

Annual Audited Financial Statements for fiscal year ended June 30, 2011

Wisconsin Indianhead Technical College



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Wisconsin Indianhead Technical College District

Shell Lake, WI

Financial Statements With Supplementary
Financial Information

Years Ended June 30, 2011 and 2010

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Wisconsin Indianhead Technical College District

Financial Statements With Supplementary Financial Information

Years Ended June 30, 2011 and 2010

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Independent Auditor's Report

Board of Directors
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Wisconsin Indianhead Technical College District (the "District"), as of and for the years ended June 30, 2011 and 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wisconsin Indianhead Technical College District, as of June 30, 2011 and 2010, and the results of its operations and cash flows for the years ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011, on our consideration of the District's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the District. The accompanying schedules of expenditures of federal and state awards 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 not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

December 19, 2011
Eau Claire, Wisconsin

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Management's Discussion and Analysis

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Wisconsin Indianhead Technical College District
Management's Discussion and Analysis
Years Ended June 30, 2011 and 2010

Wisconsin Indianhead Technical College (WITC) District's management 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 basic financial statements to focus on noteworthy financial issues.

While maintaining its financial health is crucial to the long-term viability of WITC, the primary mission of a public institution of higher education is to provide education and training. Therefore, net assets are accumulated only as required to ensure that there are sufficient reserve funds to avoid cash flow borrowing and to prevent short-term reactionary changes due to higher than anticipated expenses or lower than anticipated revenues. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying basic financial statements.

This annual report consists of a series of basic financial statements, prepared in accordance with accounting principles generally accepted in the United States, as stated in the Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; Statement No. 43, *Financial Accounting for Postemployment Benefit Plans Other Than Pension Plans*; and Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Statements of Revenues, Expenses, and Change in Net Assets

The statements of revenues, expenses, and change in net assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. In general, a public college such as WITC will report an operating deficit or loss, since the financial reporting model classifies state appropriations and property taxes as nonoperating revenues. The utilization of capital assets is reflected in the basic financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The following is a condensed version of the statements of revenues, expenses, and change in net assets for the years ended June 30, 2011, 2010, and 2009.

	2011	2010	Increase / (Decrease) 2011 - 2010		2009	Increase / (Decrease) 2010 - 2009		
Operating revenues:								
Tuition and fees	\$ 7,830,246	\$ 10,719,487	\$ (2,889,241)	-27.0%	\$ 9,964,114	\$ 755,373	7.6%	
State and federal grants	16,963,360	8,540,476	8,422,884	98.6%	5,967,035	2,573,441	43.1%	
Contract revenue	606,258	655,686	(49,428)	-7.5%	802,516	(146,830)	-18.3%	
Miscellaneous	1,046,869	394,877	651,992	165.1%	269,879	124,998	46.3%	
Total operating revenues	26,446,733	20,310,526	6,136,207	30.2%	17,003,544	3,306,982	19.4%	
Operating expenses:								
Instruction	31,050,423	30,409,880	640,543	2.1%	29,411,914	997,966	3.4%	
Instructional resources	1,178,376	1,940,838	(762,462)	-39.3%	1,187,770	753,068	63.4%	
Student services	5,768,776	5,378,018	390,758	7.3%	5,077,330	300,688	5.9%	
General institutional	7,886,017	7,947,558	(61,541)	-0.8%	7,760,740	186,818	2.4%	
Physical plant	3,514,218	3,282,064	232,154	7.1%	2,726,088	555,976	20.4%	
Auxiliary enterprise services	2,855,417	2,781,945	73,472	2.6%	2,515,503	266,442	10.6%	
Depreciation	2,639,398	2,518,660	120,738	4.8%	2,588,027	(69,367)	-2.7%	
Student aid	10,022,546	4,366,743	5,655,803	129.5%	2,624,273	1,742,470	66.4%	
Total operating expenses	64,915,171	58,625,706	6,289,465	10.7%	53,891,645	4,734,061	8.8%	
Nonoperating revenues (expenses):								
Property taxes	37,023,265	36,068,087	955,178	2.6%	34,946,272	1,121,815	3.2%	
State nonoperating appropriations	2,888,833	3,039,893	(151,060)	-5.0%	3,046,310	(6,417)	-0.2%	
Other nonoperating revenues	61,824	121,113	(59,289)	-49.1%	75,596	45,517	60.2%	
Investment income earned	59,721	67,409	(7,688)	-11.4%	176,970	(109,561)	-61.9%	
Interest expense	(562,548)	(647,405)	84,857	13.1%	(724,620)	(77,215)	10.7%	
Gain on disposal of capital assets	3,532	12,668	(9,136)	-72.1%	2,922	9,746	333.5%	
Total nonoperating revenues (expenses)	39,474,627	38,661,765	812,862	2.1%	37,523,450	1,138,315	3.0%	

	2011	2010	Increase / (Decrease) 2011 - 2010		2009	Increase / (Decrease) 2010 - 2009	
Change in net assets	\$ 1,006,188	\$ 346,585	\$ 659,603	190.3%	\$ 635,349	\$ (288,764)	-45.4%
Net assets - Beginning of year, before restatement	26,253,162	25,906,577	346,585	1.3%	20,073,350	5,833,227	29.1%
Cumulative effect of change in accounting principle	-	-	-	-	5,197,878	(5,197,878)	100.0%
Net assets - Beginning of year,	26,253,162	25,906,577	346,585	1.3%	25,271,228	635,349	2.5%
Net assets - End of year	\$ 27,259,350	\$ 26,253,162	\$ 1,006,188	3.8%	\$ 25,906,577	\$ 346,585	1.3%

Some of the most noteworthy results of operations for the current year are reflected below:

Operating revenues are the charges for services offered by the college. During 2011, the college generated approximately \$26 million of operating revenue. Significant items and revenue sources are as follows:

Tuition and fee income decreased by 27% in 2011, which reflects a change in the program administration for student loans as federal grants instead of third-party payments to students.

Contract revenues were approximately \$606,000 for the year and represent revenue from instructional and technical assistance contracts with business and industry as well as local school districts.

Auxiliary enterprise revenues are revenues generated by the bookstore, program retail and services sales, food service, and other similar activities of the college. Revenues of \$2,630,267, a decrease of 1.5% in 2011, were generated by these activities this year and are included in tuition and fees.

State and federal grant revenue increased 98.6% or \$8,422,884 in 2011, which reflects a change in program accounting for student loans as federal grants instead of third-party payments to students.

Operating expenses are costs related to offering the programs of the District. For 2011, operating expenses totaled approximately \$65 million. Approximately 62.3% of this figure represents personnel-related costs. Another major expense was depreciation (4.1%). Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 33.6% of total operating expenses.

Fluctuations in major operating expense categories occur on a year-to-year basis based on enrollment changes as well as college initiatives and priorities. In 2011, physical plant expenses increased 7.1% primarily due to new construction and renovation projects at the Rice Lake Campus location. Instructional resources expenses decreased 39.3% as a result of normalized spending on instructional technology equipment. The 129.5% increase in Student Aid reflects increased financial aid to students via state and federal programs as a result of increased eligibility for students, as well as, a change in program administration for student loans as federal grants instead of third-party payments to students.

Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenues and expenses for the year ended June 30, 2011, increased 2.1%. The most significant components of net nonoperating revenues include the following:

Property taxes levied by the District for 2011 were approximately \$1 million more than in the prior year. The increase was levied primarily to cover increases in operating expenditures.

Other non-operating revenues decreased by approximately 49.1% as compared to the previous year. The amount of the decrease was due to a gift to the college received in the previous year, which was designated to be used for scholarships.

Investment income decreased by approximately 11.4%, reflecting decreasing interest rates.

Net assets for 2011 increased \$1,006,189 as a result of the above activity.

Statements of Cash Flows

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

The following schedule shows the major components of the statements of cash flows:

	2011	2010	<u>Increase / (Decrease)</u> 2011 - 2010		2009	<u>Increase / (Decrease)</u> 2010 - 2009	
Net cash used in operating activities	\$ (34,951,559)	\$ (35,831,489)	\$ 879,930	2.5%	\$ (33,739,165)	\$ (2,092,324)	6.2%
Net cash provided by non- capital financing activities	39,181,919	38,046,594	1,135,325	3.0%	36,485,656	1,560,938	4.3%
Net cash used in capital and related financing activities	(1,698,835)	(4,015,087)	2,316,252	57.7%	(1,732,446)	(2,282,641)	131.8%
Net cash provided by investing activities	59,721	67,409	(7,688)	-11.4%	176,970	(109,561)	-61.9%
Net increase / (decrease) in cash and investments	\$ 2,591,246	\$ (1,732,573)	\$ 4,323,819	249.6%	\$ 1,191,015	\$ (2,923,588)	-245.5%

Specific items of interest related to the statements of cash flows include the following:

The largest component of cash used in operating activities was payments to employees for salaries/wages and benefits, which continue to increase on a yearly basis. Approximately \$40.6 million was paid in 2011.

Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$21.2 million represents the costs of goods and services purchased from outside vendors.

The largest cash inflows from operating activities included approximately \$8 million in tuition and fees and approximately \$17 million in state and federal grants.

Property taxes received of approximately \$36.8 million are categorized as cash flows from non-capital financing activities. The other major item in this category is state appropriations, which accounted for approximately \$2.9 million of positive cash flow.

The cash used in capital and related financing activities is primarily made up of two categories of cash flows: Purchases of capital assets and capital-related debt activity (debt proceeds and principal and interest payments). Net cash used in this category was approximately \$1.7 million as compared to \$4.0 million in 2010. The decrease in net cash outlay between 2011 and 2010 primarily represents a higher level of cash inflows from capital borrowing.

Investment income is interest received on the District's investments.

Overall, the District's cash increased by \$2,591,246 for the current fiscal period.

Statements of Net Assets

The statements of net assets include all assets (items that the District owns and amounts owed to the District by others) and liabilities (amounts owed to others by the District and what has been collected from others for which a service has not yet been performed). These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service to the District—regardless of when cash is exchanged.

The following is a condensed version of the statements of net assets as of June 30, 2011, 2010, and 2009:

	2011	2010	Increase / (Decrease)		2009	Increase / (Decrease)	
			2011 - 2010			2010 - 2009	
Assets:							
Cash and investments	\$ 11,397,760	\$ 8,806,514	\$ 2,591,246	29.4%	\$ 10,539,087	\$ (1,732,573)	-16.4%
Net capital assets	23,909,107	21,410,542	2,498,565	11.7%	21,386,233	24,309	0.1%
Other assets	16,883,271	17,240,286	(357,015)	-2.1%	16,167,889	1,072,397	6.6%
Total assets	52,190,138	47,457,342	4,732,796	10.0%	48,093,209	(635,867)	-1.3%
Liabilities:							
Current liabilities	8,945,821	8,150,311	795,510	9.8%	7,617,266	533,045	7.0%
Noncurrent liabilities	15,984,966	13,053,869	2,931,097	22.5%	14,569,366	(1,515,497)	-10.4%
Total liabilities	24,930,787	21,204,180	3,726,607	17.6%	22,186,632	(982,452)	-4.4%
Net Assets:							
Invested in capital assets, net of related debt	7,724,214	7,872,496	(148,282)	-1.9%	8,062,675	(190,179)	-2.4%
Restricted for debt service	5,367,049	5,000,219	366,830	7.3%	4,653,460	346,759	7.5%
Unrestricted	14,168,088	13,380,447	787,641	5.9%	13,190,442	190,005	1.4%
Total net assets	\$ 27,259,351	\$ 26,253,162	\$ 1,006,189	3.8%	\$ 25,906,577	\$ 346,585	1.3%

Specific items of interest related to the statement of net assets include the following:

Current cash and cash equivalents increased by \$2,591,246 in 2011. This is primarily the result of unspent debt proceeds in cash at year end.

The largest component of the District's assets is capital assets, which represents the District's investment in its physical plant and in equipment. The net capital asset balance increased by 11.7%.

The current assets category is made up of various receivable balances, including property taxes receivable of approximately \$14.8 million.

Current liabilities include accounts payable, various types of accruals, and the portion of the long-term obligations due within the next fiscal year. At year-end, the current portion of the District's long-term obligations was approximately \$5.4 million.

Long-term liabilities of approximately \$16 million represent the portion of long-term obligations due after fiscal year 2011-12.

Capital Assets and Debt Administration

The District's investment in capital assets net of related debt as of June 30, 2011, amounts to \$7,724,214. This includes land and land improvements, buildings and improvements, and movable equipment. The most significant building projects in fiscal year 2011 were new construction and remodeling initiatives at the Rice Lake Campus.

At the end of the 2011 fiscal year, the District had total general obligation debt outstanding of approximately \$20.5 million. The District's Moody's Investor Services bond rating was maintained at Aaa. The District has continued to meet all of its debt service requirements. All general obligation debt for equipment is repaid in three years, while debt related to building and remodeling is repaid in five to eight years. The debt is secured by the taxing authority of the District. The current debt structure adequately replaces and expands the equipment and facility needs of the District.

Financial Position

WITC's financial position improved, as net assets grew by \$1,006,189. The growth occurred as operating revenue growth substantially outpaced overall expenditure growth.

The District has a diverse source of revenue streams, which include state aid and grants, federal grants, tuition, and property taxes. By far, property taxes remain the most significant and stable source of revenue for WITC. While WITC's statutory taxing authority remains significantly below allowable levels, it is noteworthy that the District's equalized valuation experienced a decline for levy year 2012. In the long run, this type of recurring decrease would adversely affect the District's ability to tax.

Economic Factors

While commercial and residential development has stagnated and the economy has stalled, WITC remains on solid financial footing. Current statutory limits on WITC's tax levy are well above the District's actual tax levy. However, these limits are ultimately under the control of the legislature. Wisconsin's Biennium Budget Bill for 2011-2013 provided for a tax levy freeze for Wisconsin Technical Colleges that will affect future years for WITC. Unless approved by referendum, the District's tax levy in 2011 and 2012, excluding taxes levied for the purpose of paying principal and interest on valid bonds and notes, may not exceed the greater of: (i) the tax levy in 2010 and (ii) the amount generated using the mill rate used for the tax levy in 2010.

In addition, it is important to note that one of the District's other major sources of revenue – tuition and fees, has historically been positively affected by economic downturns. As markets adjust and workers need to develop new skills, enrollments at technical colleges typically rise. This could partially offset some of the potential impact of tax levy restrictions. Information related to 2011-2012 enrollments suggests decreases in students returning to school from the workplace. In addition, like most organizations, WITC has identified several areas of concern that could impact future decisions as follows:

State funding for the Technical College System remains stagnant despite a slight increase provided in the previous state budget. The current state budget provides for a 30% reduction for fiscal year 2012 and fiscal year 2013. As a result, students, through tuition and fees, and property taxpayers are required to contribute a larger share of District revenues.

Equalized values of property within the District are decreasing at a lower rate than recent years. It appears this trend will continue at least in the short term. The stable tax levy with decreasing valuations will result in an increase in the mill rate.

Increasing financial pressure will require the District to evaluate its allocation of existing resources. The ability to meet new program needs will be constrained by resource availability.

Personnel and health insurance cost will continue to rise at a faster rate than new revenues.

The impact of technology and resulting productivity of employers in the market require continuous improvement of WITC's existing programs, as well as the development of new programs in response to evolving occupations and advancing technology.

The need to remain current with expanding technology is great. Technology-related expenses are a key requirement in providing a high quality education.

The District has benefit plans in place with its various employee groups that provide for benefits after retirement. The other postretirement employee benefits (OPEB) under these agreements will reduce amounts available for current expenditures.

Economic Factors (continued)

With these challenges in mind, the long-term financial planning established by the District in conjunction with the District board will allow WITC to effectively meet the financial needs of operations in the future. The low mill rate currently in place allows flexibility to address the needs of stakeholders of the college. The District has established and partially funded a trust, which will help minimize the effects to its operations of benefits provided to future retirees. The overall current financial position is strong, and the District is committed to remaining financially stable in the future.

Requests for Information

This financial report is designed to provide a general overview of the College's financial picture for those interested parties. Questions concerning any information contained in this report or for any additional information should be addressed to the Associate Vice President of Finance and Business Services, 505 Pine Ridge Drive, Shell Lake, WI 54871.

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Basic Financial Statements

Wisconsin Indianhead Technical College District

Statements of Net Assets

June 30, 2011 and 2010

<i>Assets</i>	2011	2010
Current assets:		
Cash and investments	\$ 7,152,570	\$ 6,204,727
Receivables:		
Local taxes	14,822,156	14,589,829
Accounts receivable	1,201,552	1,613,877
Inventories	824,554	993,281
Prepaid expenses	35,009	43,299
Total current assets	24,035,841	23,445,013
Noncurrent assets:		
Restricted cash and investments	4,245,190	2,601,787
Capital assets, not being depreciated	1,802,305	847,962
Capital assets, being depreciated	57,244,842	53,091,897
Accumulated depreciation	(35,138,040)	(32,529,317)
Total noncurrent assets	28,154,297	24,012,329
TOTAL ASSETS	\$ 52,190,138	\$ 47,457,342

<i>Liabilities and Net Assets</i>	2011	2010
Liabilities:		
Current liabilities:		
Accounts payable	\$ 995,824	\$ 615,262
Accrued liabilities:		
Payroll, payroll taxes, and insurance	1,587,381	1,469,237
Accrued interest	134,529	164,679
Compensated absences	303,466	266,241
Deferred revenue	325,037	355,988
Due to student and other organizations	160,355	93,254
Current portion of long-term obligations	5,439,229	5,185,650
Total current liabilities	8,945,821	8,150,311
Noncurrent liabilities:		
General obligation debt	15,459,802	12,268,863
Net pension obligation	338,724	457,223
Termination benefits	210,394	200,081
Net OPEB obligation (asset)	(23,954)	127,702
Total noncurrent liabilities	15,984,966	13,053,869
Total liabilities	24,930,787	21,204,180
Net assets:		
Invested in capital assets - Net of related debt	7,724,214	7,872,496
Restricted for:		
Debt service	5,367,049	5,000,219
Unrestricted	14,168,088	13,380,447
Total net assets	27,259,351	26,253,162
TOTAL LIABILITIES AND NET ASSETS	\$ 52,190,138	\$ 47,457,342

Wisconsin Indianhead Technical College District

Statements of Revenues, Expenses, and Change in Net Assets

Years Ended June 30, 2011 and 2010

	2011	2010
Operating revenue:		
Student program fees (tuition): Net of scholarship allowance of \$3,949,396 and \$1,666,854, respectively	\$ 4,338,636	\$ 6,813,217
Student material fees: Net of scholarship allowance of \$291,446 and \$124,242, respectively	320,568	505,323
Other student fees: Net of scholarship allowance of \$491,650 and \$179,636, respectively	540,775	730,623
Federal grants	15,744,200	7,334,814
State grants	1,219,160	1,205,662
Business and industry contract revenue	606,258	655,686
Auxiliary enterprise revenue	2,630,267	2,670,324
Miscellaneous	1,046,869	394,877
Total operating revenue	26,446,733	20,310,526
Operating expenses:		
Instruction	31,050,423	30,409,880
Instructional resources	1,178,376	1,940,838
Student services	5,768,776	5,378,018
General institutional	7,886,017	7,947,558
Physical plant	3,514,218	3,282,064
Auxiliary enterprise services	2,855,417	2,781,945
Depreciation	2,639,398	2,518,660
Student aid	10,022,546	4,366,743
Total operating expenses	64,915,171	58,625,706
Operating loss	(38,468,438)	(38,315,180)

	2011	2010
Nonoperating revenues (expenses):		
Property taxes	\$ 37,023,265	\$ 36,068,087
State nonoperating appropriations	2,888,833	3,039,893
Other nonoperating revenues	61,824	121,113
Investment income earned	59,721	67,409
Interest expense	(562,548)	(647,405)
Gain on disposal of capital assets	3,532	12,668
Total nonoperating revenues (expenses)	39,474,627	38,661,765
 Change in net assets	 1,006,189	 346,585
Net assets - Beginning of year	26,253,162	25,906,577
Net assets - End of year	\$ 27,259,351	\$ 26,253,162

Wisconsin Indianhead Technical College District

Statements of Cash Flows

Years Ended June 30, 2011 and 2010

	2011	2010
Increase (decrease) in cash and investments:		
Cash flows from operating activities:		
Tuition and fees received	\$ 7,859,908	\$ 10,651,668
Federal and state grants received	17,150,564	8,327,270
Business, industry, and school district contract revenues	771,269	749,670
Payments to employees	(40,583,964)	(37,174,494)
Payments for materials and services	(21,195,703)	(18,780,157)
Other receipts	1,046,367	394,554
Net cash used in operating activities	(34,951,559)	(35,831,489)
Cash flows from noncapital financing activities:		
Local property taxes	36,790,938	35,444,264
State appropriations	2,888,833	3,039,893
Other nonoperating revenues	61,824	121,113
Principal paid on noncapital debt	(495,000)	(475,000)
Interest and fiscal charges paid on noncapital debt	(64,676)	(83,676)
Net cash provided by noncapital financing activities	39,181,919	38,046,594
Cash flows from capital and related financing activities:		
Purchases of capital assets	(5,137,963)	(2,542,970)
Proceeds from the sale of capital assets	3,532	12,668
Proceeds from issuance of capital debt	8,510,459	3,361,256
Principal paid on capital debt	(4,530,000)	(4,270,000)
Interest and fiscal charges paid on capital debt	(544,863)	(576,041)
Net cash used in capital and related financing activities	(1,698,835)	(4,015,087)
Cash flows from investing activities:		
Investment income received	59,721	67,409
Net increase (decrease) in cash and investments	2,591,246	(1,732,573)
Cash and investments - Beginning of year	8,806,514	10,539,087
Cash and investments - End of year	\$ 11,397,760	\$ 8,806,514

	2011	2010
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (38,468,438)	\$ (38,315,180)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	2,639,398	2,511,268
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	412,325	(249,633)
Inventories	168,727	(201,090)
Prepaid expenses	8,290	2,149
Increase (decrease) in liabilities:		
Accounts payable	380,562	(183,538)
Accrued payroll, payroll taxes, and insurance	118,144	281,259
Accrued compensated absences	37,225	32,389
Deferred program and material fees	(30,951)	62,269
Net pension obligation	(144,774)	(20,678)
Termination benefits	12,488	204,081
Net OPEB obligation	(151,656)	21,885
Due to student and other organizations	67,101	23,330
Net cash used in operating activities	\$ (34,951,559)	\$ (35,831,489)

Wisconsin Indianhead Technical College District

Fiduciary Funds - WITC Postemployment Benefits Trust

Statements of Net Assets

Years Ended June 30, 2011 and 2010

	2011	2010
Assets:		
Cash and investments	\$ 2,096,338	\$ 1,593,016
Contributions receivable	216,913	-
Total Assets	\$ 2,313,251	\$ 1,593,016
Net assets:		
Restricted for postemployment benefits	\$ 2,313,251	\$ 1,593,016

Wisconsin Indianhead Technical College District

Fiduciary Funds - WITC Postemployment Benefits Trust

Statements of Changes in Net Assets

Years Ended June 30, 2011 and 2010

	2011	2010
Additions:		
Employer contributions	\$ 1,224,976	\$ 1,050,341
Interest	28,346	18,413
Total additions	1,253,322	1,068,754
Deductions:		
Benefits paid	533,087	743,214
Change in net assets	720,235	325,540
Net assets - Beginning of year	1,593,016	1,267,476
Net assets - End of year	\$ 2,313,251	\$ 1,593,016

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of the Wisconsin Indianhead Technical College District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States as applied to public colleges and universities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

Reporting Entity

The Wisconsin Indianhead Technical College District was organized in 1972 under state legislation enacted in 1911 establishing vocational, technical, and adult education. The District is fully accredited by the Higher Learning Commission of the North Central Association. The geographic area of the District is comprised of all or part of 11 counties.

The District, governed by a nine-member board appointed by board chairpersons of counties within the service area, operates a public community college offering one- and two-year degrees, liberal arts studies, and a comprehensive adult education program.

As the District's governing authority, the Board's powers include:

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

The accompanying financial statements present the activities of the Wisconsin Indianhead Technical College District. Accounting principles generally accepted in the United States require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

The Wisconsin Indianhead Technical College Foundation, Inc. (the "Foundation"), is a not-for-profit organization whose purpose is to solicit, hold, manage, invest, and expend endowment funds and other gifts, grants, and bequests exclusively for the benefit of the District and its students. The Foundation is managed by an independent board of directors, and is not financially accountable to the District. The financial resources of the Foundation are not significant to the District as a whole and, accordingly, financial information related to the Foundation is not included in these financial statements.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Operating revenues and expenses generally include all fiscal transactions directly related to instructional and auxiliary enterprise activities plus administration, operation, and maintenance of capital assets and depreciation on capital assets. Included in non-operating revenues are property taxes, State appropriations, investment income, and revenues for capital construction projects. Interest on debt is a non-operating expense.

The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, which do not conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

State Statutes permit the District to invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations of Wisconsin municipal entities, high-grade commercial paper which matures in less than seven years, and the local government pooled investment fund administered by the State investment board.

All investments are stated at fair value. Investment income includes changes in fair value of investments, interest, and realized gains and losses.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Receivables

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

The District considers student accounts to be past due when a student has an account balance after the payment due date for the class. Contract receivables are considered past due 30 days after the date of billing. Past due accounts are subject to past due letter collection efforts and are subsequently placed with third-party collection agencies and the State of Wisconsin Tax Refund Interception Program (TRIP). If an account balance still exists after three years, the account is written off.

Inventories and Prepaid Expenses

Inventories of books and supplies are valued at the lower of cost, using the first-in/first-out (FIFO) method or market. Instructional and administrative inventories are accounted for as expenses when purchased. Prepaid expenses represent payments made by the District for which benefits extend beyond June 30.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing capital assets. Donated capital assets are recorded at estimated fair market value at the time of donation.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 7 years for equipment, 15 years for site improvements, 20 years for remodeling, and 40 years for buildings.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statements of revenues, expenses, and changes in net assets. There were no impairment losses recorded in the years ended June 30, 2011 and 2010.

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Vacation - District employees are granted vacation in varying amounts, based on length of service and staff classifications. Vacation earned is forfeited if not taken by August 15 of the next fiscal year. Liabilities for vacation- and salary-related payments, including social security taxes, are recorded when incurred.

Sick Leave - The District's policy allows employees to earn varying amounts of sick pay based on the length of service and staff classification. The accumulated sick leave does not vest unless criteria are met for termination benefits as described in Note 9. Amounts have been recorded consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*.

Retirement Plans - District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenses when paid.

Postemployment Benefits Other Than Pension Benefits – See Note 8 for the details of these benefits.

Net Assets

Net assets are classified according to restrictions or availability of assets for District obligations. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the District and taxing entities' treasurers for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the taxing entities before retaining any for county purposes.

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full by two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Under Section 38.16 of the Wisconsin Statutes, the District Board may levy a tax not to exceed a rate of \$1.50 per \$1,000 of the equalized value of taxable property within the area served by the District for the purposes of making capital improvements, acquiring equipment, and operating and maintaining schools. The mill rate limitation is not applicable to taxes levied for the purpose of paying principal and interest on general obligation notes payable issued by the District. For the years ended June 30, 2011 and 2010, the District levied at the following mill rate:

	2011	2010
Operating purpose	\$ 0.96278	\$ 0.88797
Debt service requirements	0.17724	0.16628
Total	\$ 1.14002	\$ 1.05425

State and Federal Revenues

State general and categorical aids are recognized as revenue in the entitlement year. Federal and state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred or eligibility requirements are met. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Tuition and Fees

Student tuition and fees are recorded, net of scholarships, as revenue in the period in which the related activity or instruction takes place. Tuition and fees for the summer semester are prorated on the basis of student class days occurring before and after June 30.

Scholarship Allowances and Student Financial Aid

Financial aid to students is reported in the basic 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 basic 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 District 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.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 2 Cash and Investments

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the District's bank balance of \$5,730,698 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk - State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Local Investment Pool. The District has no investment policy that would further limit its investment choices.

The District's cash and investments balances at June 30, 2011 and 2010, were as follows:

	Maturity	2011	2010
Certificates of deposit		\$ 2,333,518	\$ 3,270,673
Wisconsin Local Government Investment Pool	<1 year	7,110,383	4,270,395
<hr/>			
Total investments (considered cash equivalents)		9,443,901	7,541,068
Cash deposits with financial institutions carrying amount		4,041,237	2,854,452
Petty cash		8,960	4,010
Less - Cash and investments held by fiduciary funds		(2,096,338)	(1,593,016)
<hr/>			
Cash and investments reported on statement of net assets		\$ 11,397,760	\$ 8,806,514

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 2 Cash and Investments (Continued)

Investments (Continued)

The District has invested funds in the Wisconsin Local Government Investment Pool (LGIP). The LGIP is an investment pool managed by the State of Wisconsin Investment Board, which allows governments within the state to pool their funds for investment purposes. The LGIP is not registered with the SEC as an investment company but does operate in a manner consistent with Rune 2(a)7 of the Investment Company Act of 1940. Investments in the LGIP are valued at fair value.

Cash and investments are classified as follows on June 30, 2011:

	2011	2010
Restricted for:		
Debt service	\$ 523,590	\$ 348,868
Capital projects	3,721,600	2,252,919
Total restricted	4,245,190	2,601,787
Unrestricted	7,152,570	6,204,727
Total cash and investments	\$ 11,397,760	\$ 8,806,514

Note 3 Accounts Receivable

Accounts receivable consisted of the following on June 30, 2011:

	2011	2010
Student tuition and fees	\$ 441,187	\$ 501,799
Intergovernmental	178,885	366,089
Contracted services	578,273	743,284
Other	3,207	2,705
Totals	\$ 1,201,552	\$ 1,613,877

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 4 Capital Assets

Capital asset balances and activity were as follows for the years ended June 30, 2011:

	2011			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	636,686	3,835,913	2,881,570	1,591,029
Total capital assets not being depreciated	847,962	3,835,913	2,881,570	1,802,305
Capital assets being depreciated:				
Site improvements	804,411	552,101	-	1,356,512
Buildings and improvements	37,866,708	2,661,189	-	40,527,897
Equipment	14,420,778	970,330	30,675	15,360,433
Total capital assets being depreciated	53,091,897	4,183,620	30,675	57,244,842
Less accumulated depreciation for:				
Site improvements	649,324	46,980	-	696,304
Buildings and improvements	21,189,129	1,266,646	-	22,455,775
Equipment	10,690,864	1,325,772	30,675	11,985,961
Total accumulated depreciation	32,529,317	2,639,398	30,675	35,138,040
Net capital assets	21,410,542	<u>\$ 5,380,135</u>	<u>\$ 2,881,570</u>	23,909,107
Less outstanding debt related to capital assets	(15,733,863)			(19,697,481)
Plus capital project funds borrowed but not spent	2,195,817			<u>3,512,588</u>
Net assets invested in capital assets	<u>\$ 7,872,496</u>			<u>\$ 7,724,214</u>

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 4 Capital Assets (Continued)

Capital asset balances and activity were as follows for the years ended June 30, 2010:

	2010			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	765,728	1,423,612	1,552,654	636,686
Total capital assets not being depreciated	977,004	1,423,612	1,552,654	847,962
Capital assets being depreciated:				
Site improvements	804,411	-	-	804,411
Buildings and improvements	36,314,054	1,552,654	-	37,866,708
Equipment	13,331,386	1,119,357	29,965	14,420,778
Total capital assets being depreciated	50,449,851	2,672,011	29,965	53,091,897
Less accumulated depreciation for:				
Site improvements	619,189	30,135	-	649,324
Buildings and improvements	20,003,445	1,185,684	-	21,189,129
Equipment	9,417,988	1,302,841	29,965	10,690,864
Total accumulated depreciation	30,040,622	2,518,660	29,965	32,529,317
Net capital assets	21,386,233	<u>\$ 1,576,963</u>	<u>\$ 1,552,654</u>	21,410,542
Less outstanding debt related to capital assets	(16,650,000)			(15,733,863)
Plus capital project funds borrowed but not spent	3,326,442			<u>2,195,817</u>
Net assets invested in capital assets	<u>\$ 8,062,675</u>			<u>\$ 7,872,496</u>

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations

Long-term liability activity for the years ended June 30, 2011 and 2010, was as follows:

	Balance 7/1/2010	Additions	Reductions	Balance 6/30/2011	Amounts Due Within One Year
General obligation notes	\$ 17,240,000	\$ 8,300,000	\$ 5,025,000	\$ 20,515,000	\$ 5,265,000
Premium on bond issuance	53,863	210,459	16,841	247,481	37,679
Net pension obligation	613,873	34,803	179,577	469,099	130,375
Termination benefits	204,081	39,627	27,139	216,569	6,175
Net OPEB obligation (asset)	127,702	1,080,548	(1,217,748)	2,425,998	-
Totals	\$ 18,239,519	\$ 9,665,437	\$ 4,030,809	\$ 23,874,147	\$ 5,439,229

	Balance 7/1/2009	Additions	Reductions	Balance 6/30/2010	Amounts Due Within One Year
General obligation notes	\$ 18,685,000	\$ 3,300,000	\$ 4,745,000	\$ 17,240,000	\$ 5,025,000
Premium on bond issuance	-	61,256	7,393	53,863	-
Net pension obligation	634,551	141,429	162,107	613,873	156,650
Termination benefits	-	204,081	-	204,081	4,000
Net OPEB obligation	105,817	1,079,454	1,057,569	127,702	-
Totals	\$ 19,425,368	\$ 4,786,220	\$ 5,972,069	\$ 18,239,519	\$ 5,185,650

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt is comprised of the following individual issues at June 30, 2011:

	2011	2010
General Obligation Series 2002A, US Bank Corporate Trust Services Issued: September 1, 2002 / Maturity: October 1, 2010 Amount: \$4,475,000 Interest: 2.5% to 3.5% paid semiannually on April 1 and October 1 Annual principal payments: \$25,000 to \$1,150,000 Purpose: Construction, remodeling, and equipment	\$ -	\$ 425,000
General Obligation Series 2003A, US Bank Corporate Trust Services Issued: June 1, 2003 / Maturity: October 1, 2010 Amount: \$1,500,000 Interest: 1.5% to 2.9% paid semiannually on April 1 and October 1 Annual principal payments: \$25,000 to \$500,000 Purpose: Remodeling, equipment, and software	-	500,000
General Obligation Series 2003B, US Bank Corporate Trust Services Issued: August 1, 2003 / Maturity: October 1, 2011 Amount: \$4,650,000 Interest: 2.0% to 3.0% paid semiannually on April 1 and October 1 Annual principal payments: \$50,000 to \$1,945,000 Purpose: Construction, remodeling, and equipment	400,000	500,000
General Obligation Series 2003C, US Bank Corporate Trust Services Issued: August 1, 2003 / Maturity: April 1, 2013 Amount: \$3,860,000 Interest: 3.0% to 4.3% paid semiannually on April 1 and October 1 Annual principal payments: \$75,000 to \$540,000 Purpose: Pay off unfunded WRS pension liability	1,065,000	1,560,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

	2011	2010
General Obligation Series 2005A, US Bank Corporate Trust Services Issued: August 1, 2005 / Maturity: October 1, 2013 Amount: \$6,500,000 Interest: 3.0% to 3.5% paid semiannually on April 1 and October 1 Annual principal payments: \$50,000 to \$900,000 Purpose: Construction, remodeling, and equipment	\$ 1,000,000	\$ 1,705,000
General Obligation Series 2006A, US Bank Corporate Trust Services Issued: August 1, 2006 / Maturity: October 1, 2011 Amount: \$4,350,000 Interest: 5.0% to 5.5% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$2,550,000 Purpose: Construction, remodeling, and equipment	450,000	1,000,000
General Obligation Series 2007A, US Bank Corporate Trust Services Issued: August 1, 2007 / Maturity: October 1, 2012 Amount: \$3,400,000 Interest: 4.0% paid semiannually on April 1 and October 1 Annual principal payments: \$400,000 to \$600,000 Purpose: Construction, remodeling, and equipment	1,000,000	2,750,000
General Obligation Series 2008A, US Bank Corporate Trust Services Issued: August 1, 2008 / Maturity: October 1, 2013 Amount: \$4,650,000 Interest: 3.25% paid semiannually on April 1 and October 1 Annual principal payments: \$15,000 to \$3,000,000 Purpose: Construction, remodeling, and equipment	4,000,000	4,500,000
General Obligation Series 2009A, US Bank Corporate Trust Services Issued: May 1, 2009 / Maturity: October 1, 2014 Amount: \$1,000,000 Interest: 2.5% paid semiannually on April 1 and October 1 Annual principal payments: \$240,000 to \$260,000 Purpose: Remodeling	1,000,000	1,000,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

	2011	2010
General Obligation Series 2009B, US Bank Corporate Trust Services Issued: December 1, 2009 / Maturity: October 1, 2014 Amount: \$3,300,000 Interest: 2.0% to 2.5% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$2,300,000 Purpose: Remodeling and equipment	\$ 3,300,000	\$ 3,300,000
General Obligation Series 2010A, US Bank Corporate Trust Services Issued: July 1, 2010 / Maturity: October 1, 2018 Amount: \$1,000,000 Interest: 2.25% paid semiannually on April 1 and October 1 Annual principal payments: \$245,000 to \$465,000 Purpose: Construction, remodeling, and equipment	2,500,000	-
General Obligation Series 2011A, US Bank Corporate Trust Services Issued: April 7, 2011 / Maturity: October 1, 2017 Amount: \$3,350,000 Interest: 1.5% paid semiannually on April 1 and October 1 Annual principal payments: \$600,000 to \$1,275,000 Purpose: Construction, remodeling, and equipment	3,350,000	-
General Obligation Series 2011B, US Bank Corporate Trust Services Issued: May 5, 2011 / Maturity: October 1, 2020 Amount: \$2,450,000 Interest: 2.25% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$300,000 Purpose: Construction, remodeling, and equipment	2,450,000	-
Total general obligation debt	\$ 20,515,000	\$ 17,240,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

The District has the power to incur indebtedness for certain purposes specified by Section 67.03(1)(a) Wisconsin Statutes in an aggregate amount, not exceeding 5% of the equalized value of the taxable property within the District, as last determined by the Wisconsin Department of Revenue. The legal debt limit and the margin of indebtedness as of June 30, 2011, are calculated as follows:

Legal debt limit (5% of \$32,487,261,673)	\$	1,624,363,084
Less: Long-term debt applicable to debt margin		(20,515,000)
Plus: Restricted net assets available for debt service		5,367,049
<hr/>		
Margin of indebtedness	\$	1,609,215,133

Wisconsin Statutes 67.03(9) provides that the amount of bonded indebtedness for the purpose of purchasing school sites and the construction and equipping of school buildings may not exceed 2% of the equalized valuation of the taxable property, including tax incremental districts, in the District. This limit was \$658,538,303 at June 30, 2011. The District had no outstanding bonded indebtedness.

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt as of June 30, 2011, follows:

Year Ended June 30,	Principal	Interest	Totals
2012	\$ 5,265,000	\$ 480,446	\$ 5,745,446
2013	5,180,000	332,564	5,512,564
2014	3,410,000	214,264	3,624,264
2015	2,445,000	148,327	2,593,327
2016	1,130,000	110,063	1,240,063
2017 - 2020	3,085,000	156,686	3,241,686
<hr/>			
Totals	\$ 20,515,000	\$ 1,442,350	\$ 21,957,350

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 6 Employee Retirement Plans

All eligible Wisconsin Indianhead Technical College District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the general/teacher/educational support personnel category are required by Statute to contribute 6.2% to 6.5% of their salary to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the District employees covered by the WRS for the year ended June 30, 2011, was \$25,389,058; the employer's total payroll was \$28,302,623. The total required contribution for the year ended June 30, 2011 was \$2,868,909, which was entirely contributed by the employer. Total contributions for the years ending June 30, 2010 and 2009, were \$2,611,537 and \$2,482,642, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 are entitled to receive retirement benefits. Employees may retire at age 55 and receive actuarially reduced benefits. 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 employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. 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, are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 7 Pension Benefits

Special Early Retirement Program

The Wisconsin Indianhead Technical College District Board offers a Special Early Retirement Program (stipend) to qualified faculty and management employees. To qualify for this program, employees need to have met qualifying hire dates, be between 55 and 65 years of age, have at least 15 years of full-time service to the college, have not participated in the District's 403(b) match program (see below), and give notice at least six months in advance of their intent to retire. The stipend will be 45% of the base contract salary in the year of retirement and will be paid periodically until the retiree reaches age 65.

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding all early retirement stipends. The employer makes all contributions.

As of the latest actuarial valuation, dated August 18, 2010, which was effective for the fiscal year ending June 30, 2010, there are 16 active and 58 retired employees in the initial plan.

The following table shows the components of the District's annual pension cost for fiscal years 2011 and 2010, the amount actually contributed to the plan, and changes in the District's net pension benefit obligation:

	2011	2010
Annual required contribution	\$ 7,179	\$ 775,980
Interest on net pension obligation	27,624	33,106
Adjustment to annual required contribution	-	(768,801)
Annual pension cost (expense)	34,803	40,285
Contributions made	(179,577)	(162,107)
Decrease in net pension obligation	(144,774)	(121,822)
Net pension obligation - Beginning of year	613,873	634,551
Adjustment to net pension obligation - Beginning of year	-	101,144
Net pension obligation - End of year	\$ 469,099	\$ 613,873

The annual required contribution for the current year was determined as part of the July 1, 2009, actuarial valuation using the projected unit credit method. The actuarial assumptions included a 4.5% discount rate. Mortality, disability, and retirement rates are from the Wisconsin Retirement System experience for public schools.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 7 Pension Benefits (Continued)

Special Early Retirement Program (Continued)

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The plan's unfunded actuarial accrued liability is being amortized using the level dollar method. The remaining amortization period at July 1, 2009, was one year.

The District's annual pension costs, the percentage of annual pension cost contributed to the plan, and the net pension obligation for fiscal years 2010 and 2011 are as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2010	\$ 40,285	402.40%	\$ 613,873
6/30/2011	\$ 34,803	515.98%	\$ 469,099

403(b) Match Program

Faculty, management, office and technical support employees may be eligible to participate in the District's 403(b) match program. Faculty hired prior to January 1, 2008, have the choice to participate in the match by electing a match amount varying from \$0 to \$1,400 per year based upon years of service with a \$9,500 lifetime maximum or 2.0% of base salary without a lifetime maximum. Faculty had until July 1, 2009, to make their choice. Faculty hired on January 1, 2008, or after are eligible for a contribution match up to 2.0% of their base salary with no lifetime maximum, beginning in the third year of employment.

Management employees can elect to participate in the 403(b) match program beginning with the third full year of employment. The match is a dollar-for-dollar match up to 2.0% of their annual base salary. Management employees hired prior to July 1, 1993, may elect to participate in the match program, but will forfeit their eligibility for the Special Early Retirement Program. Management employees hired after July 1, 1993, are not eligible for the Special Early Retirement Program.

Office and technical support employees hired after January 1, 2009, who are eligible for benefits, can elect to participate in the 403(b) match program beginning with the third full year of employment. The match will be a dollar-for-dollar match up to 2.0% of their annualized salary. Eligible employees will elect participation each year.

The District's contributions for this program for the years ending June 30, 2011 and 2010, were \$289,088 and \$269,195, respectively.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits

In addition to the pension benefits described in Notes 6 and 7, the District provides postemployment health insurance benefits to all eligible staff members based upon the years of service with the District and accumulated sick leave at retirement.

Retiree Health Insurance

District employees are eligible for retiree health insurance benefits if certain criteria are met. A description of retiree health insurance benefits and eligibility requirements by employee classification is provided below:

Custodians hired prior to 1/1/2008: One day of sick leave (8 hrs) equals one month of single medical insurance premium provided employee has 15 years of continuous full-time service, is at least age 57 1/2 and gives 6 months' notice. Sick leave cannot accrue beyond 960 hours. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 65.

Faculty hired prior to 1/1/2008: One day of sick leave (7 hrs) equals one month of single medical insurance provided employee has 15 years of continuous full-time service, is at least age 55, and gives notice by January 15 of the calendar year retiring. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee utilizes 120 months of coverage.

Managers hired prior to 7/1/1993: One day of sick leave (7.5 hrs) equals one month of single medical insurance provided employee has 15 years of continuous full-time service, is at least age 55, and gives 6 months' notice. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, (2) the employee utilizes 120 months of coverage, or (3) the employee reaches age 65.

Office and Technical Support hired prior to January 1, 2009: One day of sick leave (7.5 hours) equals one month of single medical insurance provided the employee is age 55, gives 6 months' notice, and has 15 continuous years of service. Sick leave cannot accrue beyond 900 hours. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 65. These employees also have the option to receive the termination benefit described in Note 9 on page 45 instead of the benefit described above. However, once the employee chooses the termination benefit, they forfeit their right to the above benefit.

The District administers a single-employer defined benefit health care plan. The plan provides funds for medical benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and individual employment contracts. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive funds for medical benefits up to 10 years or until they are eligible for Medicare. The plan does not issue a standalone report.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits (Continued)

Retiree Health Insurance (Continued)

Membership of the plan consisted of 88 retirees receiving benefits and 397 active plan members at July 1, 2009, the date of the latest actuarial valuation.

The contribution requirements of plan members are based on the collective bargaining agreement in effect on the date of retirement. The District's contribution is established annually based on an amount to pay current premiums and an additional amount to pre-fund benefits. For fiscal year 2011, the District contributed \$1,224,976 to the plan, including \$533,087 for current benefits.

Postemployment Benefits

The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 41. 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 fund excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for fiscal years 2011 and 2010, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	2011	2010
Annual required contribution	\$ 1,074,163	\$ 1,074,163
Interest on net pension obligation	6,385	5,291
Adjustment to annual required contribution	(7,228)	(7,228)
Annual pension cost (expense)	1,073,320	1,072,226
Contributions made	(1,224,976)	(1,050,341)
Increase (decrease) in net pension obligation	(151,656)	21,885
Net OPEB obligation - Beginning of year	127,702	105,817
Net OPEB (asset) obligation - End of year	\$ (23,954)	\$ 127,702

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits (Continued)

Postemployment Benefits (Continued)

The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 and the previous two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 972,083	89.11%	\$ 105,817
6/30/2010	\$ 1,072,226	97.96%	\$ 127,702
6/30/2011	\$ 1,073,320	114.13%	\$ (23,954)

The funded status as of July 1, 2009, the most recent actuarial valuation date, was 10.9% funded. The actuarial accrued liability for benefits was \$11,623,721, and the actuarial value of assets was \$1,267,474, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,356,247. The covered payroll (annual payroll of active employees covered by the plan) was \$16,554,001, and the ratio of the UAAL to the covered payroll was 62.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care costs trend. 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 July 1, 2009, actuarial valuation, the unprojected unit credit actuarial cost method was used. The actuarial assumptions included a 5 percent rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio, and an annual health care cost trend rate of 12 percent initially, reduced by decrements to a rate of 5 percent after seven years. The actuarial value of the plan assets was determined to be the market value of the plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the open level percentage of projected payroll amortization method. The remaining amortization period at July 1, 2009, was 27 years.

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Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 9 Termination Benefits

In addition to the other benefits described in Notes 6, 7, and 8, the District provides a termination benefit to eligible staff members when they retire.

Following are the eligible employee groups and the respective requirements:

Custodians hired on or after 1/1/2008: The employee's hourly rate at time of retirement multiplied by 1.5 times available sick leave hours, which accrue to a maximum of 960 hours, creates a cash pool of dollars to be utilized for medical insurance premiums until the pool exhausts, the employee has 120 months of coverage, or the employee reaches age 70, whichever occurs first. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. Employees must be age 57 1/2, give 6 months' notice, and have 15 continuous years of service.

Faculty hired on or after 1/1/2008: Faculty with 10-14 years of service receive a cash pool of dollars to pay for medical insurance. The pool amount is based on the hourly rate at time of retirement times sick leave hours available to a maximum of 840 hours. A proration factor based on years of service is also included as follows:

- 10 years – 50% of sick leave or maximum of 420 hours, maximum 60 months of coverage
- 11 years – 60% of sick leave or maximum of 504 hours, maximum 72 months of coverage
- 12 years – 70% of sick leave or maximum of 588 hours, maximum 84 months of coverage
- 13 years – 80% of sick leave or maximum of 672 hours, maximum 96 months of coverage
- 14 years – 90% of sick leave or maximum of 756 hours, maximum 108 months of coverage
- 15 years – 100% of sick leave or maximum of 840 hours, maximum 120 months of coverage

The employee must be age 55, have 15 years of continuous service, and must give notice by January 15 of the calendar year retiring. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 70.

Managers hired between July 1, 1993, and June 30, 2003: The employee's hourly rate times available sick leave hours accumulated to maximum of 900 hours creates a cash pool to be utilized for medical insurance premiums until the pool exhausts or the employee reaches age 65. If the pool is exhausted prior to age 65, employees receive an additional 36 months if the accumulated sick leave balance was at least 36 days at the time of retirement. Employee must be at least 55 years of age, have 15 years of continuous full time service, and provide 6 months' notice. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 9 Termination Benefits (Continued)

Managers hired on or after 7/1/2003: The employee's hourly rate times available sick leave hours to maximum of 900 hours creates a cash pool to be utilized for medical insurance premiums until pool exhausts or the employee reaches age 65. The employee must have 15 years continuous full-time service, be at least age 55, and give 6 months' notice. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, (2) the employee utilizes 10 years of coverage, or (3) the employee reaches age 65.

Office and technical support employees hired after January 1, 2009: The employee's hourly rate at the time they retire multiplied by 1.5 times available sick leave hours, which accrue to a maximum of 900 hours, creates a cash pool of dollars to be utilized for medical insurance premiums until the pool exhausts, the employee reaches Medicare age plus 5 years, or the retiree has had coverage for 120 months, whichever occurs first. The retiree can purchase employee, single plus one, or family medical insurance under the retiree medical plan and the appropriate premium will be deducted from the pool. Employees must be currently employed by the District, have at least 15 years of benefit eligible service with the District, be eligible to receive Wisconsin Retirement System benefits, and give 6 months' notice.

The liability for these benefits at June 30, 2011, and 2010, is \$216,569 and \$204,081, respectively.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 10 Risk Management

Districts Mutual Insurance Company (DMI)

In July 2004, all 16 WTCS technical colleges created the Districts Mutual Insurance Company (DMI) (the "Company"). Districts Mutual Insurance Company is a fully assessable mutual company authorized under Wisconsin Statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$350,000,000 per occurrence; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure in its layer of insurance is limited to \$2,500 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 above \$250,000 per occurrence.

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

For the year ended June 30, 2011, the District paid premiums of \$354,925. Future premiums will be based on relevant rating exposure bases as well as the historical loss experienced by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

The audited DMI financial statements can be obtained through Districts Mutual Insurance Co., 200 West Grand Avenue, Suite B, Port Washington, WI 53074.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 10 Risk Management (Continued)

Supplemental Insurance

In July 1997, eleven of the sixteen WTCS technical colleges formed the WTCS Insurance Trust (the "Trust") to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. This trust grew to include fifteen WTCS technical colleges. In order to achieve additional cost savings, the technical colleges made a decision to form their own insurance company.

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

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

- *Foreign travel liability:* \$2,000,000 aggregate general; \$1,000,000 auto per accident; \$1,000,000 employee benefit; include benefit for accidental death and dismemberment, repatriation, and medical expense; \$1,000 deductible for employee benefit.
- *Crime:* \$750,000 coverage for employee dishonesty, forgery, computer fraud and funds transfer fraud; \$500,000 coverage for theft, robbery, burglary, disappearance and destruction of money and securities; \$25,000 coverage for investigation expense; \$2,500 deductible for investigation, \$15,000 deductible for employee dishonesty, forgery, and fraud.

The scope of settled claims has not exceeded the coverage limits in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal 2011.

Note 11 Subsequent Event

Subsequent to June 30, 2011, the District issued \$3,900,000 of general obligation promissory notes with an interest rate ranging of less than 1%. The proceeds from these general obligation promissory notes will be used for the purchase of equipment and remodeling.

Subsequent events have been evaluated through December 19, 2011, which is the date the financial statements were available to be issued.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 12 Expense Classification

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

	2011	2010
Salaries and wages	\$ 28,302,623	\$ 27,891,067
Employee benefits	12,057,707	11,199,533
Travel and meetings	947,795	870,480
Instruction supplies	390,640	398,092
Contracted services	461,508	519,018
Rentals	230,864	250,193
Insurance	415,697	389,191
Utilities	837,114	725,422
Depreciation	2,639,398	2,518,660
Other	8,549,355	9,249,074
Student aid	10,082,470	4,614,976
Total operating expenses	\$ 64,915,171	\$ 58,625,706

Note 13 Related-Party Transactions

The District is a related party with the Wisconsin Indianhead Technical College Foundation, Inc. The total expenses (including salaries, benefits, office space, and computer usage) paid by the District for the Foundation were approximately \$342,260 and \$310,488 for the fiscal years ended June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, there were accounts receivable from the Foundation of \$49,128 and \$41,843, respectively.

The District is a member of the Wisconsin Indianhead, Lakeshore, and Mid-State consortium, a nonprofit organization formed under Section 66.0301 and Chapter 38 of the Wisconsin Statutes. The WILM consortium's purpose is to develop, procure, enhance, and manage a customer-focused, state-of-the-art environment for performing administrative business services for consortium members. It will provide the information service needs of each college for the purpose of improving cost, quality, service, and institutional effectiveness for customers, while meeting federal- and state-mandated requirements. The District's share paid to the consortium was \$832,625 and \$810,511 to cover their expenses for the fiscal years June 30, 2011 and 2010, respectively.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 14 Operating Leases

Certain equipment used by the District is leased under long-term operating leases. Payments on the leases for the years ended June 30, 2011 and 2010, recorded as an operating expense in the statements of revenues, expenses, and change in net assets totaled \$163,820 and \$183,529, respectively.

The District has future operating lease obligations as follows:

2012	\$	122,646
2013		95,032
		\$ 217,678

In addition, the District leases land under a long-term operating lease for a payment of one dollar, which expires December 2073.

Note 15 Outstanding Contractual Commitments

The District entered into various contracts with construction contractors during the year. The following amount remains unspent as of June 30, 2011:

Construction Contractors	Amount Remaining
Advantage Purchasing, LLC	\$ 573,865
Benco Dental	349
Four Star Construction	43,744
Master Asbestos Abatement, Inc.	5,985
Miron Construction Company, Inc.	1,119,880
Todd's Redi-Mix, LLC	4,321
Trudell, Charles	65,210
Wynn O Jones & Associates, Inc.	37,670
Totals	\$ 1,851,024

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 16 Self-Funded Insurance

The District is exposed to various risks of loss, including employee health and dental claims. There were no significant changes in insurable risks or coverages in 2011 and 2010.

The District provides coverage up to a maximum of \$120,000 per contract and \$5,919,956 for the aggregate of contracts for medical claims and provides coverage for dental claims.

The District makes payments based upon actuarial estimates of the amounts needed to pay prior and current year's claims. The District maintains a reserve for the coverage of catastrophic losses. Changes in the claims liability amount for the years ended June 30, 2011 and 2010, were as follows:

	Claims Payable July 1	Claims and Changes in Estimates	Claim Payments	Claims Payable June 30
Year ended June 30, 2011	\$ 273,874	\$ 6,568,489	\$ (6,450,803)	\$ 391,560
Year ended June 30, 2010	\$ 525,076	\$ 6,586,981	\$ (6,838,183)	\$ 273,874

The claims liabilities of \$391,560 and \$273,874 reported above at June 30, 2011 and 2010, respectively, are based upon the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicated that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. In addition, claims, expenses, and liabilities are reduced by amounts expected to be recovered through excess insurance.

Required Supplementary Information

Wisconsin Indianhead Technical College District
Schedules of Funding Progress and Employer Contributions - OPEB
Year Ended, June 30, 2011

SCHEDULE OF FUNDING PROGRESS - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Unprojected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ 1,267,474	\$ 11,623,721	\$ 10,356,247	10.9%	\$ 16,554,001	62.6%
3/31/2008	\$ 1,250,000	\$ 6,448,265	\$ 5,198,265	19.4%	\$ 19,524,512	26.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$ 1,074,163	114.04%
2010	\$ 1,074,163	97.78%
2009	\$ 972,083	89.11%
2008	\$ 972,083	128.6%

See Independent Auditor's Report.

Wisconsin Indianhead Technical College District

Schedule of Funding Progress - Pension

Year Ended, June 30, 2011

SCHEDULE OF FUNDING PROGRESS - PENSION

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Unprojected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 735,695	\$ 735,695	0.0%	\$ 1,026,476	71.7%

See Independent Auditor's Report.

See accompanying notes to required supplementary information.

Wisconsin Indianhead Technical College District

Notes to Required Supplementary Information

Note 1 Data in the above schedules of funding progress was taken from the report issued by the actuary for OPEB and pension benefits.

Note 2 The actuarial study for the District's OPEB benefits dated August 18, 2010, was prepared using assumptions that were significantly different from those used in the actuarial study dated October 8, 2008. The following are the assumptions that changed significantly:

	October 8, 2008	August 18, 2010
Remaining amortization period	10 years	27 years
Amortization method	Open level dollar	Open level percentage
Discount rate	4%	5%
Medical trend	10% to 5% after 11 years	12% to 5% after 7 years

Supplementary Financial Information

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund Year Ended June 30, 2011

	Original Budget
Revenues:	
Local government	\$ 30,523,215
Intergovernmental:	
State	3,060,200
Federal	25,000
Tuition and fees:	
Statutory program fees	9,031,546
Material fees	573,000
Other student fees	890,117
Institutional	201,509
Total revenues	44,304,587
Expenditures:	
Instruction	26,721,813
Instructional resources	1,225,576
Student services	4,903,222
General institutional	7,976,878
Physical plant	3,477,098
Total expenditures	44,304,587
Revenues over (under) expenditures	-
Fund balance - Beginning of year	13,737,715
Fund balance - End of year	\$ 13,737,715

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 30,523,215	\$ 30,485,478	\$ -	\$ 30,485,478	\$ (37,737)
3,060,200	2,888,833	-	2,888,833	(171,367)
25,000	24,267	-	24,267	(733)
9,031,546	8,293,416	-	8,293,416	(738,130)
573,000	612,014	-	612,014	39,014
890,117	1,032,425	-	1,032,425	142,308
201,509	450,864	-	450,864	249,355
44,304,587	43,787,297	-	43,787,297	(517,290)
26,671,813	26,686,449	84,970	26,771,419	(99,606)
1,225,576	1,117,489	-	1,117,489	108,087
4,903,222	4,804,572	655	4,805,227	97,995
8,026,878	7,497,903	84,980	7,582,883	443,995
3,477,098	3,370,990	(32,264)	3,338,726	138,372
44,304,587	43,477,403	138,342	43,615,744	688,843
-	309,894	(138,342)	171,553	171,553
13,790,979	13,861,209	(70,230)	13,790,979	-
\$ 13,790,979	\$ 14,171,103	\$ (208,572)	\$ 13,962,532	\$ 171,553

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Special Revenue Fund Year Ended June 30, 2011

	Original Budget
Revenues:	
Local government	\$ 779,848
Intergovernmental:	
State	1,301,000
Federal	1,050,000
Institutional	950,152
Total revenues	4,081,000
Expenditures:	
Instruction	3,400,000
Instructional resources	30,000
Student services	600,000
General institutional	30,000
Physical plant	21,000
Total expenditures	4,081,000
Revenues over expenditures	-
Fund balance - Beginning of year	677,835
Fund balance - End of year	\$ 677,835

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 779,848	\$ 779,848	\$ -	\$ 779,848	\$ -
1,301,000	1,219,160	-	1,219,160	(81,840)
1,050,000	843,040	-	843,040	(206,960)
950,152	902,225	-	902,225	(47,927)
4,081,000	3,744,273	-	3,744,273	(336,727)
3,400,000	3,134,997	-	3,134,997	265,003
30,000	-	-	-	30,000
600,000	592,144	-	592,144	7,856
30,000	-	-	-	30,000
21,000	4,846	-	4,846	16,154
4,081,000	3,731,987	-	3,731,987	349,013
-	12,286	-	12,286	12,286
669,340	669,340	-	669,340	-
\$ 669,340	\$ 681,626	\$ -	\$ 681,626	\$ 12,286

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Capital Projects Fund Year Ended June 30, 2011

	Original Budget
Revenues:	
Intergovernmental:	
State	\$ 40,000
Institutional	80,000
Total revenues	120,000
Expenditures:	
Instruction	1,349,432
Instructional resources	237,831
Student services	7,200
General institutional	905,537
Physical plant	3,857,920
Total expenditures	6,357,920
Revenues over (under) expenditures	(6,237,920)
Other financing sources:	
General obligation promissory notes issued	5,800,000
Total other financing sources	5,800,000
Revenues and other financing sources over (under) expenditures	(437,920)
Fund balance - Beginning of year	1,068,818
Fund balance - End of year	\$ 630,898

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 40,000	\$ -	\$ -	\$ -	\$ (40,000)
80,000	6,524	-	6,524	(73,476)
120,000	6,524	-	6,524	(113,476)
1,450,000	1,385,100	37,662	1,422,762	27,238
500,000	244,398	120,140	364,538	135,462
7,200	5,167	-	5,167	2,033
850,000	947,261	(99,517)	847,744	2,256
4,423,695	4,306,016	18,527	4,324,543	99,152
7,230,895	6,887,942	76,812	6,964,754	266,141
(7,110,895)	(6,881,418)	(76,812)	(6,958,230)	152,665
5,800,000	5,800,000	-	5,800,000	-
5,800,000	5,800,000	-	5,800,000	-
(1,310,895)	(1,081,418)	(76,812)	(1,158,230)	152,665
1,356,286	4,670,818	(3,314,532)	1,356,286	-
\$ 45,391	\$ 3,589,400	\$ (3,391,344)	\$ 198,056	\$ 152,665

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Debt Service Fund Year Ended June 30, 2011

	Original Budget
Revenues:	
Local government	\$ 5,757,939
Institutional	25,000
Total revenues	5,782,939
Expenditures:	
Physical plant	5,718,456
Total expenditures	5,718,456
Revenues over expenditures	64,483
Other financing sources:	
Premium on general obligation notes	-
Total other financing sources	-
Revenues and other financing sources over expenditures	64,483
Fund balance - Beginning of year	5,125,161
Fund balance - End of year	\$ 5,189,644

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 5,757,939	\$ 5,757,939	\$ -	\$ 5,757,939	\$ -
25,000	2,821	-	2,821	(22,179)
5,782,939	5,760,760	-	5,760,760	(22,179)
5,718,456	5,634,540	-	5,634,540	83,916
5,718,456	5,634,540	-	5,634,540	83,916
64,483	126,220	-	126,220	61,739
-	210,459	-	210,459	210,459
-	210,459	-	210,459	210,459
64,483	336,679	-	336,679	272,196
5,164,898	5,164,898	-	5,164,898	-
\$ 5,229,381	\$ 5,501,577	\$ -	\$ 5,501,577	\$ 272,196

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Enterprise Fund Year Ended June 30, 2011

	Original Budget
Revenues:	
Institutional	\$ 3,385,000
Total revenues	3,385,000
Expenditures:	
Auxiliary enterprise services	3,385,000
Total expenditures	3,385,000
Revenues under expenditures	-
Fund balance - Beginning of year	832,496
Fund balance - End of year	\$ 832,496

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 3,385,000	\$ 2,630,267	\$ -	\$ 2,630,267	\$ (754,733)
3,385,000	2,630,267	-	2,630,267	(754,733)
3,385,000	2,855,417	7,512	2,862,929	522,071
3,385,000	2,855,417	7,512	2,862,929	522,071
-	(225,150)	(7,512)	(232,662)	(232,662)
696,693	696,693	-	696,693	-
\$ 696,693	\$ 471,543	\$ (7,512)	\$ 464,031	\$ (232,662)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - Internal Service Fund Year Ended June 30, 2011

	Original Budget
Revenues:	
Institutional	\$ 7,010,000
Total revenues	7,010,000
Expenditures:	
Auxiliary enterprise services	7,010,000
Total expenditures	7,010,000
Revenues under expenditures	-
Fund balance - Beginning of year	592,163
Fund balance - End of year	\$ 592,163

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 7,010,000	\$ 6,401,879	\$ -	\$ 6,401,879	\$ (608,121)
7,010,000	6,401,879	-	6,401,879	(608,121)
7,010,000	6,568,489	-	6,568,489	441,511
7,010,000	6,568,489	-	6,568,489	441,511
-	(166,610)	-	(166,610)	(166,610)
488,149	488,149	-	488,149	-
\$ 488,149	\$ 321,539	\$ -	\$ 321,539	\$ (166,610)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual-Special Revenue Non-Aidable Fund Year Ended June 30, 2011

	Original Budget
Revenues:	
Intergovernmental:	
Federal	\$ 7,141,881
Tuition and fees:	
Other student fees	425,000
Institutional	360,000
<hr/>	
Total revenues	7,926,881
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Expenditures:	
Student services	7,926,881
<hr/>	
Total expenditures	7,926,881
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Revenues over (under) expenditures	-
<hr/>	
Fund balance - Beginning of year	307,977
<hr/>	
Fund balance - End of year	\$ 307,977
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Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 7,365,000	\$ 14,876,893	\$ -	\$ 14,876,893	\$ 7,511,893
425,000	377,266	-	377,266	(47,734)
360,000	378,124	-	378,124	18,124
8,150,000	15,632,283	-	15,632,283	7,482,283
8,150,000	15,546,108	33,750	15,579,858	(7,429,858)
8,150,000	15,546,108	33,750	15,579,858	(7,429,858)
-	86,175	(33,750)	52,425	52,425
255,741	255,741	-	255,741	-
\$ 255,741	\$ 341,916	\$ (33,750)	\$ 308,166	\$ 52,425

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to Basic Financial Statements

Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund
Revenues:				
Local government	\$ 30,485,478	\$ 779,848	\$ -	\$ 5,757,939
Intergovernmental:				
State	2,888,833	1,219,160	-	-
Federal	24,267	843,040	-	-
Tuition and fees:				
Statutory program fees	8,293,416	-	-	-
Material fees	612,014	-	-	-
Other student fees	1,032,425	-	-	-
Institutional	450,864	902,225	6,524	2,821
Auxiliary enterprise revenue	-	-	-	-
Total revenues	43,787,297	3,744,273	6,524	5,760,760
Expenditures:				
Instruction	26,771,419	3,134,997	1,422,762	-
Instructional resources	1,117,489	-	364,538	-
Student services	4,805,227	592,144	5,167	-
General institutional	7,582,883	-	847,744	-
Physical plant	3,338,726	4,846	4,324,543	5,634,540
Auxiliary enterprise services	-	-	-	-
Depreciation	-	-	-	-
Student aid	-	-	-	-
Interest expense	-	-	-	-
Total expenditures	43,615,744	3,731,987	6,964,754	5,634,540
Revenues over (under) expenditures	171,553	12,286	(6,958,230)	126,220
Other financing sources:				
Premium on general obligation notes	-	-	-	210,459
General obligation promissory notes issued	-	-	5,800,000	-
Total other financing sources	-	-	5,800,000	210,459
Revenues and other financing sources over (under) expenditures	171,553	12,286	(1,158,230)	336,678
Fund balance - Beginning of year	13,790,979	669,340	1,356,286	5,164,898
Fund balance - End of year	\$ 13,962,532	\$ 681,626	\$ 198,056	\$ 5,501,577

Enterprise Fund	Internal Service Fund	Special Revenue Non-Aidable Fund	Totals	Reconciling Items	Statement of Revenue Expenses & Change in Net Assets
\$ -	\$ -	\$ -	\$ 37,023,265	\$ -	\$ 37,023,265
-	-	-	4,107,993	-	4,107,993
-	-	14,876,893	15,744,200	-	15,744,200
-	-	-	8,293,416	(3,954,779)	4,338,637
-	-	-	612,014	(291,446)	320,568
-	-	377,266	1,409,691	(868,916)	540,775
2,630,267	6,401,879	378,124	10,772,704	(8,994,501)	1,778,203
-	-	-	-	2,630,267	2,630,267
2,630,267	6,401,879	15,632,283	77,963,283	(11,479,375)	66,483,908
-	-	-	31,329,178	(278,755)	31,050,423
-	-	-	1,482,027	(303,651)	1,178,376
-	-	15,579,858	20,982,396	(15,213,620)	5,768,776
-	-	-	8,430,627	(544,610)	7,886,017
-	-	-	13,302,655	(9,788,437)	3,514,218
2,862,929	6,568,489	-	9,431,418	(6,576,001)	2,855,417
-	-	-	-	2,639,398	2,639,398
-	-	-	-	10,022,546	10,022,546
-	-	-	-	562,548	562,548
2,862,929	6,568,489	15,579,858	84,958,301	(19,480,582)	65,477,719
(232,662)	(166,610)	52,425	(6,995,018)	8,001,207	1,006,189
-	-	-	210,459	(210,459)	-
-	-	-	5,800,000	(5,800,000)	-
-	-	-	6,010,459	(6,010,459)	-
(232,662)	(166,610)	52,425	(984,560)	1,990,748	1,006,189
696,693	488,149	255,741	22,422,086	3,831,076	26,253,162
\$ 464,031	\$ 321,539	\$ 308,166	\$ 21,437,527	\$ 5,821,824	\$ 27,259,351

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

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Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2011

Note 1 Budgetary Accounting

The District uses a fund structure for budgetary accounting as compared to the entity-wide presentation of the basic financial statements. 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 its annual budget.

Property taxes are levied by the various taxing municipalities located primarily in 11 northwestern Wisconsin counties. The District records as revenue its share of the local tax when levied, since the District's share becomes available during its fiscal year to finance its operations.

Public hearings are conducted on the proposed budget.

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

Budget amendments during the year are legally authorized. Budget transfers (between funds and functional areas within funds) and changes in budgeted revenues and expenditures (appropriations) require approval by a vote of 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 (i.e., instruction, instructional resources, etc.), as presented in the required supplementary information. Expenditures may not exceed funds available or appropriated, unless authorized by a resolution adopted by a vote of two-thirds of the Board. Unused appropriations lapse at the end of each fiscal year.

Formal budgetary integration is employed as a planning device for all funds. The annual operating budget is prepared primarily on the same basis as fund financial statements prior to the adoption of GASB Statement No. 34, except encumbrances are also included in the adopted budget. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process.

The District has also included the issuance of general obligation promissory notes where the bid was awarded prior to year-end but the actual sale wasn't completed until after year-end.

Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2011

Note 2 Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources for Budgetary Funds on a Budgetary Basis and the Statements of Revenues and Expenses on a GAAP Basis

Revenues

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules:

General Fund	\$	43,787,297
Special Revenue Fund		3,744,273
Special Revenue Non-Aidable Fund		15,632,283
Capital Projects Fund		6,524
Debt Service Fund		5,760,760
Enterprise Fund		2,630,267
Internal Service Fund		6,401,879

Budgetary revenues 77,963,283

Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting		(6,741,499)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting		(4,732,492)
Summer tuition recognized on cash basis is adjusted to accrual basis for GAAP reporting		(5,384)

Reconciled revenues \$ 66,483,908

GAAP basis revenues per the Statements of Revenues and Expenses:

Operating revenues	\$	26,446,734
Property taxes		37,023,265
State nonoperating appropriations		2,888,833
Other nonoperating revenues		61,824
Gain on disposal of capital assets		3,532
Investment income		59,721

Budgetary revenues \$ 66,483,908

Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2011

Note 2 Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources for Budgetary Funds on a Budgetary Basis and the Statements of Revenues and Expenses on a GAAP Basis

Expenditures

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules:

General Fund	\$	43,615,744
Special Revenue Fund		3,731,987
Special Revenue Non-Aidable Fund		15,579,858
Capital Projects Fund		6,964,754
Debt Service Fund		5,634,540
Enterprise Fund		2,862,929
Internal Service Fund		6,568,489

Budgetary expenditures 84,958,301

Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting		(6,826,056)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting		(4,732,492)
Cash basis expenditures adjusted to GAAP accrual basis		
Amortization of bond premium		(16,841)
Interest expense		(30,150)
Pension-related benefits, compensated absences, and termination benefits		(95,061)
Capital asset acquisitions reported as expenditures for budgetary purposes		(5,137,963)
Budgetary expenditure for repayment of principal on long-term debt		(5,025,000)
Encumbrances as reported for budgetary purposes		(256,417)
Depreciation recorded for GAAP purposes		2,639,398

Reconciled expenditures \$ 65,477,719

GAAP basis expenses per the Statements of Revenues and Expenses:

Operating expenses	\$	64,915,171
Interest expense		562,548

Budgetary expenditures \$ 65,477,719

Other financing sources and uses such as operating transfers in (out) and proceeds from issuance of long-term debt are not recognized as revenues or expenses for GAAP reporting.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

District Board
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

We have audited the financial statements of the Wisconsin Indianhead Technical College District (the "District"), as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated December 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wisconsin Indianhead Technical College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wisconsin Indianhead Technical College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wisconsin Indianhead Technical College District's internal control over financial reporting.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Wisconsin Indianhead Technical College District in a separate letter dated December 19, 2011.

This report is intended for the information of the District Board, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 19, 2011
Eau Claire, Wisconsin

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Single Audit Section

Wisconsin Indianhead Technical College District

Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Administering Agency Award Description Pass-Through Agency	Federal Catalog Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				Federal	Match	
<u>U.S. Department of Education</u>						
<u>Student Financial Assistance Cluster</u>						
Federal Supplemental Education Opportunity Grants	84.007					
Grants						
July 1, 2010 - June 30, 2011		P007A104567	\$ 129,158	\$ 115,950	\$ -	\$ 115,950
Administration						
July 1, 2010 - June 30, 2011				5,797	-	5,797
Total 84.007			129,158	121,747	-	121,747
Federal Work-Study Program	84.033					
Grants						
July 1, 2008 - June 30, 2009		P003A084567		(20,706)		(20,706)
July 1, 2010 - June 30, 2011		P003A104567	160,864	144,179	-	144,179
Administration						
July 1, 2010 - June 30, 2011				7,209	-	7,209
Total 84.033			160,864	130,682	-	130,682
Federal Pell Grant Program	84.063					
Grants						
July 1, 2010 - June 30, 2011		P0638103476	6,895,609	6,890,017	-	6,890,017
Administration						
July 1, 2008 - June 30, 2009				10	-	10
July 1, 2009 - June 30, 2010				611	-	611
July 1, 2010 - June 30, 2011				9,780	-	9,780
Total 84.063			6,895,609	6,900,418	-	6,900,418
Federal Direct Student Loans	84.268					
July 1, 2010 - June 30, 2011		P268K113476	7,724,335	7,697,732	-	7,697,732
Total 84.268			7,724,335	7,697,732	-	7,697,732
Academic Competitiveness Grants	84.375					
July 1, 2010 - June 30, 2011		P375A103476	49,440	49,440	-	49,440
Total Student Financial Assistance Cluster			14,959,406	14,900,019	-	14,900,019
Wisconsin Technical College System						
Adult Education - Basic Grants to States	84.002					
Basic Skills Education						
July 1, 2010 - June 30, 2011		17-130-146-121	193,110	193,110	179,397	372,507
Basic Skills Education						
July 1, 2010 - June 30, 2011		17-132-146-161	15,560	15,560	28	15,588
Total 84.002			208,670	208,670	179,425	388,095

Wisconsin Indianhead Technical College District

Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Administering Agency Award Description Pass-Through Agency	Federal Catalog Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				Federal	Match	
<u>U.S. Department of Education (continued)</u>						
Wisconsin Technical College System						
Career & Technical Education - Basic Grants to States	84.048					
Achieving Student Success						
July 1, 2010 - June 30, 2011		17-141-150-231	\$ 351,600	\$ 351,600	\$ 498,176	\$ 849,776
Improvement of Graduation & Retention Rate						
July 1, 2010 - June 30, 2011		17-142-150-251	93,800	92,113	-	92,113
Assuring Access & Participation in Nontraditional Training & Employment						
July 1, 2010 - June 30, 2011		17-145-150-261	23,400	23,400	1,315	24,715
Total 84.048			468,800	467,113	499,491	966,604
Wisconsin Department of Public Instruction						
Technical Preparation Education Program	84.243					
July 1, 2010 - June 30, 2011		17-165-150-401	152,674	152,675	4,171	156,846
Total U.S. Department of Education				15,728,477	683,087	16,411,564
<u>U.S. Department of Labor</u>						
West Central Wisconsin Workforce Development Board						
WIA Youth Activities	17.259					
Skills Jump Start						
July 1, 2010 - June 30, 2011			14,582	14,582	-	14,582
Total U.S. Department of Labor				14,582	-	14,582
<u>U.S. Department of Veterans Affairs</u>						
Department of Veterans Affairs						
Survivors and Dependents Educational Assistance	64.117					
July 1, 2010 - June 30, 2011				1,141	-	1,141
Total U.S. Department of Veterans Affairs				1,141	-	1,141
Total Federal Awards				\$ 15,744,200	\$ 683,087	\$ 16,427,287

Wisconsin Indianhead Technical College District

Schedule of Expenditures of State Awards Year Ended June 30, 2011

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				Federal	Match	
<u>Wisconsin Higher Education Aids Board</u>						
Higher Education Grant July 1, 2010 - June 30, 2011	235.102		\$ 1,472,502	\$ 857,255	\$ -	\$ 857,255
Remission of Fees for Veterans & Dependents July 1, 2010 - June 30, 2011	235.105		53,185	53,185	-	53,185
Minority Retention Grant July 1, 2010 - June 30, 2011	235.107		4,800	4,800	-	4,800
Talent Incentive Program July 1, 2010 - June 30, 2011	235.114		224,300	157,400	-	157,400
Nursing Student Loan July 1, 2010 - June 30, 2011	235.117		13,235	13,235	-	13,235
Indian Grant July 1, 2010 - June 30, 2011	235.132		19,250	15,950	-	15,950
Total Wisconsin Higher Education Aids Board			1,787,272	1,101,825	-	1,101,825
<u>Wisconsin Technical College System</u>						
State Aids for Wisconsin Technical College System July 1, 2010 - June 30, 2011	292.105			2,704,371	-	2,704,371
Total 292.105			-	2,704,371	-	2,704,371
Farm Business & Production Management Training	292.111		-	20,537	-	20,537
<u>Incentive Grants</u>						
Bricklaying Apprenticeship Program July 1, 2010 - June 30, 2011	292.112	17-172-112-131	11,500	11,314	-	11,314
Human Services Associate July 1, 2010 - June 30, 2011		17-174-112-131	100,607	100,606	38,728	139,334
Adult Secondary Education Project July 1, 2010 - June 30, 2011		17-186-112-131	111,480	111,486	81,421	192,907
Total 292.112			223,587	223,406	120,149	343,555
Transition Services - Disabilities July 1, 2010 - June 30, 2011	292.115	17-193-115-111	23,638	23,638	9,654	33,292
Workforce Advancement Training Northwire Innovation Skills Training July 1, 2010 - June 30, 2011	292.116	17-150-116-111	60,029	18,079	-	18,079
Ashland Industries Blueprint Reading July 1, 2010 - June 30, 2011		17-151-116-111	3,640	2,672	-	2,672
Charter Films Workforce Advancement July 1, 2010 - June 30, 2011		17-159-116-111	19,897	19,795	-	19,795
Total 292.116			83,566	40,546	-	40,546

Wisconsin Indianhead Technical College District

Schedule of Expenditures of State Awards Year Ended June 30, 2011

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				Federal	Match	
<u>Wisconsin Technical College System (Continued)</u>						
Faculty Development Program July 1, 2010 - June 30, 2011	292.123	17-182-123-111	\$ 46,200	\$ 46,200	\$ 47,120	\$ 93,320
Fire Fighter Training 2% July 1, 2010 - June 30, 2011	292.137		-	49,902	-	49,902
Health Care Education Associate Degree Nursing Program Expansion July 1, 2010 - June 30, 2011	292.161	17-176-161-111	659,377	659,377	395,801	1,055,178
Occupational Therapy Assistant Expansion July 1, 2010 - June 30, 2011		17-191-161-111	153,377	153,377	56,898	210,275
Total 292.161			812,754	812,754	452,699	1,265,453
Driver Education July 1, 2010 - June 30, 2011	292.172		-	2,674	-	2,674
Total Wisconsin Technical College System				3,924,028	629,622	4,553,650
<u>Wisconsin Department of Natural Resources</u>						
Payments in Lieu of Taxes July 1, 2010 - June 30, 2011	370.503			93,061	-	93,061
<u>Wisconsin Department of Justice</u>						
Basic Jail Officer Training July 1, 2010 - June 30, 2011	455.231	170-744		63,922	-	63,922
<u>Wisconsin Department of Revenue</u>						
Aid in Lieu of Computer Taxes July 1, 2010 - June 30, 2011	835.109		-	38,216	-	38,216
<u>Wisconsin Department of Transportation</u>						
Motorcycle Safety July 1, 2010 - December 1, 2010	20.395(4)(aq)	M/C-10-17-677-V	10,283	(1,883)	30,699	28,816
April 1, 2011 - June 30, 2011		M/C-11-17-703-V	20,252	7,903	37,952	45,855
Total Wisconsin Department of Transportation			30,535	6,020	68,651	74,671
Total State Awards				\$ 5,227,072	\$ 698,273	\$ 5,925,345

Wisconsin Indianhead Technical College District

Notes to the Schedules of Expenditures of Federal and State Awards

Year Ended June 30, 2011

Note 1 Basis of Presentation

The accompanying schedules of expenditures of federal and state awards represent the activity of all federal and state programs of Wisconsin Indianhead Technical College District and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB-Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. All federal and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included on the schedules.

Note 2 Subrecipients

The District does not have subrecipients of its federal and state awards.

Note 3 Reconciliation

State:

Revenues per statement of revenues, expenses and changes in net assets:	
Operating revenues - State Grants	\$ 1,219,160
Nonoperating revenues - State nonoperating appropriations	2,888,833
Farm Business and Production Management Training	20,537
Fire Fighter Training 2%	49,902
Higher Education Aids Board assistance	1,048,640
<hr/>	
State revenue per schedule of expenditures of federal awards	<u>\$ 5,227,072</u>

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Independent Auditor's Report on Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Federal and State Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

District Board
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

Compliance

We have audited the compliance of Wisconsin Indianhead Technical College District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the years ended June 30, 2011 and 2010. Wisconsin Indianhead Technical College District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal and state programs is the responsibility of Wisconsin Indianhead Technical College District's management. Our responsibility is to express an opinion on the Wisconsin Indianhead Technical College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration (DOA). Those standards and OMB Circular A-133 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 Wisconsin Indianhead Technical College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Wisconsin Indianhead Technical College District's compliance with those requirements.

In our opinion, Wisconsin Indianhead Technical College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Wisconsin Indianhead Technical College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Wisconsin Indianhead Technical College District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Wisconsin 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 Wisconsin Indianhead Technical College 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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District Board, management, federal and state awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Wipfli LLP

December 19, 2011
Eau Claire, Wisconsin

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be a material weakness? No

Noncompliance material to financial statements? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be material weakness? No

Type of auditor's report issued on compliance
for major programs Unqualified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular A-133,
Section 510(a)? No

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

Section I - Summary of Auditor's Results (Continued)

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.268	Federal Direct Student Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grant

Dollar threshold used to determine Type A
and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

Section I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be a material weakness? No

Type of auditor's report issued on compliance
for major programs Unqualified

Any audit findings disclosed that are required to
be reported in accordance with the *State of Wisconsin
Single Audit Guidelines*? No

Identification of major state programs:

<u>State I.D. Number</u>	<u>Name of State Program</u>
235.102	Wisconsin Higher Education Grants
235.114	Talent Incentive Program
292.105	State Aids for Wisconsin Technical College System

Dollar threshold used to determine Type A programs \$100,000

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

Section II - Financial Statement Findings

There were no findings required to be reported in accordance with Generally Accepted Government Auditing Standards.

Section III - Federal and State Awards Findings and Questioned Costs

No matters reported.

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

Section IV - Other Issues

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

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with *Wisconsin State Single Audit Guidelines*?

Wisconsin Department of Revenue	No
Wisconsin Higher Education Aids Board	No
Wisconsin Technical College System	No
Wisconsin Department of Transportation	No
Wisconsin Department of Justice	No
Wisconsin Department of Natural Resources	No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

Name and signature of partner

Robert T. Ganschow

Rob Ganschow, CPA, CFE

Date of report

December 19, 2011

Wisconsin Indianhead Technical College District

Schedule of Prior Year's Findings and Questioned Costs

Year Ended June 30, 2011

Financial Statement Findings

None

Federal and State Award Findings and Questioned Costs

None