating activities** increased \$622,000 or 3% in 2015, compared to a decrease of \$848,000 or 4% in 2014, due to the following:
 - ✓ Payments to employees of \$26.5 million in 2015, \$27.3 million in 2014, and \$27.2 million in 2013 made up the largest portion of the cash flows from operating activities. Salaries and wages for 2015 decreased \$444,000 or 2% due to changes in the calculation of certain faculty wages. Fringe benefit costs for active employees decreased \$33,000 or 0.4%. In addition, accrued wages and other postemployment benefits, net increased by \$126,000 and \$151,000, respectively.
 - ✓ Payments to suppliers for 2015 decreased \$102,000 or 0.9%, due to decreases in fiscal agent pass-through expenses. This compares to a decrease of \$65,000 or 0.6% in 2014 due to increases in supplies and contracted services.
 - ✓ Tuition and fees received from students for services were approximately \$5.6 million in 2015, \$5.7 million in 2014, and \$5.8 million in 2013. The year over year decreases are due to declining FTEs.
 - ✓ Federal and state grants received increased \$98,000 or 2% in 2015 due to the increase in state GPR and Fast Forward grants. This compares to a decrease of \$522,000 or 7% in 2014 due to fewer federal and state grants.
 - ✓ Auxiliary enterprise revenues received increased \$96,000 or 7% in 2015 mainly due to commission revenue. This compares with an increase of \$233,000 or 19% in 2014 due to revenue received from instructional related activities and the shuttle program.
 - ✓ Business, industry and school district contract revenues received increased \$94,000 or 7% for 2015 and increased \$240,000 or 22% for 2014. The increases are due to additional high school contracts.
- **Cash flows from non-capital financing activities** increased \$3.8 million or 16% in 2015 and decreased \$146,000 or 0.6% in 2014. These cash flows consist primarily of property taxes and state appropriations received. The increase year-over-year is due to the difference in the timing of the property tax relief aid payment and the final tax levy payment. 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. Cash flows from property taxes were \$13.8 million in 2015, \$22.1 million in 2014, and \$22.2 million in 2013. State appropriations were \$14.9 million in 2015, \$2.7 million in 2014 and \$2.9 million in 2013.

- **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 2015 there were cash outflows of \$2.7 million and for both 2014 and 2013 there were cash outflows of \$3.3 million.
- ✓ Debt proceeds were \$6.0 million in 2015, \$5.0 million in 2014, and \$3.0 million in 2013. Principal payments on capital debt were \$3.1 million in 2015 and \$2.9 million in 2014 and \$2.8 million in 2013.
- ✓ Purchases of capital assets for 2015 amounted to \$6.6 million, compared to \$6.5 million in 2014 and \$3.3 million in 2013. Major projects for 2015 include completing the remodeling and addition to the Nierode Building (\$1.2 million), HVAC replacement (\$233,000), restroom remodel (\$182,000), roof replacement (\$131,000), classroom and student areas improvements remodeling (\$404,000) and equipment purchases (\$3.1 million). Expenditures for 2014 include the remodeling and addition to the Plastics Engineering Manufacturing Building (\$3.2 million), starting the remodeling and addition to the Nierode Building (\$2.5 million), network upgrade (\$102,000) and air handling units (\$175,000).

LTC had a net decrease in total cash & investments of approximately \$1.2 million for 2015 compared to a net decrease of \$5.1 million for 2014 and a net decrease of \$1.3 million in 2013.

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:

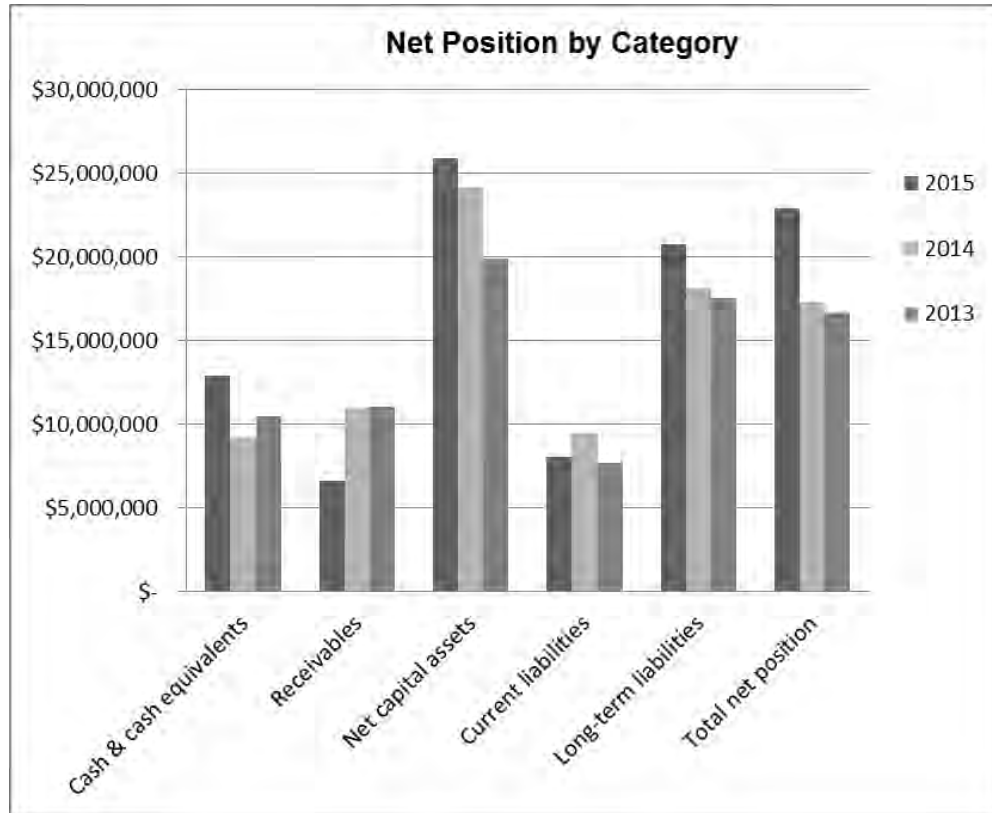
	2015	2014	Increase/(Decrease)		2013
			\$	%	
Assets					
Cash and investments	\$ 12,883,580	\$ 9,222,506	\$ 3,661,074	39.7%	\$ 10,456,148
Receivables	6,643,894	10,968,216	(4,324,322)	-39.4%	11,054,924
Net capital assets	25,899,216	24,169,638	1,729,578	7.2%	19,881,844
Other	3,592,332	552,990	3,039,342	549.6%	527,047
Total assets	49,019,022	44,913,350	4,105,672	9.1%	41,919,963
Deferred Outflows of Resources	2,721,220	0	2,721,220	0.0%	0
Liabilities					
Current liabilities	8,055,580	9,485,437	(1,429,857)	-15.1%	7,696,383
Non-current liabilities	20,771,971	18,115,645	2,656,326	14.7%	17,546,855
Total liabilities	28,827,551	27,601,082	1,226,469	4.4%	25,243,238
Deferred Inflows of Resources	30,587	0	30,587	0.0%	0
Net Position					
Net investment in capital assets	6,433,052	7,477,870	(1,044,818)	-14.0%	7,075,074
Restricted for pension benefits	6,004,387	0	6,004,387	0.0%	0
Restricted for capital projects	0	423,654	(423,654)	-100.0%	700,000
Restricted for debt service	1,041,755	786,782	254,973	32.4%	701,109
Unrestricted	9,402,910	8,623,962	778,948	9.0%	8,200,542
Total net position	\$ 22,882,104	\$ 17,312,268	\$ 5,569,836	32.2%	\$ 16,676,725

Total assets increased \$4.1 million or 9% in 2015 and increased \$3.0 million or 7% in 2014.

- Capital assets are the largest component of the College's assets. For 2015, net capital assets increased \$1.7 million or 7%, compared to an increase of \$4.3 million or 22% in 2014. During 2015 the College completed the addition and remodeling of the Nierode Building.
- Receivables include property taxes of \$2.8 million in 2015 and \$6.0 million in 2014 and 2013. Payment on the balance of property tax receivable is typically received by the end of August for that year. Other receivables for 2015 include \$2.9 million for accounts receivable and \$933,000 for federal and state receivables. Student accounts receivable (net of bad debt reserve) decreased during 2015 by approximately \$312,000, or 10%, and decreased by \$174,000, or 5%, in 2014. Federal and state aid receivable is up \$158,000, or 20%, for 2015, after decreasing by \$277,000, or 26%, in 2014.
- Other assets for 2015 of \$3.6 million, include the net pension asset of \$3.3 million, and increased \$3.0 million or 550%. In 2014, other assets increased \$26,000, or 5%.
- Cash and investments increased \$3.7 million in 2015 and decreased \$1.2 million in 2014. 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 decreased \$60,000 or 2% in 2015 and increased \$890,000 or 30% in 2014.
 - ✓ Unearned student fees decreased \$328,000 or 13% in 2015 due to decreased enrollments for summer and fall courses. This compares to a decrease of \$85,000, or 3%, in 2014. Other unearned revenue held steady at \$35,000, compared to a decrease of \$48,000 or 58% in 2014.
 - ✓ Accounts payable decreased \$1.2 million or 73% in 2015 and increased \$1.2 million or 249% in 2014. The year-over-year changes fluctuate with the scope and timing of construction projects that are in process as of year-end.
 - ✓ Accrued payroll increased \$126,000 or 32% in 2015 and decreased \$209,000 or 35% in 2014. The fluctuations are due to changes in wages and teacher hours for summer school.
- Long-term liabilities of \$20.8 million for 2015, \$18.1 million for 2014, and \$17.5 million for 2013 consist mainly of the long-term debt due after the next fiscal year. LTC issued \$6.0 million, \$5.0 million and \$3.0 million in debt in 2015, 2014 and 2013, 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 \$3.8 million in 2015 and \$3.7 million in 2014 and 2013.
- During 2015, net position increased \$5.6 million or 32%, including the change in account principle with the adoption of GASB Statement No. 68. In 2014, net position increased \$636,000 or 4%.
 - ✓ Net investment in capital assets decreased \$1.0 million or 14% in 2015. This compares to an increase of \$403,000 or 6% in 2014. Unexpended debt proceeds were \$4.3 million in 2015 and \$4.1 million in 2014. Purchase orders outstanding to be financed from unexpended debt proceeds amount to \$149,000 in 2015 and \$1.2 million in 2014.
 - ✓ Net position restricted for pension benefits of \$6.0 million as of June 30, 2015 represents the College's proportionate share of the collective net pension asset and deferred outflows and inflows of resources of the Wisconsin Retirement System.
 - ✓ Net position restricted for capital projects of \$424,000 as of June 30, 2014 consists of the unspent portion of a contribution from the Foundation.

- ✓ Net position restricted for debt service increased \$255,000 or 32% in 2015 and increased \$86,000 or 12% in 2014 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, 2015 was \$25,899,216 and as of June 30, 2014 and 2013 amounted to \$24,169,638 and \$19,881,844, respectively. This investment includes land, land improvements, buildings, building improvements, leasehold improvements and fixed and moveable equipment. The capital asset additions for 2015 were \$7.9 million and include \$1.2 million to complete the remodel and addition to the Nierode Building, \$2.5 million for equipment and technology replacement, \$404,000 for classroom and student area improvements, \$273,000 for HVAC upgrades, \$182,000 for restroom remodel, and \$131,000 for roof replacement. Capital asset additions totaled \$7.9 million and \$3.7 million for 2014 and 2013, respectively. During 2014, the College spent \$3.2 million and \$2.5 million for the addition and remodel of the Plastics Engineering Manufacturing Building and Nierode Building, respectively, \$1.3 million for equipment and technology replacement, \$109,000 for a network infrastructure upgrade, \$215,000 for HVAC upgrades, and \$113,000 for site improvements. 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, 2015, LTC had total general obligation debt outstanding of \$23,745,000, compared to \$21,580,000 as of the end of 2014 and \$20,255,000 at the end of 2013. 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 \$678,453,490 as of June 30, 2015. 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 an increase of \$5.6 million in its net position during the year ended June 30, 2015. This includes \$3.3 million for the net pension asset. Cash and investments as of June 30, 2015 remained strong at \$12.9 million compared to \$9.2 million as of June 30, 2014 and \$10.5 million as of June 30, 2013. Total liabilities were \$28.8 million in 2015, \$27.6 million in 2014, and \$25.2 million in 2013.

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 2015 and 54% for 2014 and 2013. During 2015, the College's tax levy decreased by 52.22%. However, the equalized value of property within the district increased by 0.4% resulting in a tax mill rate decrease of 52.42%. During 2014, the College increased its tax levy by 0.49%. However, the equalized value of property within the district decreased by 1.42% resulting in a tax mill rate increase of 1.94%.

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 has seen enrollment decreases of 5% and 6% in the past two years after a significant 19% increase to 2,660 FTEs during the recession peak in 2010. The College is striving to stabilize 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 2014-15 Biennial Budget Bill, replaced the previous freeze on the operating tax levy with a new restriction that limits operating levies at current year levels with two exceptions. First, 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. Districts may also capture net new growth even if doing so lifts the levy rate above the previous 1.5 mill rate cap. For the 2015 tax levy, the increase allowed due to net new construction for the District is 0.88161% and for the 2014 tax levy the allowed increase was 0.69536%. Second, 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 will increase by 10% each year to a maximum of 30%. For 2014-15, an additional \$5 million was allocated to the technical college system as general state aids.
- 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 the current 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, 2015 and 2014

	2015		2014	
	District	Foundation	District	Foundation
Assets				
Current Assets				
Cash & investments	\$7,447,556	\$108,015	\$3,589,353	\$63,981
Property taxes receivable	2,768,606	0	6,021,781	0
Accounts receivable, net of allowance of \$90,000	2,942,710	0	3,298,902	0
State aid receivable	645,471	0	544,000	0
Federal aid receivable	287,107	0	230,171	0
Unconditional promises to give	0	567,167	0	717,124
Other receivables	0	26,569	873,362	4,411
Inventories	46,301	16,675	49,183	3,165
Prepaid expenses	232,277	0	503,807	0
Total current assets	14,370,028	718,426	15,110,559	788,681
Non-current Assets				
Restricted cash & investments	\$5,436,024	\$533,314	\$5,633,153	\$196,420
Net pension asset	3,313,754	0	0	0
Unconditional promises to give	0	210,232	0	755,207
Investments	0	898,736	0	1,153,087
Land	50,000	71,000	50,000	71,000
Construction in progress	327,979	0	2,456,203	0
Other capital assets, net of depreciation	25,521,237	366,334	21,663,435	376,504
Total non-current assets	34,648,994	2,079,616	29,802,791	2,552,218
Total Assets	49,019,022	2,798,042	44,913,350	3,340,899
Deferred Outflows of Resources				
Deferred outflows related to pension	2,721,220	0	0	0
Liabilities				
Current liabilities				
Accounts payable	461,072	27,287	1,686,641	39,438
Accrued payroll	519,453	0	393,522	0
Payroll related liabilities	851,301	0	844,087	0
Accrued interest	210,632	3,575	190,761	4,142
Unearned student fees	2,171,922	0	2,499,949	0
Other unearned revenue	35,028	18,750	35,477	18,750
Contributions payable	0	0	0	873,362
Premium on debt issuance	31,172	0	0	0
Current portion of long-term liabilities	3,775,000	24,000	3,835,000	23,000
Total current liabilities	8,055,580	73,612	9,485,437	958,692
Non-current liabilities				
Other postemployment benefits, net	521,421	0	370,645	0
Premium on debt issuance	280,550	0	0	0
General obligation bonds and notes payable	19,970,000	120,196	17,745,000	144,095
Total non-current liabilities	20,771,971	120,196	18,115,645	144,095
Total Liabilities	28,827,551	193,808	27,601,082	1,102,787
Deferred Inflows of Resources				
Deferred inflows related to pension	30,587	0	0	0
Net Position				
Net investment in capital assets	6,433,052	293,138	7,477,870	280,409
Restricted for:				
Nonexpendable:				
Endowment	0	865,533	0	855,283
Expendable:				
Pension Plan	6,004,387	0	0	0
Capital projects	0	0	423,654	0
Debt service	1,041,755	0	786,782	0
Support of student scholarships	0	944,658	0	579,671
College program support	0	278,681	0	309,924
Unrestricted	9,402,910	222,224	8,623,962	212,825
Total Net Position	\$22,882,104	\$2,604,234	\$17,312,268	\$2,238,112

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, 2015 and 2014

	2015		2014	
	District	Foundation	District	Foundation
Operating Revenues				
Student program fees, net of scholarship allowances of \$1,076,358 and \$1,014,275	\$4,745,784	\$0	\$4,871,487	\$0
Student material fees, net of scholarship allowances of \$68,934 and \$66,202	304,972	0	317,475	0
Other student fees, net of scholarship allowances of \$136,234 and \$128,952	600,770	0	633,708	0
Federal grants	5,005,802	0	5,165,082	0
State grants	1,843,833	0	1,133,099	0
Business and industry contract revenue	1,360,124	0	1,297,391	0
School district contract revenue	2,128	0	6,547	0
Auxilliary enterprise revenues	1,510,586	0	1,460,728	0
Miscellaneous	543,730	0	833,423	0
Total operating revenues	15,917,729	0	15,718,940	0
Operating Expenses				
Instruction	20,751,377	0	20,839,681	0
Instructional resources	1,297,936	0	1,178,019	0
Student services	4,305,291	0	4,125,590	0
General institutional	4,884,308	94,978	4,646,304	71,484
Physical plant	2,893,973	0	3,418,572	0
Auxiliary enterprise services	1,410,472	0	1,639,328	0
Depreciation - unallocated	3,756,610	0	3,221,118	0
Student aid	2,238,847	0	2,303,114	0
College and student support	0	239,889	0	1,957,694
Total operating expenses	41,538,814	334,867	41,371,726	2,029,178
Operating loss	(25,621,085)	(334,867)	(25,652,786)	(2,029,178)
Non-operating Revenues (Expenses)				
Property taxes	10,569,450	0	22,146,080	0
State operating appropriations	14,864,807	0	2,744,687	0
Contributions	0	620,107	0	1,975,360
Rental income	0	45,000	0	45,000
Gain (loss) on sale of capital assets	40,692	0	(25,175)	0
Interest income, net of fees	122,796	48,946	177,832	9,849
Realized and unrealized gain (loss) on investments	(70,502)	(13,064)	2,574	95,159
Interest expense	(712,620)	0	(543,016)	0
Total non-operating revenues (expenses)	24,814,623	700,989	24,502,982	2,125,368
Change in net position before capital contributions	(806,462)	366,122	(1,149,804)	96,190
Contributions	0	0	1,570,000	0
State capital grant contributions	276,459	0	124,616	0
Federal capital grant contributions	106,242	0	90,731	0
Change in net position	(423,761)	366,122	635,543	96,190
Net position - beginning of the year, as originally reported	17,312,268	2,238,112	16,676,725	2,141,922
Cumulative effect of change in accounting principle (Note 11)	5,993,597	0	0	0
Net position - beginning of the year, as restated	23,305,865	2,238,112	16,676,725	2,141,922
Net position - end of the year	\$22,882,104	\$2,604,234	\$17,312,268	\$2,238,112

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, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Tuition and fees received	\$5,570,584	\$5,698,381
Federal and state grants received	6,677,271	6,579,680
Business, industry & school district contract revenues received	1,436,887	1,342,984
Payments to employees	(26,515,106)	(27,325,434)
Payments to suppliers	(10,873,689)	(10,772,182)
Auxiliary enterprise revenues received	1,530,501	1,434,117
Other receipts	557,838	804,277
	<u>(21,615,714)</u>	<u>(22,238,177)</u>
Net cash used for operating activities		
Cash flows from noncapital financing activities:		
Local property taxes received	13,822,625	22,137,225
State appropriations received	14,864,807	2,744,687
Principal paid on non-capital debt	(775,000)	(765,000)
Interest paid on non-capital debt	(9,042)	(20,937)
	<u>27,903,390</u>	<u>24,095,975</u>
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
State and federal appropriations received for capital assets	396,658	210,378
Contributions received for capital assets	873,362	1,396,638
Purchase of capital assets	(6,557,623)	(6,495,968)
Proceeds from sale of capital assets	40,692	26,431
Proceeds from issuance of capital debt	6,000,000	5,000,000
Premium on debt issued	342,894	0
Principal paid on capital debt	(3,060,000)	(2,910,000)
Interest paid on capital debt	(714,879)	(499,325)
	<u>(2,678,896)</u>	<u>(3,271,846)</u>
Net cash used for capital and related financing activities		
Cash flows from investing activities		
Investment income received	52,294	180,406
Change in long-term investments	(4,812,846)	(3,876,027)
	<u>(4,760,552)</u>	<u>(3,695,621)</u>
Net cash used for investing activities		
Net decrease in cash and cash equivalents	(1,151,772)	(5,109,669)
Cash and cash equivalents at beginning of year	4,017,960	9,127,629
Cash and cash equivalents at end of year	<u>\$2,866,188</u>	<u>\$4,017,960</u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and investments in current assets	\$7,447,556	\$3,589,353
Cash and investments in restricted assets	\$5,436,024	\$5,633,153
Less: Long-term investments	(10,017,392)	(5,204,546)
Cash and cash equivalents at end of year	<u>\$2,866,188</u>	<u>\$4,017,960</u>

(continued on following page)

LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS (continued) For the Years Ended June 30, 2015 and 2014

	2015	2014
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	(\$25,621,085)	(\$25,652,786)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	3,756,610	3,221,118
Changes in assets and liabilities:		
Decrease (increase):		
Accounts receivable	356,192	(7,605)
Federal and state aid receivable	(172,364)	281,499
Inventories	2,881	(659)
Prepaid expenses	271,530	(25,285)
Pension benefits	(10,790)	0
Increase (decrease):		
Accounts payable	(154,133)	139,159
Accrued payroll	125,931	(209,045)
Payroll related liabilities	7,214	15,035
Unearned student fees	(328,476)	(133,398)
Other post-employment benefits, net	150,776	133,790
Net cash used for operating activities	(\$21,615,714)	(\$22,238,177)

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

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.

The District is affiliated with the Lakeshore Technical College Foundation, Inc. (Foundation), a not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of LTC and its students. The Foundation has been reported as a discretely presented component unit in LTC'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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

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 amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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 are 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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

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, 2015, 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 0.69536%. For taxes levied during the fiscal year ending June 30, 2014, this limit was 0.74652%. For both years there was no cap on the debt service mill rate. During the fiscal years ended June 30, 2015 and 2014, the District levied and collected taxes as follows:

	2015			2014		
	Mill Rate	Levy Amount	% Change in Levy	Mill Rate	Levy Amount	% Change in Levy
Operating levy	\$0.44861	\$ 6,087,172	-65.88%	\$ 1.32014	\$ 17,841,000	0.73%
Debt service levy	0.33060	4,486,000	4.57%	0.31744	4,290,000	-0.49%
Total property tax levy	\$0.77921	\$ 10,573,172	-52.22%	\$ 1.63758	\$ 22,131,000	0.49%

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 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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

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 three 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, 2015 was \$373,000 compared with \$400,000 as of June 30, 2014.

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the net pension liability (asset), 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 \$400,225,000 per occurrence; general liability, auto, educators' legal liability and incidental medical malpractice (students in practicum) at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure 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, 2015 and 2014, the District paid insurance premiums of \$200,359 and \$175,478 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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

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 at \$5,000 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 \$4,398 and \$4,410 for the years ended June 30, 2015 and 2014, respectively, to the WTCS Insurance Trust.

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

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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. SUBSEQUENT EVENTS

On July 6, 2015, the District issued \$5 million of General Obligation Promissory Notes at an average interest rate of 2.06%. Proceeds of the notes are to be used for construction and remodeling projects, site improvements and equipment.

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:

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 2,880	\$ 2,880
Deposits with financial institutions	173,874	734,781
Investments		
Repurchase agreements	1,180,852	400,232
Wisconsin local government investment pool	514,367	368,868
Certificates of deposit	2,129,092	1,372,617
Money market mutual funds	643,468	19,721
Municipal bonds	882,623	1,433,770
Mutual funds	2,787,183	2,415,655
U.S. agency securities	<u>4,569,241</u>	<u>2,473,982</u>
Total cash and investments	<u>\$12,883,580</u>	<u>\$ 9,222,506</u>

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

	<u>2015</u>	<u>2014</u>
Cash and investments	\$ 7,447,556	\$ 3,589,353
Restricted cash and investments		
Capital Projects	4,499,585	4,941,752
Debt Service	<u>936,439</u>	<u>691,401</u>
Total cash and investments	<u>\$12,883,580</u>	<u>\$ 9,222,506</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2015 and 2014, none of the District's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized.

On June 30, 2015 and 2014, the District held repurchase agreement investments of \$1,180,852 and \$400,232, respectively. The underlying securities are held by the investment's counterparty, not in the name of the District.

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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 2 – CASH AND INVESTMENTS (continued)

2015										
	Amount	Exempt from		AAA	AA+	AA	AA-	A+	A	Not Rated
		Disclosure								
Certificates of deposit	\$ 2,129,092	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,129,092
Money market funds	643,468	0	0	0	0	0	0	0	0	643,468
Mutual funds	2,787,183	0	0	0	0	0	0	0	0	2,787,183
Municipal bonds	882,623	0	0	229,108	340,771	26,018	0	0	0	286,726
U.S. agency securities	4,569,241	0	0	4,569,241	0	0	0	0	0	0
Wisconsin local government investment pool	514,367	0	0	0	0	0	0	0	0	514,367
Repurchase agreements	1,180,852	0	0	0	0	0	0	0	0	1,180,852
	<u>\$ 12,706,826</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,798,349</u>	<u>\$ 340,771</u>	<u>\$ 26,018</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,541,688</u>

2014										
	Amount	Exempt from		AAA	AA+	AA	AA-	A+	A	Not Rated
		Disclosure								
Certificates of deposit	\$ 1,372,617	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,372,617
Money market funds	19,721	0	0	0	0	0	0	0	0	19,721
Mutual funds	2,415,655	0	0	0	0	0	0	0	0	2,415,655
Municipal bonds	1,433,770	0	0	531,848	593,352	26,940	226,760	54,870	0	0
U.S. agency securities	2,473,982	0	2,384,160	89,822	0	0	0	0	0	0
Wisconsin local government investment pool	368,868	0	0	0	0	0	0	0	0	368,868
Repurchase agreements	400,232	0	0	0	0	0	0	0	0	400,232
	<u>\$ 8,484,845</u>	<u>\$ 0</u>	<u>\$ 2,384,160</u>	<u>\$ 621,670</u>	<u>\$ 593,352</u>	<u>\$ 26,940</u>	<u>\$ 226,760</u>	<u>\$ 54,870</u>	<u>\$ 0</u>	<u>\$ 4,577,093</u>

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. As of June 30, 2015 and June 30, 2014, the District had no investments in any one issuer (excluding U.S. Treasury securities, mutual funds and external investment pools) that represent greater than 5% of the total investment portfolio.

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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 2 – CASH AND INVESTMENTS (continued)

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:

	2015				
	Fair Value	Investment Maturities (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Certificates of deposit	\$ 2,129,092	\$ 350,747	\$ 523,616	\$ 1,001,062	\$ 253,667
Money market funds	643,468	643,468	0	0	0
Mutual funds	2,787,183	0	488,388	44,577	2,254,218
Municipal bonds	882,623	0	26,018	627,497	229,108
U.S. agency securities	4,569,241	0	202,080	2,423,974	1,943,187
Wisconsin local government investment pool	514,367	514,367	0	0	0
Repurchase agreement	1,180,852	1,180,852	0	0	0
	<u>\$ 12,706,826</u>	<u>\$ 2,689,434</u>	<u>\$ 1,240,102</u>	<u>\$ 4,097,110</u>	<u>\$ 4,680,180</u>

	2014				
	Fair Value	Investment Maturities (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Certificates of deposit	\$ 1,372,617	\$ 0	\$ 350,628	\$ 771,749	\$ 250,240
Money market funds	19,721	19,721	0	0	0
Mutual funds	2,415,655	2,415,655	0	0	0
Municipal bonds	1,433,770	75,823	30,004	643,409	684,534
U.S. agency securities	2,473,982	0	0	1,994,059	479,923
Wisconsin local government investment pool	368,868	368,868	0	0	0
Repurchase agreement	400,232	400,232	0	0	0
	<u>\$ 8,484,845</u>	<u>\$ 3,280,299</u>	<u>\$ 380,632</u>	<u>\$ 3,409,217</u>	<u>\$ 1,414,697</u>

The District had realized losses on investments of \$11,850 for 2015 and \$226,256 for 2014. Unrealized losses on investments amounted to \$58,652 in 2015 and unrealized gains were \$228,830 for 2014. 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.

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$514,367 and \$368,868 as of June 30, 2015 and 2014, respectively. 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. The SIF report the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2015 and 2014, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2015:

	Balance 6/30/2014	Additions	Disposals	Balance 6/30/2015
Capital assets, not being depreciated				
Land	\$50,000	\$0	\$0	\$50,000
Construction in progress	2,456,203	327,979	(2,456,203)	327,979
Total cost of capital assets not being depreciated	<u>2,506,203</u>	<u>327,979</u>	<u>(2,456,203)</u>	<u>377,979</u>
Capital assets, being depreciated				
Site improvements	3,725,748	56,700	0	3,782,448
Buildings	15,125,132	1,465,181	0	16,590,313
Building improvements	16,058,178	2,970,402	0	19,028,580
Leasehold improvements	392,453	0	0	392,453
Equipment	25,030,225	3,122,128	(145,353)	28,007,000
Total cost of capital assets being depreciated	<u>60,331,736</u>	<u>7,614,411</u>	<u>(145,353)</u>	<u>67,800,794</u>
Less accumulated depreciation for:				
Site improvements	(1,923,231)	(157,133)	0	(2,080,364)
Buildings	(8,167,515)	(329,924)	0	(8,497,439)
Building improvements	(8,683,071)	(1,272,284)	0	(9,955,355)
Leasehold improvements	(90,448)	(30,149)	0	(120,597)
Equipment	(19,804,036)	(1,967,119)	145,353	(21,625,802)
Total	<u>(38,668,301)</u>	<u>(3,756,609)</u>	<u>145,353</u>	<u>(42,279,557)</u>
Total capital assets being depreciated, net	<u>21,663,435</u>	<u>3,857,802</u>	<u>0</u>	<u>25,521,237</u>
Total capital assets, net	<u>24,169,638</u>	<u>\$4,185,781</u>	<u>(\$2,456,203)</u>	<u>25,899,216</u>
Less general obligation debt, net of unspent proceeds	<u>16,691,768</u>			<u>19,466,164</u>
Net investment in capital assets	<u>\$7,477,870</u>			<u>\$6,433,052</u>

Construction in progress as of June 30, 2015 of \$328,000 included \$182,000 in costs incurred for a restroom remodeling project which was completed in August 2015, \$64,000 in costs incurred for the construction of the Physical Plant building which will be completed in January 2016 and \$30,000 for the remodeling of the Auto Collision program area which is to be completed in the spring of 2016. Depreciation commenced or will commence upon completion of the projects.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 3 – CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the year ended June 30, 2014:

	Balance 6/30/2013	Additions	Disposals	Balance 6/30/2014
Capital assets, not being depreciated				
Land	\$50,000	\$0	\$0	\$50,000
Construction in progress	384,623	2,456,203	(384,623)	2,456,203
Total cost of capital assets not being depreciated	<u>434,623</u>	<u>2,456,203</u>	<u>(384,623)</u>	<u>2,506,203</u>
Capital assets, being depreciated				
Site improvements	3,571,451	154,297	0	3,725,748
Buildings	12,794,739	2,330,393	0	15,125,132
Building improvements	14,464,949	1,593,229	0	16,058,178
Leasehold improvements	392,453	0	0	392,453
Equipment	24,135,989	1,411,019	(516,783)	25,030,225
Total cost of capital assets being depreciated	<u>55,359,581</u>	<u>5,488,938</u>	<u>(516,783)</u>	<u>60,331,736</u>
Less accumulated depreciation for:				
Site improvements	(1,765,726)	(157,505)	0	(1,923,231)
Buildings	(7,885,971)	(281,544)	0	(8,167,515)
Building improvements	(7,696,676)	(986,395)	0	(8,683,071)
Leasehold improvements	(60,299)	(30,149)	0	(90,448)
Equipment	(18,503,688)	(1,765,525)	465,177	(19,804,036)
Total	<u>(35,912,360)</u>	<u>(3,221,118)</u>	<u>465,177</u>	<u>(38,668,301)</u>
Total capital assets being depreciated, net	<u>19,447,221</u>	<u>2,267,820</u>	<u>(51,606)</u>	<u>21,663,435</u>
Total capital assets, net	<u>19,881,844</u>	<u>\$4,724,023</u>	<u>(\$436,229)</u>	<u>24,169,638</u>
Less general obligation debt, net of unspent proceeds	<u>12,806,770</u>			<u>16,691,768</u>
Net investment in capital assets	<u>\$7,075,074</u>			<u>\$7,477,870</u>

Construction in progress as of June 30, 2014 of \$2.5 million included costs incurred for the addition and remodeling of the Nierode Building which was completed in October 2014 at a total cost of \$3.3 million. Depreciation commenced upon completion of the projects.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

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, 2015 are as follows:

Description	6/30/2014 Balance	Additions	Payments	6/30/2015 Balance	Due within one year
Promissory Notes of April 2005 at 4.625%	155,000	0	155,000	0	0
Promissory Notes of April 2005 at 3.513%	350,000	0	350,000	0	0
Promissory Notes of February 2007 at 3.99%	780,000	0	260,000	520,000	260,000
Promissory Notes of July 2007 at 4.5%	345,000	0	110,000	235,000	115,000
Promissory Notes of June 2008 at 3.55%	880,000	0	220,000	660,000	220,000
Promissory Notes of June 2009 at 3.28%	1,175,000	0	220,000	955,000	225,000
Promissory Notes of June 2010 at 2.93%	2,945,000	0	455,000	2,490,000	470,000
Promissory Notes of May 2011 at 2.92%	2,905,000	0	380,000	2,525,000	390,000
Promissory Notes of April 2012 at 2.22%	4,300,000	0	100,000	4,200,000	605,000
Refunding Bond of April 2012 at .77%	620,000	0	620,000	0	0
Promissory Notes of May 2013 at 2%	2,855,000	0	250,000	2,605,000	305,000
Promissory Notes of September 2013 at 2.53%	4,270,000	0	715,000	3,555,000	595,000
Promissory Notes of September 2014 at 2%	0	6,000,000	0	6,000,000	590,000
Total	<u>\$21,580,000</u>	<u>\$6,000,000</u>	<u>\$3,835,000</u>	<u>\$23,745,000</u>	<u>\$3,775,000</u>

Interest paid on long-term obligations totaled \$651,171 for the year ended June 30, 2015.

The changes in long-term liabilities for the year ended June 30, 2014 are as follows:

Description	6/30/2013 Balance	Additions	Payments	6/30/2014 Balance	Due within one year
Promissory Notes of April 2005 at 4.625%	300,000	0	145,000	155,000	155,000
Promissory Notes of April 2005 at 3.513%	665,000	0	315,000	350,000	350,000
Promissory Notes of February 2007 at 3.99%	1,040,000	0	260,000	780,000	260,000
Promissory Notes of July 2007 at 4.5%	450,000	0	105,000	345,000	110,000
Promissory Notes of June 2008 at 3.55%	1,100,000	0	220,000	880,000	220,000
Promissory Notes of June 2009 at 3.28%	1,390,000	0	215,000	1,175,000	220,000
Promissory Notes of June 2010 at 2.93%	3,390,000	0	445,000	2,945,000	455,000
Promissory Notes of May 2011 at 2.92%	3,280,000	0	375,000	2,905,000	380,000
Promissory Notes of April 2012 at 2.22%	4,400,000	0	100,000	4,300,000	100,000
Refunding Bond of April 2012 at .77%	1,240,000	0	620,000	620,000	620,000
Promissory Notes of May 2013 at 2%	3,000,000	0	145,000	2,855,000	250,000
Promissory Notes of September 2013 at 2.53%	0	5,000,000	730,000	4,270,000	715,000
Total	<u>\$20,255,000</u>	<u>\$5,000,000</u>	<u>\$3,675,000</u>	<u>\$21,580,000</u>	<u>\$3,835,000</u>

Interest paid on long-term obligations totaled \$578,446 for the year ended June 30, 2014.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 4 – LONG TERM OBLIGATIONS (continued)

General obligation debt consisted of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
2005 \$1,000,000 promissory notes issued April, 2005 at an average rate of 4.625% to finance the repayment of the WRS unfunded pension liability. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2015. The notes are payable to Depository Trust Company.	0	155,000
2005 \$2,000,000 promissory notes issued April 2005 at an average rate of 3.513% to finance remodeling and the addition to the Public Safety building. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2015. The notes are payable to Depository Trust Company.	0	350,000
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.	520,000	780,000
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.	235,000	345,000
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.	660,000	880,000
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.	955,000	1,175,000
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.	2,490,000	2,945,000

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 4 – LONG TERM OBLIGATIONS (continued)

	<u>2015</u>	<u>2014</u>
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.	2,525,000	2,905,000
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.	4,200,000	4,300,000
2012 \$1,990,000 refunding bonds issued April 2012 at an average rate of 0.77% to refinance the State Trust Fund loans of 2005. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2015. The bonds are payable to Depository Trust Company.	0	620,000
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.	2,605,000	2,855,000
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.	3,555,000	4,270,000
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.	<u>6,000,000</u>	<u>0</u>
Total	<u>\$23,745,000</u>	<u>\$21,580,000</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 4 – LONG TERM OBLIGATIONS (continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015-16	\$3,775,000	\$631,895	\$4,406,895
2016-17	3,865,000	535,008	4,400,008
2017-18	3,590,000	432,783	4,022,783
2018-19	3,060,000	342,570	3,402,570
2019-20	2,880,000	263,878	3,143,878
2020-24	<u>6,575,000</u>	<u>413,260</u>	<u>6,988,260</u>
Total	<u>\$23,745,000</u>	<u>\$2,619,394</u>	<u>\$26,364,394</u>

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 \$678,453,490 as of June 30, 2015 and the District's outstanding general obligation debt (net of \$1,041,755 available to pay principal and interest) was \$22,703,245. For June 30, 2014, this limit was \$675,722,701 and the District's outstanding general obligation debt (net of \$786,782 of available funds) was \$20,793,218. 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 \$271,381,396 as of June 30, 2015, and the District had no outstanding bonds. For June 30, 2014 this limit was \$270,289,080 and the District had outstanding bonds of \$620,000.

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.

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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8%	3%
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%

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. 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 \$1,250,036 and \$1,246,384 for the years ended June 30, 2015 and 2014, respectively.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 5 – RETIREMENT PLAN (continued)

Contribution rates as of June 30, 2015 are:

Employee Category	2015		2014	
	Employee	Employer	Employee	Employer
General (including teachers)	6.8%	6.8%	7.0%	7.0%
Executives & Elected Officials	7.7%	7.7%	7.75%	7.75%
Protective with Social Security	6.8%	9.5%	7.0%	10.10%
Protective without Social Security	6.8%	13.1%	7.0%	13.7%

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

At June 30, 2015 and 2014, the College reported an asset of \$3,313,754 and \$5,321,421, respectively, for its proportionate share of the WRS net pension asset. The WRS net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 asset was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the College's proportion was 0.13490981%, which was a decrease of 0.00006605% from its proportion measured as of December 31, 2013.

For the years ended June 30, 2015 and 2014, the College recognized pension expense of \$1,233,691 and \$1,283,351, respectively.

At June 30, 2015, 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	\$480,391	\$0
Net differences between projected and actual earnings on pension plan investments	\$1,604,680	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$0	\$30,587
Employer contributions subsequent to the measurement date	\$636,149	\$0
Total	\$2,721,220	\$30,587

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 5 – RETIREMENT PLAN (continued)

\$636,149 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 (asset) in the year ended June 30, 2016. 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
2015	\$475,826	\$6,980
2016	\$475,826	\$6,980
2017	\$475,826	\$6,980
2018	\$475,826	\$6,980
2019	\$181,767	\$2,667

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2013
Measurement Date of Net Pension Asset	December 31, 2014
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% - 5.8%
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 2012 using experience from 2009-2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 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:

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 5 – RETIREMENT PLAN (continued)

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

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 3.56%. 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 (asset) to changes in the discount rate. The following presents the College's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the College's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 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)	\$9,348,671	(\$3,313,754)	(\$13,314,025)

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to Pension Plan

The College reported a payable to the pension plan as of June 30, 2015 and 2014 in the amount of \$210,000 and \$203,000, respectively, for its share and the employees' share of the June 2015 and 2014 legally required contributions to the plan. This amount is included in payroll related liabilities on the Statements of Net Position.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

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, 2014, the most recent actuarial valuation, was:

Active	255
Retirees	37
Surviving spouses	0
Total participants	292

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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

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.

	2015	2014
Annual required contribution	\$601,583	\$616,148
Interest on net OPEB obligation	14,826	9,474
Adjustments to annual required contribution	(21,434)	(13,697)
Annual OPEB cost (expense)	594,975	611,925
Contributions made	444,199	478,135
Change in net OPEB obligation	150,776	133,790
Net OPEB obligation – beginning of year	370,645	236,855
Net OPEB obligation – end of year	\$521,421	\$370,645

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
6/30/2015	\$594,975	75%	\$521,421
6/30/2014	\$611,925	78%	\$370,645
6/30/2013	\$614,020	84%	\$236,855

Funded Status and Funding Progress

The funded status as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$6,072,632
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	\$6,072,632
Funded rate (actuarial value of plan assets/AAL)	0%
Covered payroll (annual for active plan members)	\$17,725,505
UAAL as a percentage of covered payroll	34%

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

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, 2014 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 3%, a 4% investment rate of return and a salary scale of 5% 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 6% after ten years.

<u>Year</u>	<u>Medical</u>		<u>Dental</u>	<u>Long-Term</u>
	<u>Under 65</u>	<u>Over 65</u>	<u>All Ages</u>	<u>Care</u> <u>All Ages</u>
0-1	10%	8%	6%	5%
2-4	9%	8%	6%	5%
5-7	8%	8%	6%	5%
8-10	7%	7%	6%	5%
11+	6%	6%	6%	5%

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, 2015 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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 7 – OPERATING LEASES

Operating Lease – Lessee

The District leases property and equipment under operating leases. Following is a schedule by years of future minimum rental payments required under the operating leases as of June 30, 2015:

Year ending June 30,	Amount
2016	\$ 530,229
2017	456,842
2018	395,000
2019	45,000
2020	45,000
2021	18,750
Total	<u>\$ 1,490,821</u>

Rent expenditures under all operating leases amounted to approximately \$534,264 and \$556,538 for the years ended June 30, 2015 and 2014, respectively.

Operating Lease – Lessor

The District is the lessor of excess capacity on its educational broadband services channels under an operating lease expiring in 2017, renewable for 2 additional ten-year terms. Minimum future rentals to be received under the non-cancellable leases at June 30, 2015 for each of the next two years are as follows:

Year ending June 30,	Agreement	Service Credits to Cash	Total
2016	184,350	11,400	195,750
2017	190,802	11,400	202,202
Total	<u>\$375,152</u>	<u>\$22,800</u>	<u>\$397,952</u>

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 \$189,515 and \$183,491 for the years ended June 30, 2015 and 2014, respectively.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2015 and 2014

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, 2015 and 2014:

	2015	2014
Salaries and wages	\$19,449,120	\$19,893,584
Fringe benefits	7,339,117	7,371,627
Travel, memberships and subscriptions	800,691	697,245
Supplies, printing and minor equipment	2,893,231	2,776,362
Contract services	1,808,758	1,554,353
Rentals	536,712	563,852
Repairs and maintenance	74,597	96,227
Insurance	215,355	201,263
Utilities	646,267	687,433
Depreciation	3,756,610	3,221,118
Resale	52,329	101,912
Student aid	2,238,847	2,303,114
Fiscal agent pass-throughs	541,533	866,450
Other	1,185,647	1,037,186
Total operating expenses	<u>\$41,538,814</u>	<u>\$41,371,726</u>

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 \$46,466 and \$41,004 for the years ended June 30, 2015 and 2014, respectively, in the general fund. LTC's investment in capital assets was \$115,357 and \$108,155 as of June 30, 2015 and 2014, 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, 2015. 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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

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 \$461,480 and \$441,266 for the years ended June 30, 2015 and 2014, respectively, in the general fund. LTC's share of the capital costs for the year ended June 30, 2015 and 2014 were \$41,706 and \$51,108, 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 – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The District has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. Financial statements for the year ended June 30, 2014, have not been restated. The cumulative effect of this change was to increase the June 30, 2015 net position by \$5,993,597.

NOTE 12 – RELATED PARTY

The Foundation pledged a contribution to the College in the amount of \$1,570,000 for the addition to the Nierode Building during the year ended June 30, 2014 and pledged a contribution in the amount of \$700,000 for the addition to the Plastics Engineering Manufacturing Building during the year ended June 30, 2013. The balance of pledges are recognized as a current receivable in the Statements of Net Position and as a capital contribution in the Statements of Revenues, Expenses, and Changes in Net Position. During the year ended June 30, 2014, \$1,396,638 was paid to the College. The remaining balance was paid to the College during the year ended June 30, 2015.

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, 2015

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

	2015
Employer's proportion of the collective net pension liability (asset)	0.13490981%
Employer's proportionate share of the collective net pension liability (asset)	(\$3,313,754)
Employer's covered-employee payroll	\$18,257,138
Employer's proportionate share of the collective net pension liability (asset) as a percentage of covered employee payroll	(18.15%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective pension liability.

Schedule of Employer Contributions*

	2015
Contractually required contributions	\$ 1,246,789
Contributions in relation to the contractually required contributions	(1,246,789)
Contribution deficiency (excess)	\$ 0
Employer's covered-employee payroll	\$18,078,366
Contributions as a percentage of covered employee payroll	6.9%

*The amounts presented for each fiscal year were determined as of the employer's fiscal year-end.

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, 2015

Schedule of Employer Contributions

Year Ended June 30,	Employer Contributions	Annual Required Contribution	Percentage of ARC Contributed	Net OPEB Liability
2013	\$ 513,528	\$ 616,148	83%	\$ 236,855
2014	\$ 478,135	\$ 616,148	78%	\$ 370,645
2015	\$ 444,199	\$ 601,583	74%	\$ 521,421

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)
6/30/2010	\$ -	\$ 5,904,345	\$ 5,904,345	0%	\$17,138,894	34%
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%

See Notes to Required Supplementary Information.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the fiscal year ended June 30, 2015

- (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.* There have been no changes in actuarial assumptions that have a significant impact on the amounts presented in the schedule of funding progress for one year compared to the information presented in prior years.
- (3) Governmental Accounting Standards Board Statement Nos. 68 and 71
 - a. The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. Information for prior years is not available.

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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, 2015

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	\$4,605,000	\$4,831,000	\$4,827,450	\$0	\$4,827,450	(\$3,550)
Property tax relief aid	12,110,000	11,878,000	11,877,887	0	11,877,887	(113)
State aids	3,857,000	3,857,000	3,243,294	0	3,243,294	(613,706)
Program fees	6,120,000	6,120,000	5,825,036	0	5,825,036	(294,964)
Material fees	390,000	390,000	373,056	0	373,056	(16,944)
Other student fees	470,000	470,000	419,054	0	419,054	(50,946)
Institutional revenue	600,000	600,000	291,375	0	291,375	(308,625)
Federal revenue	373,000	373,000	470,072	0	470,072	97,072
Total Revenues	<u>28,525,000</u>	<u>28,519,000</u>	<u>27,327,224</u>	<u>0</u>	<u>27,327,224</u>	<u>(1,191,776)</u>
Expenditures						
Instruction	17,230,000	17,224,000	15,942,533	(1,321)	15,941,212	1,282,788
Instructional resources	1,193,000	1,193,000	1,184,538	0	1,184,538	8,462
Student services	3,311,000	3,311,000	3,109,813	0	3,109,813	201,187
General institutional	4,723,000	4,723,000	4,648,920	0	4,648,920	74,080
Physical plant	2,068,000	2,068,000	1,988,330	0	1,988,330	79,670
Total Expenditures	<u>28,525,000</u>	<u>28,519,000</u>	<u>26,874,134</u>	<u>(1,321)</u>	<u>26,872,813</u>	<u>1,646,187</u>
Revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>453,090</u>	<u>1,321</u>	<u>454,411</u>	<u>454,411</u>
Other financing uses:						
Operating transfers out	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>	<u>(100,000)</u>	<u>0</u>
Total other financing uses	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>	<u>(100,000)</u>	<u>0</u>
Revenues over (under) expenditures and other financing uses	<u>\$0</u>	<u>(\$100,000)</u>	<u>353,090</u>	<u>1,321</u>	<u>354,411</u>	<u>\$454,411</u>
Fund balance at beginning of year			<u>8,224,735</u>	<u>(5,875)</u>	<u>8,218,860</u>	
Fund balance at end of year			<u>\$8,577,825</u>	<u>(\$4,554)</u>	<u>\$8,573,271</u>	

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, 2015

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	\$1,256,000	\$1,256,000	\$1,256,000	\$0	\$1,256,000	\$0
State aids	1,054,000	1,054,000	1,128,719	0	1,128,719	74,719
Other student fees	30,000	30,000	18,865	0	18,865	(11,135)
Institutional revenue	1,337,000	1,337,000	1,406,942	0	1,406,942	69,942
Federal revenue	1,157,000	1,157,000	933,757	0	933,757	(223,243)
Total Revenues	4,834,000	4,834,000	4,744,283	0	4,744,283	(89,717)
Expenditures						
Instruction	3,764,000	3,764,000	3,672,455	0	3,672,455	91,545
Student services	720,000	720,000	717,793	0	717,793	2,207
Physical plant	350,000	350,000	350,000	0	350,000	0
Total Expenditures	4,834,000	4,834,000	4,740,248	0	4,740,248	93,752
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	4,035	0	4,035	<u>\$4,035</u>
Fund balance at beginning of year			31,001	0	31,001	
Fund balance at end of year			<u>\$35,036</u>	<u>\$0</u>	<u>\$35,036</u>	

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, 2015

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
State aids	\$400,000	\$459,000	\$458,740	\$0	\$458,740	(\$260)
Other student fees	300,000	300,000	299,353	0	299,353	(647)
Institutional revenue	146,000	214,000	213,243	0	213,243	(757)
Federal revenue	3,616,000	3,629,000	3,601,973	0	3,601,973	(27,027)
Total Revenues	<u>4,462,000</u>	<u>4,602,000</u>	<u>4,573,309</u>	<u>0</u>	<u>4,573,309</u>	<u>(28,691)</u>
Expenditures						
Instruction	600,000	600,000	541,533	0	541,533	58,467
Student services	3,862,000	4,002,000	4,001,638	0	4,001,638	362
Total Expenditures	<u>4,462,000</u>	<u>4,602,000</u>	<u>4,543,171</u>	<u>0</u>	<u>4,543,171</u>	<u>58,829</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>30,138</u>	<u>0</u>	<u>30,138</u>	<u>\$30,138</u>
Fund balance at beginning of year			<u>339,802</u>	<u>0</u>	<u>339,802</u>	
Fund balance at end of year			<u>\$369,940</u>	<u>\$0</u>	<u>\$369,940</u>	

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, 2015

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
State aids	\$288,000	\$288,000	\$276,459	\$0	\$276,459	(\$11,541)
Institutional revenue	1,310,000	1,310,000	587,983	0	587,983	(722,017)
Federal revenue	52,000	52,000	106,242	0	106,242	54,242
Total Revenues	<u>1,650,000</u>	<u>1,650,000</u>	<u>970,684</u>	<u>0</u>	<u>970,684</u>	<u>(679,316)</u>
Expenditures						
Capital Outlay						
Instruction	2,308,000	2,308,000	2,638,205	(518,045)	2,120,160	187,840
Instructional resources	619,000	619,000	617,287	0	617,287	1,713
Student services	5,000	5,000	2,079	0	2,079	2,921
General institutional	685,000	685,000	524,435	0	524,435	160,565
Physical plant	3,133,000	3,133,000	3,023,074	(566,624)	2,456,450	676,550
Total Expenditures	<u>6,750,000</u>	<u>6,750,000</u>	<u>6,805,080</u>	<u>(1,084,669)</u>	<u>5,720,411</u>	<u>1,029,589</u>
Revenues over (under) expenditures	<u>(5,100,000)</u>	<u>(5,100,000)</u>	<u>(5,834,396)</u>	<u>1,084,669</u>	<u>(4,749,727)</u>	<u>350,273</u>
Other financing sources:						
Proceeds from debt	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>0</u>	<u>6,000,000</u>	<u>0</u>
Total other financing sources	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>0</u>	<u>6,000,000</u>	<u>0</u>
Revenues and other financing sources over (under) expenditures	<u><u>\$900,000</u></u>	<u><u>\$900,000</u></u>	<u><u>165,604</u></u>	<u><u>1,084,669</u></u>	<u><u>1,250,273</u></u>	<u><u>\$350,273</u></u>
Fund balance at beginning of year			<u>4,113,232</u>	<u>(1,228,763)</u>	<u>2,884,469</u>	
Fund balance at end of year			<u><u>\$4,278,836</u></u>	<u><u>(\$144,094)</u></u>	<u><u>\$4,134,742</u></u>	

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, 2015

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	\$4,486,000	\$4,486,000	\$4,486,000	\$0	\$4,486,000	\$0
Institutional revenue	5,000	5,000	4,871	0	4,871	(129)
Total Revenues	<u>4,491,000</u>	<u>4,491,000</u>	<u>4,490,871</u>	<u>0</u>	<u>4,490,871</u>	<u>(129)</u>
Expenditures						
Physical plant	4,497,000	4,560,000	4,558,922	0	4,558,922	1,078
Total Expenditures	<u>4,497,000</u>	<u>4,560,000</u>	<u>4,558,922</u>	<u>0</u>	<u>4,558,922</u>	<u>1,078</u>
Revenues over (under) expenditures	(6,000)	(69,000)	(68,051)	0	(68,051)	949
Other financing sources:						
Proceeds from debt premium	0	343,000	342,894	0	342,894	(106)
Total other financing sources	<u>0</u>	<u>343,000</u>	<u>342,894</u>	<u>0</u>	<u>342,894</u>	<u>(106)</u>
Revenues and other financing sources over (under) expenditures	<u>(\$6,000)</u>	<u>\$274,000</u>	<u>274,843</u>	<u>0</u>	<u>274,843</u>	<u>\$843</u>
Fund balance at beginning of year			<u>977,543</u>	<u>0</u>	<u>977,543</u>	
Fund balance at end of year			<u>\$1,252,386</u>	<u>\$0</u>	<u>\$1,252,386</u>	

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 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, 2015

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Institutional revenue	\$1,500,000	\$1,500,000	\$1,510,586	\$0	\$1,510,586	\$10,586
Total Revenues	1,500,000	1,500,000	1,510,586	0	1,510,586	10,586
Expenses						
Auxiliary services	1,500,000	1,500,000	1,481,369	0	1,481,369	18,631
Total Expenses	1,500,000	1,500,000	1,481,369	0	1,481,369	18,631
Revenues over (under) expenses	0	0	29,217	0	29,217	29,217
Other financing sources:						
Operating transfers in	0	100,000	100,000	0	100,000	0
Total other financing sources	0	100,000	100,000	0	100,000	0
Revenues and other financing sources over (under) expenses	<u>\$0</u>	<u>\$100,000</u>	129,217	0	129,217	<u>\$29,217</u>
Net position at beginning of year			1,564,758	0	1,564,758	
Net position at end of year			<u>\$1,693,975</u>	<u>\$0</u>	<u>\$1,693,975</u>	

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 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on a GAAP Basis</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actuals on a Budgetary Basis</u>	<u>Variance</u>
Revenues						
Institutional revenue	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$246,013</u>	<u>\$0</u>	<u>\$246,013</u>	<u>(\$53,987)</u>
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>246,013</u>	<u>0</u>	<u>246,013</u>	<u>(53,987)</u>
Expenses						
Auxiliary services	<u>300,000</u>	<u>300,000</u>	<u>227,435</u>	<u>0</u>	<u>227,435</u>	<u>72,565</u>
Total Expenses	<u>300,000</u>	<u>300,000</u>	<u>227,435</u>	<u>0</u>	<u>227,435</u>	<u>72,565</u>
Revenues over (under) expenses	<u>\$0</u>	<u>\$0</u>	<u>18,578</u>	<u>0</u>	<u>18,578</u>	<u>\$18,578</u>
Net position at beginning of year			<u>6,504</u>	<u>0</u>	<u>6,504</u>	
Net position at end of year			<u>\$25,082</u>	<u>\$0</u>	<u>\$25,082</u>	

LAKESHORE TECHNICAL COLLEGE DISTRICT
SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL
STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the fiscal year ended June 30, 2015

	Governmental Fund Types					Proprietary Fund Types			Reconciling Items	Statement of Revenues, Expenses and Changes in Net Position
	General	Special Revenue Funds		Capital Projects	Debt Service	Enterprise	Internal Service	Total		
		Operating	Non-Aidable							
Revenues										
Local government - tax levy	\$4,827,450	\$1,256,000	\$0	\$0	\$4,486,000	\$0	\$0	\$10,569,450	\$0	\$10,569,450
Intergovernmental revenue:										
State	15,121,181	1,128,719	458,740	276,459	0	0	0	16,985,099	0	16,985,099 (1)
Federal	470,072	933,757	3,601,973	106,242	0	0	0	5,112,044	0	5,112,044 (2)
Tuition and fees:										
Program fees	5,825,036	0	0	0	0	0	0	5,825,036	(1,079,252)	4,745,784
Material fees	373,056	0	0	0	0	0	0	373,056	(68,084)	304,972
Other student fees	419,054	18,865	299,353	0	0	0	0	737,272	(136,502)	600,770
Institutional revenue	291,375	1,406,942	213,243	587,983	4,871	1,510,586	246,013	4,261,013	(2,262,045)	1,998,968 (3)
Auxiliary enterprise revenue	0	0	0	0	0	0	0	0	1,510,586	1,510,586
Total Revenues	27,327,224	4,744,283	4,573,309	970,684	4,490,871	1,510,586	246,013	43,862,970	(2,035,297)	41,827,673
Expenditures										
Instruction	15,941,212	3,672,455	541,533	0	0	0	0	20,155,200	596,177	20,751,377
Instructional resources	1,184,538	0	0	0	0	0	0	1,184,538	113,398	1,297,936
Student services	3,109,813	717,793	4,001,638	0	0	0	0	7,829,244	(3,523,953)	4,305,291
General institutional	4,648,920	0	0	0	0	0	0	4,648,920	235,388	4,884,308
Physical plant	1,988,330	350,000	0	0	4,558,922	0	0	6,897,252	(3,290,659)	3,606,593 (4)
Student aid	0	0	0	0	0	0	0	0	2,238,847	2,238,847
Capital outlay	0	0	0	5,720,411	0	0	0	5,720,411	(5,720,411)	0
Depreciation - unallocated	0	0	0	0	0	0	0	0	3,756,610	3,756,610
Auxiliary enterprise services	0	0	0	0	0	1,481,369	227,435	1,708,804	(298,332)	1,410,472
Total Expenditures	26,872,813	4,740,248	4,543,171	5,720,411	4,558,922	1,481,369	227,435	48,144,369	(5,892,935)	42,251,434
Excess (deficiency) of revenues over (under) expenditures	454,411	4,035	30,138	(4,749,727)	(68,051)	29,217	18,578	(4,281,399)	3,857,638	(423,761)
Other financing sources (uses):										
Proceeds from debt	0	0	0	6,000,000	0	0	0	6,000,000	(6,000,000)	0
Proceeds from debt premium	0	0	0	0	342,894	0	0	342,894	(342,894)	0
Operating transfers in (out)	(100,000)	0	0	0	0	100,000	0	0	0	0
Total other financing sources (uses)	(100,000)	0	0	6,000,000	342,894	100,000	0	6,342,894	(6,342,894)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	354,411	4,035	30,138	1,250,273	274,843	129,217	18,578	2,061,495	(2,485,256)	(423,761)
Fund balance at beginning of year, as originally reported	8,218,860	31,001	339,802	2,884,469	977,543	1,564,758	6,504	14,022,937	3,289,331	17,312,268
Cumulative effect of change in accounting principle (Note 11)	0	0	0	0	0	0	0	0	5,993,597	5,993,597
Fund balance at beginning of year, as restated	8,218,860	31,001	339,802	2,884,469	977,543	1,564,758	6,504	14,022,937	9,282,928	23,305,865
Fund balance at end of year	\$8,573,271	\$35,036	\$369,940	\$4,134,742	\$1,252,386	\$1,693,975	\$25,082	\$16,084,432	\$6,797,672	\$22,882,104 (5)

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued) For the fiscal year ended June 30, 2015

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 FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued) For the fiscal year ended June 30, 2015

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

Operating	\$1,843,833
Non-operating	14,864,807
Capital grants	<u>276,459</u>
Total	<u>\$16,985,099</u>

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

Operating	\$5,005,802
Capital grants	<u>106,242</u>
Total	<u>\$5,112,044</u>

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

Business and industry contract revenue	\$1,360,124
School district contract revenue	2,128
Miscellaneous	543,730
Interest income	122,796
Gain on sale of capital assets	40,692
Realized and unrealized loss on investments	<u>(70,502)</u>
Total	<u>\$1,998,968</u>

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

Physical plant	\$2,893,973
Interest expense	<u>712,620</u>
Total	<u>\$3,606,593</u>

- (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	\$16,084,432
Capital assets at cost	67,720,729
Accumulated depreciation on capital assets	(42,002,595)
General obligation debt	(23,745,000)
Other postemployment benefits, net	(521,421)
Net pension asset	3,313,754
Deferred outflows of resources related to pension	2,721,220
Deferred inflows of resources related to pension	(30,587)
Book value of proprietary fund assets removed	
with adoption of capitalization policy	(67,506)
Accrued interest on long-term debt	(210,632)
Summer school tuition	200,618
Summer school instructional expenses	(417,834)
Bond premium	(311,722)
Current year encumbrances	<u>148,648</u>
Net position per basic financial statements	<u>\$22,882,104</u>

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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.

Contents

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, 2006 to 2015 (Accrual Basis of Accounting)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Net Position										
Net investment in capital assets	\$2,780,222	\$3,011,760	\$2,831,320	\$3,557,156	\$5,811,169	\$6,407,432	\$6,921,296	\$7,075,074	\$7,477,870	\$6,433,052
Restricted for pension benefits	0	0	0	0	0	0	0	0	0	6,604,387
Restricted for capital projects	0	0	0	0	0	0	0	700,000	423,654	0
Restricted for debt service	108,777	250,106	355,449	328,971	427,099	555,091	595,270	701,109	786,782	1,041,755
Unrestricted	<u>2,091,986</u>	<u>2,314,932</u>	<u>3,567,943</u>	<u>6,355,247</u>	<u>7,346,719</u>	<u>8,735,550</u>	<u>8,785,086</u>	<u>8,200,542</u>	<u>8,623,962</u>	<u>9,402,910</u>
Total Net Position	<u><u>\$4,980,985</u></u>	<u><u>\$5,576,798</u></u>	<u><u>\$6,754,712</u></u>	<u><u>\$10,241,374</u></u>	<u><u>\$13,584,987</u></u>	<u><u>\$15,698,073</u></u>	<u><u>\$16,301,652</u></u>	<u><u>\$16,676,725</u></u>	<u><u>\$17,312,268</u></u>	<u><u>\$23,482,104</u></u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

OPERATING EXPENSES, OPERATING REVENUES AND NON-OPERATING REVENUES (EXPENSES) For the fiscal years ended June 30, 2006 to 2015 (Accrual Basis of Accounting)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Operating Expenses										
Instruction	\$ 19,432,647	\$ 21,057,746	\$ 19,869,587	\$ 20,248,335	\$ 21,777,488	\$ 22,611,188	\$ 21,342,093	\$ 22,114,622	\$ 20,839,681	\$ 20,751,377
Instructional resources	1,201,033	1,302,407	1,405,751	1,337,240	1,268,033	1,456,097	1,300,558	1,267,206	1,178,019	1,297,936
Student services	2,888,417	2,815,990	3,109,793	3,341,416	3,335,445	3,412,933	3,268,403	3,377,376	4,125,590	4,305,291
General institutional	4,308,262	4,262,322	4,043,720	4,389,012	4,581,946	4,948,372	4,810,180	4,524,899	4,646,304	4,884,308
Physical plant	2,182,845	2,226,149	2,473,210	2,314,386	1,916,100	2,501,930	2,901,839	2,777,227	3,418,572	2,893,973
Auxiliary enterprise services	1,128,047	1,135,996	829,977	877,667	1,014,912	968,898	1,024,776	1,476,354	1,639,328	1,410,472
Depreciation - unallocated	2,023,898	1,965,223	2,029,808	1,993,321	2,156,931	2,468,712	2,631,714	2,983,097	3,221,118	3,756,610
Student aid	427,979	341,230	554,979	776,469	2,499,059	3,486,097	3,529,081	2,706,886	2,303,114	2,238,847
Total operating expenses	33,593,128	35,107,063	34,316,825	35,277,846	38,549,914	41,854,227	40,808,644	41,227,667	41,371,726	41,538,814
Operating Revenues										
Tuition and fees, net of scholarship allowances	3,931,816	3,964,413	4,471,017	5,271,962	6,242,161	6,680,221	6,950,014	6,135,350	5,822,670	5,651,526
Federal grants	3,255,626	4,407,956	2,962,569	3,243,928	5,433,937	7,308,596	5,346,341	5,335,658	5,165,082	5,005,802
State grants	1,062,333	948,800	898,711	953,142	1,219,210	1,007,638	1,441,612	1,309,717	1,133,099	1,843,833
Business and industry contract revenue	982,883	1,020,874	1,020,035	824,204	1,138,041	1,129,720	1,055,025	1,196,382	1,297,391	1,360,124
School district contract revenue	10,455	16,351	10,416	13,455	6,578	4,089	3,237	2,220	6,547	2,128
Auxiliary enterprise revenue	1,183,599	1,183,895	1,594,403	994,305	1,171,993	1,294,916	1,049,107	1,156,000	1,460,728	1,510,586
Miscellaneous	612,150	590,027	499,155	550,331	1,119,050	986,452	720,436	1,030,679	833,423	543,730
Total operating revenues	11,038,862	12,132,316	11,456,306	11,851,327	16,330,970	18,411,632	16,565,772	16,166,006	15,718,940	15,917,729
Operating loss	\$(22,554,266)	\$(22,974,747)	\$(22,860,519)	\$(23,426,519)	\$(22,218,944)	\$(23,442,595)	\$(24,242,872)	\$(25,061,661)	\$(25,652,786)	\$(25,621,085)
Non-Operating Revenues (Expenses)										
Property taxes	\$ 18,928,977	\$ 19,558,141	\$ 20,244,210	\$ 20,990,984	\$ 21,583,690	\$ 21,951,606	\$ 22,031,068	\$ 22,114,352	\$ 22,146,080	\$ 10,569,450
State operating appropriations	3,946,918	4,310,191	3,995,777	4,266,077	4,296,697	4,065,961	2,881,080	2,916,657	2,744,687	14,864,807
Gain (loss) on disposal of assets	7,927	20,221	(24,484)	(14,148)	21,808	(1,326)	8,031	32,684	(25,175)	40,692
Investment income	291,843	269,515	415,554	180,744	24,903	163,776	379,619	(77,789)	180,406	52,294
Interest expense	(657,524)	(618,193)	(698,245)	(734,088)	(662,689)	(681,856)	(658,367)	(490,161)	(543,016)	(712,620)
Total non-operating revenues (expenses)	\$ 22,518,141	\$ 23,539,875	\$ 23,932,812	\$ 24,689,569	\$ 25,264,409	\$ 25,498,161	\$ 24,641,431	\$ 24,495,743	\$ 24,502,982	\$ 24,814,623
Capital Contributions										
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 1,570,000	\$ 0
Federal and state capital grants	351,918	30,685	105,621	118,800	298,148	57,520	205,020	256,041	215,347	382,701
Total non-operating revenues (expenses)	\$ 351,918	\$ 30,685	\$ 105,621	\$ 118,800	\$ 298,148	\$ 57,520	\$ 205,020	\$ 956,041	\$ 1,785,347	\$ 382,701
Change in Net Position	\$ 315,793	\$ 595,813	\$ 1,177,914	\$ 1,381,850	\$ 3,343,613	\$ 2,113,086	\$ 603,579	\$ 390,123	\$ 635,543	\$ (423,761)

LAKESHORE TECHNICAL COLLEGE DISTRICT

EQUALIZED VALUE OF TAXABLE PROPERTY (A)

For the fiscal years ended June 30, 2006 to 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
MANITOWOC COUNTY										
Equalized valuations including TID										
Real Estate:										
Residential	\$3,410,523,100	\$3,591,192,800	\$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
Commercial	602,068,500	662,208,600	678,303,400	705,430,100	815,159,600	761,608,000	727,382,400	719,485,200	692,160,200	700,924,700
Manufacturing	215,134,300	218,319,600	223,330,700	226,160,500	230,094,500	235,637,900	237,282,300	228,360,300	230,301,300	227,267,400
Agricultural	35,908,000	37,448,800	39,991,600	41,837,700	42,200,600	40,940,900	39,954,300	38,535,200	37,210,400	36,794,500
Undeveloped	12,734,500	16,073,000	17,606,100	24,177,300	24,117,800	26,220,500	38,273,200	37,418,400	46,718,700	43,773,900
Agriculture Forest	7,995,100	19,108,200	17,949,300	29,239,800	29,794,700	31,061,400	35,092,400	37,196,500	36,086,700	38,681,900
Forest	32,170,700	30,557,200	32,502,900	42,265,600	41,592,100	40,743,300	52,669,200	52,371,600	51,256,700	50,057,500
Other	184,781,800	183,962,500	195,091,100	192,546,400	243,974,000	250,796,000	247,457,100	234,476,600	211,994,300	225,538,600
Total Real Estate	4,501,316,000	4,758,870,700	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
Total Personal Property	98,695,700	108,540,400	120,393,700	119,637,200	141,715,800	139,772,500	134,820,400	128,967,100	130,978,300	127,689,800
Total Equalized Value	\$4,600,011,700	\$4,867,411,100	\$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
Total Assessed Value	\$4,008,806,632	\$4,178,243,067	\$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
Ratio of Assessed to Equalized Value	87.15%	85.84%	94.40%	91.97%	90.07%	95.04%	96.26%	100.89%	102.83%	102.36%
SHEBOYGAN COUNTY										
Equalized valuations including TID										
Real Estate:										
Residential	\$5,689,964,000	\$6,205,058,400	\$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
Commercial	1,218,882,700	1,299,440,800	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
Manufacturing	378,605,900	382,320,100	390,240,900	388,954,600	397,398,700	400,198,000	397,180,600	406,929,800	416,568,200	447,610,000
Agricultural	24,861,300	26,634,800	28,108,900	29,158,100	29,769,600	28,809,100	28,363,000	27,571,900	26,544,700	26,164,000
Undeveloped	24,729,600	30,431,300	30,558,500	34,487,100	28,894,000	21,809,800	23,711,300	22,575,600	27,644,500	29,789,000
Agriculture Forest	16,657,100	24,381,100	24,379,100	27,509,800	29,350,600	27,854,900	27,665,800	28,952,400	30,132,100	28,046,200
Forest	28,895,900	22,915,400	24,952,900	29,654,800	26,683,900	24,796,300	25,477,700	25,391,400	26,909,000	26,429,200
Other	168,087,000	173,224,900	180,517,000	185,155,700	187,511,200	164,473,300	163,193,300	160,135,400	159,410,000	159,057,300
Total Real Estate	7,550,683,500	8,164,406,800	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
Total Personal Property	209,210,400	217,350,400	234,908,300	271,308,300	268,449,200	259,037,400	244,287,700	262,221,600	269,803,300	268,686,100
Total Equalized Value	\$7,759,893,900	\$8,381,757,200	\$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
Total Assessed Value	\$6,720,125,133	\$7,621,118,580	\$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
Ratio of Assessed to Equalized Value	86.60%	90.93%	88.49%	92.43%	92.78%	98.51%	99.84%	103.41%	105.26%	101.24%
Total LTC Equalized Value (B)	\$ 12,136,053,740	\$ 13,000,513,350	\$ 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
Total Tax Rate (C)	\$ 1.56	\$ 1.51	\$ 1.48	\$ 1.47	\$ 1.49	\$ 1.56	\$ 1.56	\$ 1.61	\$ 1.64	\$ 0.78

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, 2006 to 2015 (Rate per \$1,000 of Equalized Value)

(b) Year Ended June 30	LTC			Overlapping Rates (d)					State Tax Relief	Net Tax Rate
	Operational (c)	Debt Service	Total	Other School Districts	Local	County	Other	Gross Total		
2006	1.23	0.33	1.56	8.49	2.93	5.88	0.68	19.54	(1.12)	18.42
2007	1.20	0.31	1.51	8.01	2.77	5.58	0.60	18.47	(1.29)	17.18
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

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, 2006 and 2015

Principal Taxpayers	2015			2006		
	Equalized Valuation (a)	% of Total Equalized Value	Rank	Assessed Valuation (a)	% of Total Equalized Value	Rank
Kohler Company	\$ 154,801,100	1.14%	1	150,343,670	1.24%	1
Acuity	42,744,100	0.32%	2	41,657,350	0.34%	2
Sargento Foods	40,163,000	0.30%	3			
Wal-Mart (b)	39,969,200	0.29%	4	24,200,289	0.20%	4
Manitowoc Cranes, Inc. (c)	31,012,210	0.23%	5	17,688,400	0.15%	6
St. Nicholas Hospital	30,994,500	0.23%	6			
Bemis Manufacturing	29,140,600	0.21%	7	22,885,000	0.19%	5
Johnsonville Sausage	22,635,700	0.17%	8	16,668,700	0.14%	8
Morrelle Warehousing LLC	19,071,800	0.14%	9			
Masters Gallery Foods	18,000,500	0.13%	10			
Blue Harbor Resort				29,850,800	0.25%	3
Aurora Medical Group/Sheboygan Clinic				17,634,509	0.15%	7
Aldrich Chemical				15,362,500	0.13%	9
Bayview Memorial, LLC				15,327,700	0.13%	10
Total	\$ 428,532,710	3.16%		\$ 351,618,918	2.90%	
Total District Equalized Value	\$ 13,569,069,801			\$ 12,136,053,740		

Note:

- (a) Sources - Manitowoc County and Sheboygan County 2015 and Lakeshore Technical College District 2005-06 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, 2006 to 2015

Fiscal Year Ended June 30	Total Tax Levy	As of June 30 of Fiscal Year		Cumulative as of June 30, 2015	
		Amount Collected	Percent Collected	Amount Collected	Percent Collected
2006	18,897,000	14,079,748	75%	18,897,000	100%
2007	19,559,000	14,391,194	74%	19,559,000	100%
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 (b)	10,573,172	7,804,566	74%	7,804,566	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 delinquent 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, 2015.

LAKESHORE TECHNICAL COLLEGE DISTRICT

RATIO OF NET DEBT TO EQUALIZED VALUATION AND DEBT PER CAPITA For the fiscal years ended June 30, 2006 to 2015

Year Ended June 30	Population (a)	Personal Income (000s)(c)	Equalized Valuation (b)	Outstanding Debt	Less Amounts Available	Net Debt Outstanding	Percent of Total Debt to Equalized Valuation	Percent of Total Debt to Personal Income	Total Debt Per Capita
2006	207,767	6,424	12,136,053,740	15,820,000	108,777	15,711,223	0.13%	246%	\$ 76.14
2007	208,009	6,597	13,000,513,350	17,550,000	250,106	17,299,894	0.13%	266%	\$ 84.37
2008	208,735	6,993	13,720,365,222	19,515,000	355,449	19,159,551	0.14%	279%	\$ 93.49
2009	209,415	7,308	14,239,835,631	18,025,000	328,971	17,696,029	0.13%	247%	\$ 86.07
2010	209,792	7,202	14,480,939,422	19,530,000	427,099	19,102,901	0.13%	271%	\$ 93.09
2011	209,896	7,723	14,098,895,295	20,055,000	555,091	19,499,909	0.14%	260%	\$ 95.55
2012	203,967	7,715	14,049,917,159	20,970,000	595,270	20,374,730	0.15%	272%	\$ 102.81
2013	203,983	8,409	13,708,573,547	20,255,000	701,109	19,553,891	0.15%	241%	\$ 99.30
2014	203,736	8,679	13,514,454,019	21,580,000	786,782	20,793,218	0.16%	249%	\$ 105.92
2015	203,688	N/A	13,569,069,801	23,745,000	1,041,755	22,703,245	0.17%	N/A	\$ 116.58

Notes:

- (a) Source - Wisconsin Department of Revenue, Division of State and Local Finance reports. Includes the entire district as of January 1, 2014.
- (b) Equalized value is reported as of the December 31 of the previous calendar year (i.e. 2015 information is as of December 31, 2014).
- (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, 2015

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	\$9,025,000	\$1,660,000	\$11,500,000	1.63%	\$ 307,500
Manitowoc	23,405,000	2,045,000	0	96.76%	20,667,936
Ozaukee	32,090,000	1,907,186	0	4.43%	1,337,099
Sheboygan	29,560,000	5,615,000	9,500,000	99.90%	33,411,555
Total all counties					<u>55,724,089</u>
City of:					
Kiel	9,679,595	666,760	2,415,000	100.00%	11,427,835
Manitowoc	51,949,000	7,580,000	7,579,750	100.00%	51,948,750
Plymouth	26,785,000	2,030,000	0	100.00%	24,755,000
Sheboygan	36,070,255	4,800,774	3,000,000	100.00%	34,269,481
Sheboygan Falls	12,625,000	1,280,000	0	100.00%	11,345,000
Two Rivers	18,706,284	2,206,722	1,015,000	100.00%	17,514,562
Total all cities					<u>151,260,628</u>
Town of:					
Belgium	100,488	23,903	0	100.00%	76,585
Eaton	22,250	22,250	0	100.00%	-
Fredonia	607,059	112,530	0	100.00%	494,529
Greenbush	222,074	33,674	0	99.06%	186,629
Lima	232,184	76,550	0	100.00%	155,634
Lyndon	65,442	40,929	0	100.00%	24,513
Mishicot	173,495	19,707	18,201	100.00%	171,989
Rhine	800,414	74,580	0	100.00%	725,834
Rockland	250,000	10,000	0	68.07%	163,368
Russell	47,000	6,450	0	100.00%	40,550
Sheboygan	3,819,770	975,070	0	100.00%	2,844,700
Sheboygan Falls	661,720	246,006	184,645	100.00%	600,359
Total all towns					<u>5,484,690</u>
Village of:					
Adell	530,000	70,000	0	100.00%	460,000
Belgium	3,676,895	683,690	1,750,000	100.00%	4,743,205
Cedar Grove	1,882,768	243,358	0	100.00%	1,639,410
Cleveland	1,860,000	285,000	0	100.00%	1,575,000
Elkhart Lake	6,560,000	270,000	1,420,000	100.00%	7,710,000
Francis Creek	1,000,000	95,000	0	100.00%	905,000
Glenbeulah	567,898	38,162	50,000	100.00%	579,736
Howards Grove	1,460,999	217,084	0	100.00%	1,243,915
Kellnersville	65,933	40,709	0	100.00%	25,224
Kohler	6,146,225	457,446	300,000	100.00%	5,988,779
Mishicot	314,809	89,239	0	100.00%	225,570
Oostburg	13,279,029	1,087,252	0	100.00%	12,191,777
Random Lake	2,125,692	305,000	764,120	100.00%	2,584,812
Reedsville	2,928,184	272,196	1,235,000	100.00%	3,890,988
Saint Nazianz	165,179	13,224	0	100.00%	151,955
Valders	725,232	66,228	0	100.00%	659,004
Waldo	845,950	71,466	0	100.00%	774,484
Whitelaw	429,393	30,601	0	100.00%	398,792
Total all villages					<u>45,747,651</u>

(continued on following page)

LAKESHORE TECHNICAL COLLEGE DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (continued) For the fiscal year ended June 30, 2015

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	7,675,000	1,015,000	1,000,000	100.00%	7,660,000
Elkhart Lake-Glenbeulah	0	179,082	900,000	100.00%	720,918
Howards Grove	5,778,547	467,136	0	100.00%	5,311,411
Kewaskum	5,635,000	1,210,000	0	100.00%	4,425,000
Kewaunee	10,450,000	950,000	6,700,000	3.77%	610,740
Kiel	8,990,000	1,200,976	0	100.00%	7,789,024
Kohler	7,902,506	819,719	1,000,000	100.00%	8,082,787
Manitowoc	9,295,000	625,000	0	100.00%	8,670,000
Mishicot	1,380,000	740,000	0	100.00%	640,000
New Holstein	15,506,839	1,160,000	0	1.63%	233,853
Oostburg	8,050,000	775,000	0	100.00%	7,275,000
Plymouth	12,965,000	1,155,000	0	100.00%	11,810,000
Random Lake	5,575,000	386,000	3,000,000	100.00%	8,189,000
Reedsville	10,525,000	1,260,000	0	100.00%	9,265,000
Sheboygan	35,713,000	3,135,000	0	100.00%	32,578,000
Sheboygan Falls	3,565,000	1,165,000	0	100.00%	2,400,000
Two Rivers	12,560,000	1,950,000	0	100.00%	10,610,000
Valders	4,385,000	475,000	0	100.00%	3,910,000
Total all school districts					<u>130,242,466</u>
TOTAL OVERLAPPING DEBT					<u>\$ 388,459,524</u>
DIRECT DEBT					
Lakeshore Technical College					<u>\$ 23,745,000</u>
TOTAL DIRECT DEBT					<u>\$ 23,745,000</u>
TOTAL DIRECT AND OVERLAPPING DEBT					<u>\$ 412,204,524</u>

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, 2006 to 2015 (\$000's)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equalized valuation	<u>\$12,136,054</u>	<u>\$13,000,513</u>	<u>\$13,720,365</u>	<u>\$14,239,836</u>	<u>\$14,480,939</u>	<u>\$14,098,895</u>	<u>\$14,049,917</u>	<u>\$13,708,574</u>	<u>\$13,514,454</u>	<u>\$13,569,070</u>
Debt limit - 5% of equalized value (Wisconsin statutory limitation)	\$606,803	\$650,026	\$686,018	\$711,992	\$724,047	\$704,945	\$702,496	\$685,429	\$675,723	\$678,454
Gross indebtedness applicable to debt limit:										
General obligation promissory notes and bonds	15,820	17,550	19,515	18,025	19,530	20,055	20,970	20,255	21,580	23,745
Less debt service funds available	(60)	(179)	(272)	(260)	(356)	(479)	(512)	(624)	(691)	(936)
Total amount of debt applicable to debt margin	<u>15,760</u>	<u>17,371</u>	<u>19,243</u>	<u>17,765</u>	<u>19,174</u>	<u>19,576</u>	<u>20,458</u>	<u>19,631</u>	<u>20,889</u>	<u>22,809</u>
Legal debt margin (Debt capacity)	<u>\$591,043</u>	<u>\$632,655</u>	<u>\$666,775</u>	<u>\$694,227</u>	<u>\$704,873</u>	<u>\$685,369</u>	<u>\$682,038</u>	<u>\$665,798</u>	<u>\$654,834</u>	<u>\$655,645</u>
Percent of debt capacity used	2.60%	2.67%	2.80%	2.50%	2.65%	2.78%	2.91%	2.86%	3.09%	3.36%
Debt limit - 2% of equalized value (Wisconsin statutory limitation)	\$242,721	\$260,010	\$274,407	\$284,797	\$289,619	\$281,978	\$280,998	\$274,171	\$270,289	\$271,381
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>1,240</u>	<u>620</u>	<u>-</u>
Legal debt margin (Debt capacity)	<u>\$242,721</u>	<u>\$260,010</u>	<u>\$274,407</u>	<u>\$284,797</u>	<u>\$289,619</u>	<u>\$281,978</u>	<u>\$279,008</u>	<u>\$272,931</u>	<u>\$269,669</u>	<u>\$271,381</u>
Percent of debt capacity used	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.71%	0.45%	0.23%	0.00%
debt service funds available:										
debt service fund equity	298,717	463,941	556,852	539,065	612,689	755,762	787,811	869,116	977,543	1,252,386
less: interest due sept 1 of that year	(238,973)	(285,070)	(284,623)	(279,423)	(256,340)	(276,570)	(276,268)	(244,623)	(286,141)	(315,948)
	<u>59,744</u>	<u>178,871</u>	<u>272,229</u>	<u>259,642</u>	<u>356,349</u>	<u>479,192</u>	<u>511,543</u>	<u>624,493</u>	<u>691,402</u>	<u>936,438</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS
For the calendar years ended December 31, 2005 to 2014

Calendar Year	Sheboygan County						Manitowoc County					
	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)
2005	116,075	3,936,587	34,409	3.7%	22,107	1,742	84,480	2,487,182	30,395	4.6%	14,525	1,160
2006	116,348	4,036,238	35,419	3.6%	22,015	1,727	84,357	2,561,309	31,624	4.3%	14,336	1,188
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	N/A	N/A	4.3%	21,120	1,537	81,320	N/A	N/A	5.9%	12,675	1,074

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, 2006 to 2015

Employer	Nature of Business	2015			2006		
		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	3,000	1	2.6%	7,500	1	6.3%
Lakeside Foods	Supplier of frozen and canned vegetable	1,700	2	1.4%			0.0%
Holy Family Memorial Medical Center	Medical facility	1,400	3	1.2%	1,319	4	1.1%
Sargento Foods, Inc.	Cheese manufacturing	1,300 *	4	1.1%	1,200	8	1.0%
Sheboygan Area School District	Education	1,254	5	1.1%	1,434	3	1.2%
Bemis Mfg. Company	Toilet seats, lavatories, cutting	1,200	6	1.0%	2,000	2	1.7%
Manitowoc Public School District	Education	936 **	7	0.8%	1,116	9	0.9%
Johnsonville Sausage	Meat processing	930	8	0.8%			
Nemak, formerly J.L. French Corp.	Foundry/automotive parts	850	9	0.7%	1,200	7	1.0%
Vollrath Co LLC	Service machinery manufacturer	850	10	0.7%			
Hamilton L. Fisher LC (Fisher Scientific) (Formerly Thermo Fisher Scientific)	Laboratory apparatus & furniture mfg				1,300	5	1.1%
Sheboygan County	County employees, nursing care facilities				1,223	6	1.0%
The Manitowoc Co., Inc.	Crane & ice machine manufacturing				1,075	10	0.9%
TOTAL EMPLOYMENT (b)		117,293			119,604		

Notes:

(a) Sources - Infogroup (www.salesgenie.com), Employer contacts and websites and Lakeshore Technical College District 2005-06 CAFR

(b) Sources - US Department of Commerce - Bureau of Economic Analysis. Includes total employment for Sheboygan County and Manitowoc County.

* Figure includes facilities in Hilbert and Elkhart Lake.

** Figure includes approximately 261 substitute teachers, coaches, interns, summer employment, etc.

LAKESHORE TECHNICAL COLLEGE DISTRICT

FULL-TIME EQUIVALENT POSITIONS BY CATEGORY For the fiscal years ended June 30, 2006 to 2015

Category	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Est. 2015</u>
Administrators/ Supervisors	28.7	30.0	27.8	32.5	33.2	33.0	30.8	33.7	37.2	38.2
Teachers	138.8	137.3	143.9	143.9	151.9	150.6	149.7	151.6	148.2	148.6
Specialists	n/a	4.6	5.1	5.1	5.0	5.0	3.7	2.5	2.4	2.5
Other Staff	147.0	137.7	136.0	134.4	139.5	144.3	150.0	156.0	154.6	153.3
	<u>314.5</u>	<u>309.6</u>	<u>312.8</u>	<u>315.9</u>	<u>329.6</u>	<u>332.9</u>	<u>334.2</u>	<u>343.8</u>	<u>342.4</u>	<u>342.6</u>

- (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, 2006 to 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Student Enrollment (a)										
Associate degree	3,611	3,343	3,401	3,502	4,103	4,190	3,942	3,825	3,730	3,698
Vocational:										
Technical Diploma	1,101	1,061	1,099	1,027	1,023	996	898	1,003	1,109	1,068
Apprentices	172	180	193	175	152	137	123	140	170	194
Basic skills	2,577	2,828	2,631	2,765	3,020	2,259	1,829	1,658	1,889	1,768
Vocational adult	9,346	9,922	9,755	8,559	7,935	7,263	8,404	7,685	8,386	6,265
District service	69	134	176	118	102	253	221	201	459	354
Total	16,876	17,468	17,255	16,146	16,335	15,098	15,417	14,512	15,743	13,347
Full-Time Equivalent (b)										
Associate degree	1,304	1,255	1,278	1,444	1,776	1,794	1,598	1,508	1,397	1,314
Vocational:										
Technical Diploma	224	219	233	222	257	238	219	238	243	236
Apprentices	23	25	27	25	23	20	18	24	30	35
Basic skills	412	410	410	442	483	374	314	281	248	248
Vocational adult	133	120	125	109	121	90	103	88	88	65
District service	0	0	0	0	0	1	1	1	2	2
Total	2,096	2,029	2,073	2,242	2,660	2,517	2,253	2,140	2,008	1,900
Graduate Follow-Up Statistics (c)										
Number of graduates	984	940	865	924	1,032	968	975	926	1,007	n/a
Responses										
Number	791	748	526	655	752	679	533	486	705	n/a
Percent of graduates	80%	80%	61%	72%	73%	70%	55%	53%	70%	n/a
Percent employed	92%	92%	91%	81%	81%	82%	85%	89%	78%	n/a
Percent in related employment	74%	81%	80%	74%	79%	70%	78%	77%	72%	n/a
Percent employed in district	76%	75%	75%	78%	74%	70%	76%	77%	69%	n/a
Seeking related employment (d)	56	44	36	74	71	89	70	46	n/a	n/a
Not seeking related employment (d)	127	145	128	240	336	208	51	67	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 approval 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, 2015

Campus Site/Building	Date Constructed	Gross Square Footage
Cleveland:		
Lakeshore Building	1974	121,044
Addition	1979	78,104
Addition	2011	12,400
Total for Lakeshore Building		211,548
Nierode Building	1974	63,893
Addition	1979	2,655
Addition	1982	1,631
Addition	2014	7,755
Total for Nierode Building		75,934
Apprenticeship Building	1976	18,150
Addition	1983	17,014
Total for Apprenticeship Building		35,164
Public Safety Building	1988	6,280
Addition	1991	13,480
Addition	2005	10,550
Total for Public Safety Building		30,310
Plastics Engineering Manufacturing Building	1980	19,000
Addition	2013	13,800
Total for Plastics Engineering Manufacturing Building		32,800
Total Cleveland campus		385,756
Leased properties:		
Manitowoc Job Center		11,207
Sheboygan Job Center		12,991
Environmental Campus		5,502
Culinary Institute		9,880
Jake's Café - office space		188
Manitowoc EDC - office space		120
Sheboygan Chamber - office space		132
Total leased properties		40,020
Total Square Footage		425,776

LAKESHORE TECHNICAL COLLEGE DISTRICT

PROGRAM OFFERINGS

June 30, 2015

Associate Degree Programs

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

Technical Diplomas

Accounting Assistant	Horticulture Technician
Auto Collision Repair & Refinish Technician	Human Resources Assistant
Automotive Maintenance Technician	Industrial Mechanic/Maintenance
Child Care Services	Machine Tool Operation
Criminal Justice – Law Enforcement	Maintenance Technician
CNC Technician	Mechanical Computer Aided Drafting
Culinary	Medical Assistant
Dairy Herd Management	Medication Assistant
Dental Assistant (Short Term)	Medical Coding Specialist
Emergency Medical Technician	Nursing Assistant
Emergency Medical Technician – Paramedic	Office Assistant
Fabrication Technician	Ophthalmic Medical Assistant
Farm Business & Production Management	Pharmacy Technician
Food Manufacturing and Processing	Practical Nursing
Health Care Technician	Sales Representative
Health Unit Coordinator	Welding – Industrial

Apprenticeship Programs

Carpentry – Construction	Masonry
Child Care Development Specialist	Metal Fabrication
Industrial Electrician	Sheet Metal – Construction
Machinist	Sheet Metal - Industrial
Maintenance Mechanic/Millwright	Tech. Plumbing
Maintenance Technician	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 OMB Circular A-133 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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**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 the Lakeshore Technical College District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon which included an emphasis-of-matter paragraph as indicated on page 14 dated December 2, 2015. 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 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 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 the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
December 2, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133 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 the Lakeshore Technical College District's (District) compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 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, 2015.

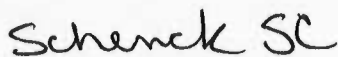
Report on Internal Control Over Compliance

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 OMB Circular A-133 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 OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Sheboygan, Wisconsin
December 2, 2015

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the fiscal year ended June 30, 2015

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures	
U.S. DEPARTMENT OF AGRICULTURE							
Child Nutrition Cluster							
Special Milk Program for Children	10.556	7/1/14-6/30/15	\$ 233	\$ 233	\$ -	\$ 233	
Total Child Nutrition Cluster			233	233	-	233	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>233</u>	<u>233</u>	<u>-</u>	<u>233</u>	
U.S. DEPARTMENT OF LABOR							
Employment and Training Administration							
Trade Adjustment Assistance Community College and Career Training							
Passed through Northeast Wisconsin Technical College	17.282						
MAKING THE FUTURE: The Wisconsin Strategy (577)	TC-23775-12-60-A-55	10/1/12-9/30/16	534,786	153,456	-	153,456	
Passed through Chippewa Valley Technical College							
ACT for Healthcare (588)	TC-26455-14-60-A-55	10/1/14-9/30/18	758,633	62,071	-	62,071	
INTERFACE Project (587)	TC-25118-13-60-1-55	10/1/13-9/30/17	897,039	340,920	-	340,920	
Total	17.282		2,190,458	556,447	-	556,447	
TOTAL U.S. DEPARTMENT OF LABOR			<u>2,190,458</u>	<u>556,447</u>	<u>-</u>	<u>556,447</u>	
U.S. DEPARTMENT OF TRANSPORTATION							
Interagency Hazardous Materials Public Sector							
Training and Planning Grants							
Haz-Mat Interagency Hazardous Materials	20.703	7/1/14-6/30/15	2,255	2,255	-	2,255	
Total			2,255	2,255	-	2,255	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>2,255</u>	<u>2,255</u>	<u>-</u>	<u>2,255</u>	
U.S. NUCLEAR REGULATORY COMMISSION							
U. S. Nuclear Regulatory Commission Scholarship and Fellowship Program							
NRC Trade School Scholarship Program (578)	77.008	NRC-HQ-84-14-G-0029	8/1/2014-7/31/16	50,600	24,200	-	24,200
Total	77.008		50,600	24,200	-	24,200	
TOTAL U.S. NUCLEAR REGULATORY COMMISSION			<u>50,600</u>	<u>24,200</u>	<u>-</u>	<u>24,200</u>	

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued) For the fiscal year ended June 30, 2015

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures
U.S. DEPARTMENT OF EDUCATION						
Adult Education - Basic Grants to States	84.002					
Passed Through Wisconsin Technical College System						
English Literacy/Civics	11-514-146-135	7/01/14-6/30/15	12,656	12,656	-	12,656
AEFL-Comprehensive	11-515-146-125	7/01/14-6/30/15	218,684	218,683	503,901	722,584
Institutionalized	11-522-146-115	7/01/14-6/30/15	40,200	40,200	14,073	54,273
EEL-Pilot-Computer Assisted Instruction for English Language Acq.	11-553-146-135	7/01/14-6/30/15	40,232	40,232	-	40,232
Total	84.002		311,772	311,771	517,974	829,745
Student Financial Assistance Cluster						
SEOG	84.007	7/01/14-6/30/15	60,400	60,400	-	60,400
Federal Work Study Program	84.033	7/01/14-6/30/15	61,629	52,033	-	52,033
PELL	84.063	7/01/14-6/30/15	3,406,747	3,406,747	-	3,406,747
Federal Direct Student Loans	84.268	7/01/14-6/30/15	3,600,868	3,600,868	-	3,600,868
Total			7,129,644	7,120,048	-	7,120,048
Higher Education - Institutional Aid	84.031A					
Strengthening Institutions - Title III	P031A090181	10/1/09-9/30/14	1,578,866	51,026	-	51,026
Total	84.031A		1,578,866	51,026	-	51,026
TRIO Cluster						
Student Support Services Program	84.042A					
TRIO-Student Support Services	P042A100583	9/1/10-8/31/15	1,068,391	207,185	-	207,185
Total	84.042A		1,068,391	207,185	-	207,185
Career and Technical Education - Basic Grants to States	84.048					
Passed through Wisconsin Technical College System						
Career and Technical Education	15-88111J304	7/1/14-6/30/15	51,567	43,011	-	43,011

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued) For the fiscal year ended June 30, 2015

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures
Passed through Wisconsin Technical College System						
Student Success	11-504-150-235	7/01/14-6/30/15	113,052	113,051	182,601	295,652
Strengthening Programs	11-507-150-255	7/01/14-6/30/15	41,221	41,221	-	41,221
Non-Traditional Occupations	11-509-150-265	7/01/14-6/30/15	51,831	51,831	-	51,831
Career Prep	11-534-150-215	7/01/14-6/30/15	35,629	35,629	-	35,629
Total	84.048		<u>293,300</u>	<u>284,743</u>	<u>182,601</u>	<u>467,344</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>10,381,973</u>	<u>7,974,774</u>	<u>700,575</u>	<u>8,675,349</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Area Health Education Centers Point of Service Maintenance and Enhancement Awards						
Passed through Northeastern Wisconsin Area Health Education Center						
Lakeshore Health Careers Academy	NE3-15	9/1/14-6/30/15	13,000	13,000	-	13,000
Total	93.107		<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
NIEHS Hazardous Waste Worker Health and Safety Training						
Passed through University of Cincinnati						
HazMat Worker Health and Safety Training Cooperative Agreement (475)	ES006184-22	8/1/13-7/31/14	136,320	12,543	-	12,543
HazMat Worker Health and Safety Training Cooperative Agreement (575)	ES006184-23	8/1/14-7/31/15	136,320	125,578	(31,527)	94,051
Total	93.142		<u>272,640</u>	<u>138,121</u>	<u>(31,527)</u>	<u>106,594</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>285,640</u>	<u>151,121</u>	<u>(31,527)</u>	<u>119,594</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 12,921,159</u>	<u>\$ 8,709,029</u>	<u>\$ 669,048</u>	<u>\$ 9,378,077</u>
<u>Reconciliation of Federal Revenue</u>						
Schedule of Expenditures of Federal Awards				\$ 8,709,029		
DEDUCT:						
Federal Direct Student Loans				3,600,868		
ADD:						
PELL Administration				5,645		
Veterans Administration - Recording Fee				733		
Revenue from Prior Year's Projects				<u>(2,495)</u>		
					<u>\$ 5,112,044</u>	
Federal grants				\$ 5,005,802		
Federal capital grants				<u>106,242</u>		
Basic Financial Statements					<u>\$ 5,112,044</u>	

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LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS For the fiscal year ended June 30, 2015

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	State Direct Revenue	State Passthrough Revenue	Match	Total Expenditures
WISCONSIN DEPARTMENT OF TRANSPORTATION							
Driver Education	20.395(4)(aq)						
Motorcycle Safety Grant	0094-14-09	1/1/14-12/31/14	\$ 43,962	\$ 15,681	\$ -	\$ -	\$ 15,681
Motorcycle Safety Grant	0094-14-21	1/1/14-12/31/14	716	49	-	-	49
Motorcycle Safety Grant	0094-14-35	1/1/14-12/31/14	835	484	-	-	484
Motorcycle Safety Grant	0094-15-03	1/1/15-12/31/15	5,968	597	-	-	597
Motorcycle Safety Grant	0094-15-09	1/1/15-12/31/15	40,493	8,099	-	-	8,099
Motorcycle Safety Grant	0094-15-21	1/1/15-12/31/15	1,566	157	-	-	157
Motorcycle Safety Grant	0094-15-35	1/1/15-12/31/15	618	62	-	-	62
Total	20.395(4)(aq)		94,158	25,129	-	-	25,129
TOTAL WISCONSIN DEPARTMENT OF TRANSPORTATION			94,158	25,129	-	-	25,129
WISCONSIN HIGHER EDUCATION AIDS BOARD							
Wisconsin Higher Education Grant	235.102	7/01/14-6/30/15	524,016	524,016	-	-	524,016
Remission of Fees for Veterans and Dependents	235.105	7/01/14-6/30/15	72,189	72,189	-	-	72,189
Wisconsin Covenant Scholars	235.108	7/01/14-6/30/15	11,438	11,438	-	-	11,438
Talent Incentive Program	235.114	7/01/14-6/30/15	16,600	16,600	-	-	16,600
Nursing Student Loan	235.117	7/01/14-6/30/15	6,000	6,000	-	-	6,000
Wisconsin Indian Assistance Grant	235.132	7/01/14-6/30/15	7,700	7,700	-	-	7,700
Total			637,943	637,943	-	-	637,943
TOTAL WISCONSIN HIGHER EDUCATION AIDS BOARD			637,943	637,943	-	-	637,943
WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD							
State Aids for Technical Colleges	292.105	7/01/14-6/30/15	2,439,866	2,439,866	-	-	2,439,866
Total			2,439,866	2,439,866	-	-	2,439,866

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued) For the fiscal year ended June 30, 2015

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	State Direct Revenue	State Passthrough Revenue	Match	Total Expenditures
Grants to District Boards	292.124						
Career Pathways Consortium	11-505-124-125	7/01/14-6/30/15	121,969	121,970	-	40,656	162,626
State Leadership Funds	11-506-124-185	7/01/14-6/30/15	63,600	63,600	-	-	63,600
Implement Career Pathways: Admin Support	11-508-124-125	7/01/14-6/30/15	97,593	97,593	-	32,531	130,124
Expand Career Pathway: Lodging	11-510-124-125	7/01/14-6/30/15	78,970	78,971	-	26,323	105,294
Passed through Moraine Park Technical College							
Advanced Manufacturing Network - 111518	10-552-124-185	7/01/14-8/30/15	16,500	13,441	-	-	13,441
Professional Development	11-519-124-155	7/01/14-6/30/15	50,189	50,189	-	-	50,189
Student Support	11-520-124-165	7/01/14-6/30/15	134,453	134,453	-	44,818	179,271
Food Manufacturing and Processing	11-521-124-145	7/01/14-12/31/15	268,908	205,462	-	-	205,462
WAT-Ironwood Plastics	11-523-124-175	7/01/14-6/30/15	13,748	11,714	-	1,302	13,016
Manufacturing Management	11-524-124-135	7/01/14-6/30/15	171,501	171,501	-	-	171,501
Industrial Maintenance	11-525-124-135	7/01/14-6/30/15	416,148	416,148	-	-	416,148
Curriculum Review -Psychology of Human Relations	11-527-124-185	7/01/14-6/30/15	7,500	6,641	-	-	6,641
FY 2015 WIDS Implementation	11-532-124-185	7/01/14-6/30/15	200,000	200,000	-	-	200,000
Program Numbering Discussion Support	11-548-124-185	7/01/14-6/30/15	16,000	16,000	-	-	16,000
WTCS Repository & Curriculum Bank Support	11-549-124-185	7/01/14-6/30/15	48,000	48,000	-	-	48,000
Expand Delivery of Apprenticeship Training	11-555-124-115	7/01/14-6/30/15	30,000	30,000	-	-	30,000
Statewide Apprenticeship Curriculum	11-556-124-115	7/01/14-6/30/15	300,916	300,916	-	-	300,916
Comprehensive Math Review	11-557-124-185	7/01/14-6/30/15	10,000	6,842	-	-	6,842
Curriculum Review - Technical Reporting	11-558-124-185	7/01/14-6/30/15	7,500	6,675	-	-	6,675
TSA for Fire Medic	11-560-124-185	7/01/14-6/30/15	15,000	13,750	-	-	13,750
TSA-Pharmacy Technician	11-561-124-185	7/01/14-6/30/15	15,000	13,859	-	-	13,859
TSA for Multiple Programs at Two Colleges	11-563-124-185	7/01/14-6/30/15	26,250	26,250	-	-	26,250
Community Health Worker	11-567-124-115	7/01/14-6/30/15	13,500	13,500	-	-	13,500
EET Standards for Electronics Engineering	11-568-124-185	7/01/14-6/30/15	7,020	7,020	-	-	7,020
Total	292.124		2,130,265	2,054,495	-	145,630	2,200,125
Fire Fighter Training 2%	292.137	7/01/14-6/30/15	18,401	18,401	-	-	18,401
Total	292.137		18,401	18,401	-	-	18,401
Rise Curriculum Development Grant Program	292.138						
RISE 3 Coordination	11-517-138-275	7/01/14-6/30/15	65,783	51,036	-	-	51,036
Total	292.138		65,783	51,036	-	-	51,036

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued) For the fiscal year ended June 30, 2015

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	State Direct Revenue	State Passthrough Revenue	Match	Total Expenditures
Property Tax Relief Aid	292.162	7/01/14-6/30/15	11,877,887	11,877,887	-	-	11,877,887
Total	292.162		11,877,887	11,877,887	-	-	11,877,887
TOTAL WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD			16,532,202	16,441,685	-	145,630	16,587,315
<u>WISCONSIN DEPARTMENT OF NATRUAL RESOURCES</u>							
State Aid in Lieu of Property Taxes	370.503	7/01/14-6/30/15	19,453	19,453	-	-	19,453
Total	370.503		19,453	19,453	-	-	19,453
<u>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</u>							
Local Youth Apprenticeship Grants	445.107						
Youth Apprenticeship	111554	7/1/14-6/30/15	81,876	81,876	-	-	81,876
Total	445.107		81,876	81,876	-	-	81,876
Wisconsin Fast Forward	445.109						
Customer Service/ServSafe Certificate - 111545	BP142HSP-13	5/5/14-6/30/15	19,444	16,750	-	-	16,750
Certified Nursing Assistant - 111546	BP142HSP-14	5/5/14-6/30/15	32,064	30,251	-	-	30,251
Safety First - 111547	BP142HSP-15	7/11/14-6/30/16	13,629	13,075	-	-	13,075
Blueprint for Prosperity - Waitlist	BP142TC-L	7/11/14-6/30/16	1,384,530	213,571	-	-	213,571
Total	445.109		1,449,667	273,646	-	-	273,646
TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT			1,531,543	355,522	-	-	355,522
<u>WISCONSIN DEPARTMENT OF REVENUE</u>							
State Aid - Computers	835.109	7/01/14-6/30/15	68,861	68,861	-	-	68,861
Total	835.109		68,861	68,861	-	-	68,861
TOTAL EXPENDITURES OF STATE AWARDS			18,884,159	17,548,593	-	145,630	17,694,223

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued) For the fiscal year ended June 30, 2015

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	State Direct Revenue	State Passthrough Revenue	Match	Total Expenditures
Reconciliation of State Revenue							
Schedule of Expenditures of State Awards				\$ 17,548,593			
ADD:							
Revenue from Prior Year's Projects				2,260			
DEDUCT:							
Wisconsin Higher Education Grant				524,016			
Talent Incentive Program				16,600			
Wisconsin Covenant Scholars				11,438			
Nursing Student Loan				6,000			
Wisconsin Indian Assistance Grant				7,700			
					\$16,985,099		
State Operating Appropriations				\$ 14,864,807			
State Grants				1,843,833			
State Capital Grants				276,459			
Basic Financial Statements					\$16,985,099		

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, 2015

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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration.

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 – Pass-through Entities

The District passed through federal and state funds to the following entities for the year ended June 30, 2015:

<u>WTCS Foundation, Inc.</u>	
84.002	\$40,232
292.124	422,137
292.138	51,036
	<u>\$513,405</u>

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.

LAKESHORE TECHNICAL COLLEGE DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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 Awards and State Financial Assistance

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 Section 510(a) of Circular A-133?	No
Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i>	No
Identification of major federal and state programs:	

Name of Federal Programs	CFDA Number
Trade Adjustment Assistance Community College and Career Training	17.282
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
Talent Incentive Program	235.114
State Aids for Technical Colleges	292.105
Grants to District Boards	292.124
Property Tax Relief Aid	292.162
Wisconsin Fast Forward	445.109

Audit threshold used to determine between Type A and Type B federal programs:	\$300,000
Audit threshold used to determine between Type A and Type B state programs:	\$100,000

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, 2015

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

Finding Number	Internal Control Findings
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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	OMB Circular A-133 Findings	Questioned Costs
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There were no findings required to be reported in accordance with the OMB Circular A-133 Findings.

Finding Number	State Single Audit Guideline Findings	Questioned Costs
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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, 2015

Section IV - Other Issues

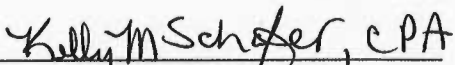
Does the auditors' report or the notes to the financial statements include disclosures with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

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. Schaefer, CPA

Date of report

December 2, 2015

LAKESHORE TECHNICAL COLLEGE DISTRICT

Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2015

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, 2015.



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