

# Wisconsin Indianhead Technical College District

Shell Lake, Wisconsin

**Financial Statements With  
Supplementary Financial Information**

Years Ended June 30, 2019 and 2018

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# Wisconsin Indianhead Technical College District

## Financial Statements With Supplementary Financial Information

Years Ended June 30, 2019 and 2018

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Wisconsin Indianhead Technical College District (the "District"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Wisconsin Indianhead Technical College Foundation, Inc. (the "Foundation") were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## *Auditor's Responsibility* (Continued)

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the District, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States require that the management's discussion and analysis, the schedule of changes in the employer's net OPEB liability (asset) and related ratios – District OPEB plan, schedule of investment returns – District OPEB plan, schedule of employer contributions – District OPEB plan, schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System on pages 4 through 12 and 73 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The non-GAAP budgetary basis schedules required by the Wisconsin Technical College System Board and the schedules of expenditures of federal and state awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The non-GAAP budgetary basis schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the non-GAAP budgetary basis schedules and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, on our consideration of the Wisconsin Indianhead Technical College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Wipfli LLP

December 11, 2019  
Eau Claire, Wisconsin

## Management's Discussion and Analysis

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**Wisconsin Indianhead Technical College District**  
**Management's Discussion and Analysis**  
Years Ended June 30, 2019 and 2018

Wisconsin Indianhead Technical College District's (WITC, "College" or the "District") management's discussion and analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader of the 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 position is 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.

## Statements of Revenues, Expenses, and Change in Net Position

The statements of revenues, expenses, and change in net position present 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 position for the years ended June 30, 2019, 2018, and 2017.

	2019	2018	Net Position Increase / (Decrease) 2019 - 2018		2017	Net Position Increase / (Decrease) 2018 - 2017		
Operating revenues:								
Tuition and fees	\$ 4,679,704	\$ 4,748,595	\$ (68,891)	-1.5%	\$ 4,709,634	\$ 38,961	0.8%	
State and federal grants	11,539,625	11,333,980	205,645	1.8%	12,164,212	(830,232)	-6.8%	
Contract revenue	1,848,254	1,679,744	168,510	10.0%	1,499,802	179,942	12.0%	
Miscellaneous	722,600	711,657	10,943	1.5%	492,350	219,307	44.5%	
<b>Total operating</b>	<b>18,790,183</b>	<b>18,473,976</b>	<b>316,207</b>	<b>1.7%</b>	<b>18,865,998</b>	<b>(392,022)</b>	<b>-2.1%</b>	
Operating expenses:								
Instruction	32,123,171	30,402,309	1,720,862	5.7%	30,644,033	(241,724)	-0.8%	
Instructional resources	1,650,051	1,457,887	192,164	13.2%	2,073,414	(615,527)	-29.7%	
Student services	6,144,332	5,682,464	461,868	8.1%	5,676,090	6,374	0.1%	
General institutional	8,110,821	8,136,940	(26,119)	-0.3%	10,260,385	(2,123,445)	-20.7%	
Physical plant	3,530,429	4,067,788	(537,359)	-13.2%	4,342,399	(274,611)	-6.3%	
Auxiliary enterprise services	2,425,789	2,683,477	(257,688)	-9.6%	2,613,638	69,839	2.7%	
Depreciation	4,578,791	3,822,769	756,022	19.8%	2,959,586	863,183	29.2%	
Student aid	2,844,565	3,105,040	(260,475)	-8.4%	3,430,680	(325,640)	-9.5%	
<b>Total operating expenses</b>	<b>61,407,949</b>	<b>59,358,674</b>	<b>2,049,275</b>	<b>3.5%</b>	<b>62,000,225</b>	<b>(2,641,551)</b>	<b>-4.3%</b>	
Nonoperating revenues (expenses):								
Property taxes	13,213,168	12,754,037	459,131	3.6%	12,273,434	480,603	3.9%	
State nonoperating appropriations	29,902,772	29,879,780	22,992	0.1%	29,780,898	98,882	0.3%	
Investment income earned	374,201	216,707	157,494	72.7%	113,704	103,003	90.6%	
Interest expense	(744,468)	(677,584)	(66,884)	9.9%	(566,385)	(111,199)	19.6%	
Gain (loss) on disposal of capital assets	77,466	15,703	61,763	393.3%	196,685	(180,982)	-92.0%	
<b>Total nonoperating revenues (expenses)</b>	<b>42,823,139</b>	<b>42,188,643</b>	<b>634,496</b>	<b>1.5%</b>	<b>41,798,336</b>	<b>390,307</b>	<b>0.9%</b>	
Special item - change in OPEB benefits	8,014,489	-	8,014,489	100.0%	-	-	0.0%	
<b>Change in net position</b>	<b>8,219,862</b>	<b>1,303,945</b>	<b>6,915,917</b>	<b>530.4%</b>	<b>(1,335,891)</b>	<b>2,639,836</b>	<b>197.6%</b>	
Net position - Beginning of year	30,443,146	29,139,201	1,303,945	4.5%	30,475,092	(1,335,891)	4.4%	
<b>Net position - End of year</b>	<b>\$ 38,663,008</b>	<b>\$ 30,443,146</b>	<b>\$ 8,219,862</b>	<b>27.0%</b>	<b>\$ 29,139,201</b>	<b>\$ 1,303,945</b>	<b>4.5%</b>	

## Fiscal Year 2019 Compared to 2018

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 District. During 2019, the District generated approximately \$18.8 million of operating revenue. Significant items and revenue sources are as follows:

In total, tuition and fee income show a slight decrease of 1.5% in 2019, which directly reflects the decrease of 0.68% in the overall student enrollment full time equivalent (FTE).

Contract revenues were approximately \$1.8 million 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 District. These revenues are included in tuition and fees and totaled \$2,382,986 for 2019. This represents a decrease of 8.9% from the previous year.

State and federal grant revenue increased 1.8% or \$205,645 in 2019, which reflects the award of the WTCS PLA Project for \$84,000 as well as the US Department of Health and Human Services T.E.A.C.H. Early Childhood grant for \$80,000.

Operating expenses are costs related to offering the programs of the District. For 2019, operating expenses totaled approximately \$61.4 million. Approximately 65.2% of this figure represents personnel-related costs. Another major expense was depreciation (7.5%). Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 27.3% of total operating expenses.

Fluctuations in major operating expense categories occur on a year-to-year basis based on enrollment changes as well as District initiatives and priorities. The 13.2% decrease in physical plant expenditures relates to the percentage completion of district renovation projects as of June 30, 2019 as compared to 2018. The 19.8% increase in depreciation is directly related to the increase in total net assets being depreciated. The 13.2% increase in instructional resources relates to capital purchases for student accommodations. The 8.4% decrease in student aid reflects decreased financial aid to students via state and federal programs as a result of decreased eligibility for students, as well as, a decline in enrollment.

Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenues and expenses for the year ended June 30, 2019, increased 1.5%. The most significant components of net nonoperating revenues include the following:

Property taxes levied by the District for 2019 were approximately \$459,000 more than in the prior year. This increase was levied primarily to cover increases in operating expenditures related to debt repayment.

Investment income increased by 72.7%, reflecting the shift to Property Tax Relief Aid and the ability to better manage cash requirements in an effort to maximize investment potential.

Gain on the disposal of capital assets increased by 393% as a direct result of equipment and furniture sales through the Wisconsin Surplus marketplace.

A one-time gain of \$8.0 million was recognized as a special item due to the change in employee post-employment benefits. Please refer to note 9 in the basic financial statements for complete details with regard to this gain.

Net position for 2019 increased \$8,219,862 as a result of the above activity.

## Fiscal Year 2018 Compared to 2017

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

Operating revenues are the charges for services offered by the District. During 2018, the District generated approximately \$18.5 million of operating revenue. Significant items and revenue sources are as follows:

In total, tuition and fee income show a modest increase of 0.8% in 2018, which reflects an increase in tuition rates of 1.4% coupled with a 1.75% overall decline in student enrollment full time equivalent (FTE).

Contract revenues were approximately \$1.7 million 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 District. These revenues are included in tuition and fees and totaled \$2,616,242 for 2018. This represents an increase of 1.6% from the previous year.

State and federal grant revenue decreased 6.8% or \$830,232 in 2018, which reflects the expiration of grant funding provided by federal agencies, specifically the U.S. Department of Agriculture, Rural Utilities Service, and U.S. Department of Labor.

### **Fiscal Year 2018 Compared to 2017 (Continued)**

Operating expenses are costs related to offering the programs of the District. For 2018, operating expenses totaled approximately \$59.4 million. Approximately 69.4% of this figure represents personnel-related costs. Another major expense was depreciation (6.4%). Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 24.2% of total operating expenses.

Fluctuations in major operating expense categories occur on a year-to-year basis based on enrollment changes as well as District initiatives and priorities. The 20.7% decrease in general institutional expenditures relates to a 50.8% decrease in the purchase of capital assets. The 29.2% increase in depreciation is directly related to the increase in total net assets being depreciated. The 29.7% decrease in instructional resources relates to the expiration of USDA project grant funding for instructional equipment. The 9.5% decrease in student aid reflects decreased financial aid to students via state and federal programs as a result of decreased eligibility for students, as well as, a decline in enrollment.

Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenues and expenses for the year ended June 30, 2018, increased 0.9%. The most significant components of net nonoperating revenues include the following:

Property taxes levied by the District for 2018 were approximately \$481,000 more than in the prior year. This increase was levied primarily to cover increases in operating expenditures related to debt repayment.

State non-operating appropriations increased by approximately \$100,000 as compared to the previous year. The amount of the increase was due to outcomes based funding as implemented in 2015 by the State of Wisconsin.

Net position for 2018 increased \$1,303,945 as a result of the above activity.

### **Statements of Cash Flows**

The statements 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:

	2019	2018	Cash Increase / (Decrease) 2019-2018		2017	Cash Increase / (Decrease) 2018-2017	
Net cash used in operating activities	\$ (36,970,411)	\$ (36,253,553)	\$ (716,858)	-2.0%	\$ (38,900,776)	\$ 2,647,223	6.8%
Net cash provided by non- capital financing activities	42,660,148	42,736,522	(76,374)	-0.2%	42,023,188	713,334	1.7%
Net cash used in capital and related financing activities	(8,571,577)	(3,675,432)	(4,896,145)	-133.2%	(11,721,870)	8,046,438	-68.6%
Net cash provided by investing activities	374,201	216,707	157,494	72.7%	113,704	103,003	90.6%
Net increase / (decrease) in cash and investments	\$ (2,507,639)	\$ 3,024,244	\$ (5,531,883)	-182.9%	\$ (8,485,754)	\$ 11,509,998	135.6%

### **Fiscal Year 2019 Compared to 2018**

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. Approximately \$38.1 million was paid in 2019.

Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$17.2 million represents the costs of goods and services purchased from outside vendors.

The largest cash inflows from operating activities included approximately \$4.8 million in tuition and fees and approximately \$11.5 million in state and federal grants.

Property tax receipts of approximately \$12.8 million and \$27 million of Property Tax Relief Aid, received in February 2019, are categorized as cash flows from non-capital financing activities.

The net 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 capital-related debt activity in this category was approximately \$1.6 million in 2019 as compared net cash provided of approximately \$1.4 million in 2018. Net cash used for capital purchases (purchases less sales proceeds) was approximately \$7.0 million in 2019 and \$5.0 million in 2018.

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

Overall, the District's cash decreased by \$2,507,639 for the current fiscal period.

### **Fiscal Year 2018 Compared to 2017**

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. Approximately \$40.1 million was paid in 2018.

Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$14.6 million represents the costs of goods and services purchased from outside vendors.

The largest cash inflows from operating activities included approximately \$4.8 million in tuition and fees and approximately \$11.3 million in state and federal grants.

Property tax receipts of approximately \$12.9 million and \$27 million of Property Tax Relief Aid, received in February 2018, are categorized as cash flows from non-capital financing activities.

The net 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 capital-related debt activity in this category was approximately \$1.4 million in 2018 as compared net cash provided of approximately \$350,000 in 2017. Net cash used for capital purchases (purchases less sales proceeds) was approximately \$5.0 million in 2018 and \$11.3 million in 2017.

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

Overall, the District's cash increased by \$3,024,244 for the fiscal period.

## Statements of Net Position

The statements of net position present the financial position of the District at the end of the fiscal year and includes 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) and deferred inflows and outflows as applicable. 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 position as of June 30, 2019, 2018, and 2017:

	2019	2018	Increase / (Decrease) 2019-2018		2017	Increase / (Decrease) 2018-2017		
<b>Assets:</b>								
Cash and investments	\$ 25,885,394	\$ 28,393,033	\$ (2,507,639)	-8.8%	\$ 25,368,789	\$ 3,024,244	11.9%	
Net capital assets	53,697,642	49,988,308	3,709,334	7.4%	48,135,048	1,853,260	3.9%	
Other assets	7,453,027	11,438,753	(3,985,726)	-34.8%	6,278,091	5,160,662	82.2%	
<b>Total assets</b>	<b>87,036,063</b>	<b>89,820,094</b>	<b>(2,784,031)</b>	<b>-3.1%</b>	<b>79,781,928</b>	<b>10,038,166</b>	<b>12.6%</b>	
<b>Deferred outflows of resources:</b>								
Related to pensions (WRS)	15,627,814	8,710,242	6,917,572	79.4%	10,563,740	(1,853,498)	-17.5%	
Related to OPEB (District plan)	1,040,455	833,634	206,821	24.8%	-	833,634	100.0%	
<b>Total deferred outflows of resources</b>	<b>16,668,269</b>	<b>9,543,876</b>	<b>7,124,393</b>	<b>74.6%</b>	<b>10,563,740</b>	<b>(1,019,864)</b>	<b>-9.7%</b>	
<b>Liabilities:</b>								
Other liabilities	4,764,144	4,197,324	566,820	13.5%	4,335,755	(138,431)	-3.2%	
Long-term liabilities	51,192,120	53,431,080	(2,238,960)	-4.2%	52,130,224	1,300,856	2.5%	
<b>Total liabilities</b>	<b>55,956,264</b>	<b>57,628,404</b>	<b>(1,672,140)</b>	<b>-2.9%</b>	<b>56,465,979</b>	<b>1,162,425</b>	<b>2.1%</b>	
<b>Deferred inflows of resources:</b>								
Related to pensions (WRS)	8,435,141	10,480,021	(2,044,880)	-19.5%	4,740,488	5,739,533	121.1%	
Related to OPEB (District plan)	649,919	812,399	(162,480)	-20.0%	-	812,399	100.0%	
<b>Total deferred inflows of resources</b>	<b>9,085,060</b>	<b>11,292,420</b>	<b>(2,207,360)</b>	<b>-19.5%</b>	<b>4,740,488</b>	<b>6,551,932</b>	<b>138.2%</b>	
<b>Net Position:</b>								
Net investment in capital assets	14,960,618	13,635,855	1,324,763	9.7%	11,186,733	2,449,122	21.9%	
Restricted for OPEB benefits	335,540	-	335,540	100.0%	-	-	0.0%	
Restricted for debt service	7,170,847	6,942,411	228,436	3.3%	6,616,952	325,459	4.9%	
Unrestricted	16,196,003	9,864,880	6,331,123	64.2%	11,335,516	(1,470,636)	-13.0%	
<b>Total net position</b>	<b>\$ 38,663,008</b>	<b>\$ 30,443,146</b>	<b>8,219,862</b>	<b>27.0%</b>	<b>\$ 29,139,201</b>	<b>\$ 1,303,945</b>	<b>4.5%</b>	

### **Fiscal Year 2019 Compared to 2018**

Specific items of interest related to the statements of net position include the following:

The District is recognizing a one-time gain of \$8.0 million as a result of the change in employee post-employment benefits in which employees retiring after June 30, 2019 will be eligible to utilize to a health reimbursement account model. Please refer to note 9 in the basic financial statements for complete details.

Cash and investments decreased by \$2,507,639 in 2019. This is primarily the result of the increase of overall operating expenditures between 2018 and 2019.

The largest component of the District's assets is net capital assets, which represents the District's net investment in its physical plant and equipment. The net capital asset balance increased by 7.4%.

The other assets category is made up of various receivable balances, including tuition and contracted services accounts receivable (\$1.8 million), property taxes receivable (\$4.7 million), and bookstore inventories (\$553,000).

Total liabilities and deferred inflows decreased by \$3.9 million in 2019, compared to an increase of \$7.7 million in 2018.

Other liabilities include accounts payable and various types of accruals.

Long-term liabilities of approximately \$51.2 million represent the portion of long-term obligations due after fiscal year end as well as the District's net pension WRS liability.

The District is also reporting a \$15.6 million deferred outflow of resources and a \$8.4 million deferred inflow of resources for its proportionate share of the WRS deferred outflows and inflows related to pensions. In 2019, the District is reporting a deferred outflow of \$1.0 million as well as a deferred inflow of \$650,000 related to the District's OPEB plan.

### **Fiscal Year 2018 Compared to 2017**

Specific items of interest related to the statements of net position include the following:

The District adopted GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions as of July 1, 2016. The District's June 30, 2016 net position was restated for the cumulative effect of adopting GASB No. 75. The restatement resulted in a decrease to net position of approximately \$8.3 million.

Cash and investments increased by \$3,024,244 in 2018. This is primarily the result of the decrease of overall operating expenditures as related to capital purchases which exceed \$11.5M in 2017 and were just under \$6.0M in 2018.

The largest component of the District's assets is net capital assets, which represents the District's net investment in its physical plant and equipment. The net capital asset balance increased by 3.9%.

The other assets category is made up of various receivable balances, including tuition and contracted services accounts receivable (\$1.3 million), property taxes receivable (\$4.3 million), and bookstore inventories (\$450,000).

Total liabilities and deferred inflows decreased by \$7.7 million in 2018, compared to an increase of \$3.7 million in 2017.

Other liabilities include accounts payable and various types of accruals.

Long-term liabilities of approximately \$53.4 million represent the portion of long-term obligations due after fiscal year end as well as the District's net OPEB liability.

The District is also reporting a \$8.7 million deferred outflow of resources and a \$10.5 million deferred inflow of resources for its proportionate share of the WRS deferred outflows and inflows of related to pensions. In 2018, the District is reporting a deferred outflow as well as a deferred inflows of resources related to the District's OPEB plan in an amount of approximately \$800,000.

## Capital Assets and Debt Administration

The District's net capital assets as of June 30, 2019 and 2018, amounts to approximately \$53.7 million and \$50 million, respectively. This includes land and land improvements, buildings and improvements, movable equipment, and construction in progress. The most significant building projects in fiscal year 2019 and 2018 were remodeling initiatives at the Superior and New Richmond campuses. There was also a focus on next generation room renovations as a result of student requests for improved learning facilities incorporating technology.

At the end of the 2019 fiscal year, the District had total general obligation debt outstanding of approximately \$42.2 million. The balance at the end of June 30, 2018 was \$43 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.

The District participates in the Wisconsin Retirement System (WRS) and the basic financial statements include a proportionate share of the assets, liabilities, deferred inflows and outflows, and an increase or decrease in pension expense related to WRS actuarial projections for calendar years ended December 31, 2018 and 2017.

The following table summarizes the financial impact to the District related to GASB Statement No. 68. For more information, refer to Note 7 and the Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System.

**Impact of GASB No. 68 on the Basic Financial Statements**  
**Years Ended June 30, 2019, 2018 and 2017**

	2019	2018	2017
Net pension asset (WRS)	\$ -	\$ 5,320,134	\$ -
Deferred outflows related to pensions (WRS)	15,627,814	8,710,242	10,563,740
Assets and deferred outflows	15,627,814	14,030,376	10,563,740
Net pension liability (WRS)	6,123,955	-	1,506,773
Deferred inflows related to pensions (WRS)	8,435,141	10,480,021	4,740,488
Liabilities and deferred inflows	14,559,096	10,480,021	6,247,261
Impact on total net position	1,068,718	3,550,355	4,316,479
Impact on pension expense	2,481,636	766,124	2,088,726
Increase (decrease) in net position excluding GASB No. 68 pension expense	10,701,498	2,070,069	752,835
Increase (decrease) in net position including GASB No. 68 pension expense	8,219,862	1,303,945	(1,335,891)
District proportion of the WRS pension liability (asset)	0.1721%	0.1792%	0.1828%
Plan fiduciary net position as a percentage of the total WRS pension liability (asset)	96.45%	(102.93%)	99.12%

## Financial Position

WITC's overall financial position increased by \$8,219,862 and \$1,303,945 for the year's ended June 30, 2019 and 2018, respectively. The reasons for this increase have already been discussed in the Statements of Revenues, Expenses, and Change in Net Position sections.

WITC continues to maintain a strong financial position with adequate operating reserves within board policy guidelines.



## Financial Position (Continued)

The District has a diverse source of revenue streams, which include state aid and grants, federal grants, business and industry contract revenue, tuition, and property taxes to meet the expenditures of the District. By far, property taxes and Property Tax Relief Aid remain the most significant and stable source of revenue for WITC. The District uses property tax levy to repay its debt and manage capital assets on replacement or refresh cycle when the assets useful lives have expired allowing the District the use of current technology and well-maintained facilities.

## 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 2013-2014 provided for a tax levy freeze for Wisconsin Technical Colleges that will affect operations in future years for WITC. Unless approved by referendum, the District's tax levy excluding taxes levied for the purpose of paying principal and interest on valid bonds and notes, cannot increase by more than net new construction for the year calculated by the Wisconsin Department of Revenue. The budget did include provisions that allowed a college to carryover and use in the next budget year up to 50% of unused tax levy authorization from the prior year.

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. Likewise, when the economy rebounds or is expanding the enrollment typically declines. Information related to 2019-2020 enrollments suggests a slight increase 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:

Equalized values of property within the District are showing modest increases and are slightly above the state average. It appears this trend will continue at least in the short term. The current tax levy with modest increases in valuations will result in a slight 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 postemployment employee benefits (OPEB) under these agreements will reduce amounts available for current expenditures.

With these challenges in mind, the long-term financial plan 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 post-employment benefit trust, which will help minimize the effects to its operations for 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 District'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 Vice President of Administrative Services, 505 Pine Ridge Drive, Shell Lake, WI 54871.

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# Basic Financial Statements

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# Wisconsin Indianhead Technical College District

## Statements of Net Position

June 30, 2019 and 2018

<i>Assets and Deferred Outflows of Resources</i>	2019		2018	
	Primary Government	Component Unit	Primary Government	Component Unit
Current assets:				
Cash and investments	\$ 12,885,302	\$ 150,254	\$ 12,943,603	\$ 61,471
Receivables:				
Local taxes	4,727,824	-	4,272,032	-
Accounts receivable	1,834,926	9,963	1,348,719	3,068
Inventories	552,758	-	451,932	-
Prepaid expenses	1,979	1,917	45,936	-
Total current assets	20,002,789	162,134	19,062,222	64,539
Noncurrent assets:				
Restricted:				
Cash and investments	13,000,092	-	15,449,430	-
Net OPEB asset (District plan)	335,540	-	-	-
Net pension asset (WRS)	-	-	5,320,134	-
Investments	-	4,928,356	-	4,766,065
Capital assets, not being depreciated	1,973,384	-	1,201,285	-
Capital assets, being depreciated	105,934,563	-	99,045,176	-
Accumulated depreciation	(54,210,305)	-	(50,258,153)	-
Total noncurrent assets	67,033,274	4,928,356	70,757,872	4,766,065
Total assets	87,036,063	5,090,490	89,820,094	4,830,604
Deferred outflows of resources:				
Related to pensions (WRS)	15,627,814	-	8,710,242	-
Related to OPEB (District Plan)	1,040,455	-	833,634	-
Total deferred outflows of resources	16,668,269	-	9,543,876	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 103,704,332</b>	<b>\$ 5,090,490</b>	<b>\$ 99,363,970</b>	<b>\$ 4,830,604</b>

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	2019		2018	
	Primary Government	Component Unit	Primary Government	Component Unit
Liabilities:				
Current liabilities:				
Accounts payable	\$ 2,124,121	\$ 58,923	\$ 1,279,212	\$ 58,324
Accrued liabilities:				
Payroll, payroll taxes, and insurance	1,218,813	-	1,475,886	-
Accrued interest	222,773	-	212,482	-
Compensated absences	343,227	-	394,874	-
Unearned revenue	484,920	-	463,884	-
Due to student and other organizations	370,290	-	370,986	-
Current portion of long-term obligations	6,668,703	-	6,398,881	-
Total current liabilities	11,432,847	58,923	10,596,205	58,324
Noncurrent liabilities:				
General obligation debt	36,492,000	-	37,632,949	-
Net OPEB liability (District plan)	-	-	7,643,064	-
Net pension liability (WRS)	6,123,955	-	-	-
Sick leave	1,907,462	-	1,756,186	-
Total noncurrent liabilities	44,523,417	-	47,032,199	-
Total liabilities	55,956,264	58,923	57,628,404	58,324
Deferred Inflows of Resources				
Related to pensions (WRS)	8,435,141	-	10,480,021	-
Related to OPEB (District plan)	649,919	-	812,399	-
Total deferred inflows of resources	9,085,060	-	11,292,420	-
Total liabilities and deferred inflows of resources	65,041,324	58,923	68,920,824	58,324
Net position:				
Net investment in capital assets	14,960,618	-	13,635,855	-
Restricted - nonexpendable	-	3,598,457	-	3,376,254
Restricted for:				
OPEB benefits (District Plan)	335,540	-	-	-
Debt service	7,170,847	-	6,942,411	-
Scholarships and other activities	-	1,269,386	-	1,089,430
Unrestricted	16,196,003	163,724	9,864,880	306,596
Total net position	38,663,008	5,031,567	30,443,146	4,772,280
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 103,704,332</b>	<b>\$ 5,090,490</b>	<b>\$ 99,363,970</b>	<b>\$ 4,830,604</b>

See accompanying notes to financial statements.

# Wisconsin Indianhead Technical College District

## Statements of Revenues, Expenses, and Change in Net Position

Years Ended June 30, 2019 and 2018

	2019		2018	
	Primary Government	Component Unit	Primary Government	Component Unit
Operating revenue:				
Student program fees (tuition) - Net of scholarship allowance of \$5,584,575 and \$5,764,531, respectively	\$ 1,897,064	\$ -	\$ 1,765,146	\$ -
Student material fees - Net of scholarship allowance of \$381,482 and \$420,588, respectively	187,324	-	183,308	-
Other student fees - Net of scholarship allowance of \$625,477 and \$605,374, respectively	212,330	-	183,899	-
Federal grants	10,715,460	-	11,137,173	-
State grants	824,165	-	196,807	-
Business and industry contract revenue	1,848,254	-	1,679,744	-
Auxiliary enterprise revenue	2,382,986	-	2,616,242	-
Miscellaneous	722,600	630,637	711,657	650,242
<b>Total operating revenue</b>	<b>18,790,183</b>	<b>630,637</b>	<b>18,473,976</b>	<b>650,242</b>
Operating expenses:				
Instruction	32,123,171	-	30,402,309	-
Instructional resources	1,650,051	-	1,457,887	-
Student services	6,144,332	-	5,682,464	-
General institutional	8,110,821	704,170	8,136,940	793,552
Physical plant	3,530,429	-	4,067,788	-
Auxiliary enterprise services	2,425,789	-	2,683,477	-
Depreciation	4,578,791	-	3,822,769	-
Student aid	2,844,565	-	3,105,040	-
<b>Total operating expenses</b>	<b>61,407,949</b>	<b>704,170</b>	<b>59,358,674</b>	<b>793,552</b>
<b>Operating loss</b>	<b>(42,617,766)</b>	<b>(73,533)</b>	<b>(40,884,698)</b>	<b>(143,310)</b>

	2019		2018	
	Primary Government	Component Unit	Primary Government	Component Unit
Nonoperating revenues (expenses):				
Property taxes	\$ 13,213,168	\$ -	\$ 12,754,037	\$ -
State nonoperating appropriations	29,902,772	-	29,879,780	-
Investment income earned	374,201	332,820	216,707	313,147
Interest expense	(744,468)	-	(677,584)	-
Gain on disposal of capital assets	77,466	-	15,703	-
Total nonoperating revenues (expenses)	42,823,139	332,820	42,188,643	313,147
Special item - Change in OPEB benefits	8,014,489	-	-	-
Change in net position	8,219,862	259,287	1,303,945	169,837
Net position - Beginning of year	30,443,146	4,772,280	29,139,201	4,602,443
Net position - End of year	\$ 38,663,008	\$ 5,031,567	\$ 30,443,146	\$ 4,772,280

# Wisconsin Indianhead Technical College District

## Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Increase (decrease) in cash and investments:		
Cash flows from operating activities:		
Tuition and fees received	\$ 4,785,317	\$ 4,777,033
Federal and state grants received	11,520,920	11,354,316
Business, industry, and school district contract revenues received	1,372,831	1,700,328
Payments to employees	(38,066,512)	(40,144,711)
Payments for materials and services	(17,228,911)	(14,650,313)
Other receipts	645,944	709,794
Net cash used in operating activities	(36,970,411)	(36,253,553)
Cash flows from noncapital financing activities:		
Local property taxes	12,757,376	12,856,742
State appropriations	29,902,772	29,879,780
Net cash provided by noncapital financing activities	42,660,148	42,736,522
Cash flows from capital and related financing activities:		
Purchases of capital assets	(7,082,991)	(5,064,242)
Proceeds from sale of capital assets	126,538	32,982
Proceeds from issuance of capital debt	5,654,657	8,272,397
Principal paid on capital debt	(6,315,000)	(6,030,000)
Interest and fiscal charges paid on capital debt	(954,781)	(886,569)
Net cash used in capital and related financing activities	(8,571,577)	(3,675,432)
Cash flows from investing activities:		
Investment income received	374,201	216,707
Net increase (decrease) in cash and investments	(2,507,639)	3,024,244
Cash and investments - Beginning of year	28,393,033	25,368,789
Cash and investments - End of year	\$ 25,885,394	\$ 28,393,033



	2019	2018
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (42,617,766)	\$ (40,884,698)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	4,578,791	3,822,769
Special item - change in OPEB benefits	8,014,489	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in assets/deferred outflows of resources:		
Accounts receivable	(486,207)	40,353
Inventories	(100,826)	43,451
Prepaid expenses	43,957	(27,037)
Net OPEB asset (District plan)	(335,540)	-
Net pension asset (WRS)	5,320,134	(5,320,134)
Deferred outflows of resources related to OPEB (District plan)	(206,821)	(833,634)
Deferred outflows of resources related to pensions (WRS)	(6,917,572)	1,853,498
Increase (decrease) in liabilities/deferred inflows of resources:		
Accounts payable	(409,299)	(449,407)
Accrued payroll, payroll taxes, and insurance	(257,073)	74,941
Accrued vacation	(51,647)	(17,009)
Unearned revenue	21,036	27,142
Due to fiduciary fund	-	(451,198)
Net OPEB liability (District Plan)	(7,643,064)	242,774
Net pension liability (WRS)	6,123,955	(1,506,773)
Sick leave	161,098	547,774
Deferred inflows of resources related to OPEB (District plan)	(162,480)	812,399
Deferred inflows of resources related to pensions (WRS)	(2,044,880)	5,739,533
Due to student and other organizations	(696)	31,703
<b>Net cash used in operating activities</b>	<b>\$ (36,970,411)</b>	<b>\$ (36,253,553)</b>
<b>Noncash capital and related financing activities:</b>		
Capital assets in accounts payable	\$ 1,254,208	\$ 629,066

# Wisconsin Indianhead Technical College District

## Fiduciary Funds - WITC Postemployment Benefits Trust

### Statements of Net Position

Years Ended June 30, 2019 and 2018

	2019	2018
Assets:		
Cash and investments	\$ 6,593,070	\$ 6,422,046
Net position:		
Restricted for other postemployment benefits	\$ 6,593,070	\$ 6,422,046

**Wisconsin Indianhead Technical College District**  
**Fiduciary Funds - WITC Postemployment Benefits Trust**  
**Statements of Changes in Net Position**

Years Ended June 30, 2019 and 2018

	2019	2018
Additions:		
Employer contributions	\$ 1,293,575	\$ 668,575
Interest	30,435	21,030
<b>Total additions</b>	<b>1,324,010</b>	<b>689,605</b>
Deductions:		
Benefits paid	1,152,986	1,010,794
Change in net position	171,024	(321,189)
Net position - Beginning of year	6,422,046	6,743,235
<b>Net position - End of year</b>	<b>\$ 6,593,070</b>	<b>\$ 6,422,046</b>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### 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 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 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. Since the financial resources of the Foundation are significant to the District as a whole, the Foundation is presented as a discretely presented component unit of the District. Separately issued financial statements of the Foundation may be obtained from the Foundation Administrative Office.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### 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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

#### 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; deferred outflows of resources; liabilities; deferred inflows of resources; revenues, and expenses. Actual results may differ from these estimates.

#### Cash, Cash Equivalents, 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 six 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 of Wisconsin investment board.

All investments are stated at fair value, except for the Wisconsin Investment Series Cooperative and the Local Government Investment Pool, which are reported at amortized cost. Investment income includes changes in fair value of investments, interest, and realized gains and losses.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### 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.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets that are either assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimized the use of unobservable inputs.

#### 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.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Capital Assets

Capital assets are recorded 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 acquisition 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.

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.

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 position. There were no impairment losses recorded in the years ended June 30, 2019 and 2018.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the District has two items that qualify for reporting in this category. The deferred outflows of resources related to pensions represents the District's proportionate share of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset). The deferred outflows of resources related to OPEB represent the differences between expected and actual experience, changes in assumptions used, and the net difference between projected and actual earnings on OPEB plan investments used in the calculation of the total OPEB liability.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the District has two items that qualify for reporting in this category. The deferred inflows of resources related to pensions represents the District's proportionate share of the collective deferred inflows of resources related to pensions. The deferred inflows of resources related to OPEB represent changes in assumptions used in the calculation of the total OPEB liability.

#### 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 in excess of one week is forfeited if not taken by December 31 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 payment upon retirement as described in Note 10. Amounts have been recorded consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*.

Postemployment Benefits Other Than Pension Benefits - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District OPEB plan, and additions to/deductions from District fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit term. Investments are reported at fair value.

#### District Pension Plan

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

#### Restricted Assets

Restricted assets are cash, cash equivalents, investments, and the net OPEB asset whose use is limited by legal requirements such as a bond indenture or investment in an irrevocable trust.



# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Net Position

Net position is classified according to restrictions or availability of assets for District obligations. Net investment in capital assets, 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. Unspent portions of capital-related debt proceeds are not included in this category. Net position is 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, or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the remaining amounts that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use it is the District's policy to use externally restricted resources first.

#### 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 the prior year's levy by the District's inflation factor, which is equal to the percentage change in the District's equalized value from the prior year due to net new construction, for the purposes of making capital improvements, acquiring equipment, and operating and maintaining schools. The limitation is not applicable to taxes levied for the purpose of paying principal and interest on general obligation notes payable issued by the District.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 1 Summary of Significant Accounting Policies (Continued)

#### Property Tax Levy (Continued)

For the years ended June 30, 2019 and 2018, the District levied at the following mill rate:

	2019	2018
Operating purpose	\$ 0.17543	\$ 0.17263
Debt service requirements	0.20479	0.20754
<b>Total</b>	<b>\$ 0.38022</b>	<b>\$ 0.38017</b>

#### 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 expenses are incurred or eligibility requirements are met. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenues.

#### 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.

#### Reclassification

Certain amounts as previously reported in the 2018 financial statements have been reclassified to conform to the 2019 presentation. Such reclassifications have no effect on reported amounts of net position or change in net position.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### 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, 2019, \$251,582 of the District's bank balance of \$9,703,075 was exposed to custodial credit risk.

#### 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 negotiable certificates of deposit, the Wisconsin Investment Series Cooperative and the Wisconsin Local Government Investment Pool. The District has no investment policy that would further limit its investment choices.

The Wisconsin Investment Series Cooperative (WISC) was created in 1988 and is a comprehensive cash management program exclusively for Wisconsin school districts, technical college districts, municipalities, and other public entities. An investment in the fund represents an undivided beneficial ownership interest in the assets of WISC and the securities and investments in which the assets of WISC are invested. WISC was established pursuant to an Intergovernmental Cooperation Agreement under the Wisconsin intergovernmental cooperation statute, Wisconsin Statutes, Section 66.0301. WISC is governed by a commission (the "Commission") in accordance with the terms of the Intergovernmental Cooperation Agreement. The Commission has full power, control and authority (including delegative authority) over the affairs, investments and assets of the fund. WISC currently consists of the Cash Management Series and the Investment Series. Each of these series is invested in a separate portfolio of permitted investments. The WISC is not registered with the Securities Exchange Commission (SEC) as an investment company. The WISC reports to participants on the amortized cost basis. The WISC shares are bought and redeemed at \$1 based on the amortized cost of the investments in the pool. Participants in WISC have the right to withdraw their funds in total on one day's notice. The investment in WISC is not subject to the fair value hierarchy disclosures. Annually audited financial statements of WISC are provided to all participants.

The District is a participant in the Wisconsin Local Government Investment Pool (LGIP) which is authorized in Wisconsin Statutes 25.14 and 25.17 under the oversight of the State of Wisconsin Investment Board. The LGIP is not registered with the SEC as an investment company. The LGIP operates and reports to participants on the amortized cost basis. The LGIP shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in the LGIP is not subject to the fair value hierarchy disclosures.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 2 Cash and Investments (Continued)

#### Investments (Continued)

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

	Maturity	2019	2018
Negotiable certificates of deposit	<1 year	\$ 12,243,800	\$ 6,497,500
Wisconsin Investment Series Cooperative Investment Series	<1 year	7,212,835	8,756,607
Wisconsin Local Government Investment Pool	<1 year	3,651,123	11,026,906
Total investments (considered cash equivalents)		23,107,758	26,281,013
Cash deposits with financial institutions carrying amount		9,364,590	8,525,600
Petty cash		6,116	8,466
Less - Cash and investments held by fiduciary funds		(6,593,070)	(6,422,046)
Cash and investments reported on statements of net position		\$ 25,885,394	\$ 28,393,033

Cash and investments are classified as follows on June 30:

	2019	2018
Restricted for:		
Debt service	\$ 7,408,520	\$ 7,156,792
Capital projects	5,591,572	8,292,638
Total restricted	13,000,092	15,449,430
Unrestricted	12,885,302	12,943,603
Total cash and investments	\$ 25,885,394	\$ 28,393,033

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 3 Accounts Receivable

Accounts receivable consisted of the following on June 30:

	2019	2018
Student tuition and fees	\$ 505,487	\$ 590,064
Intergovernmental	119,365	100,660
Contracted services	987,302	511,879
Other	222,772	146,116
<b>Totals</b>	<b>\$ 1,834,926</b>	<b>\$ 1,348,719</b>

### Note 4 Fair Value Measurements (Assets Measured at Fair Value)

Information regarding assets measured at fair value on a recurring basis as of June 30, 2019 and 2018, is as follows:

#### Assets at Fair Value as of June 30, 2019

	Recurring Fair Value Measurements Using			Total Fair Value
	Level 1	Level 2	Level 3	
Investments at fair value:				
Negotiable certificates of deposit	\$ -	\$ 12,243,800	\$ -	\$ 12,243,800
<b>Total investments at fair value</b>	<b>\$ -</b>	<b>\$ 12,243,800</b>	<b>\$ -</b>	<b>\$ 12,243,800</b>

#### Assets at Fair Value as of June 30, 2018

	Recurring Fair Value Measurements Using			Total Fair Value
	Level 1	Level 2	Level 3	
Investments at fair value:				
Negotiable certificates of deposit	\$ -	\$ 6,497,500	\$ -	\$ 6,497,500
<b>Total investments at fair value</b>	<b>\$ -</b>	<b>\$ 6,497,500</b>	<b>\$ -</b>	<b>\$ 6,497,500</b>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 5 Capital Assets

Capital asset balances and activity were as follows for the year ended June 30, 2019:

	2019			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	990,009	1,762,108	990,009	1,762,108
<b>Total capital assets not being depreciated</b>	<b>1,201,285</b>	<b>1,762,108</b>	<b>990,009</b>	<b>1,973,384</b>
Capital assets being depreciated:				
Site improvements	3,557,121	290,000	-	3,847,121
Buildings and improvements	72,479,140	4,659,974	-	77,139,114
Equipment	23,008,915	2,615,125	675,712	24,948,328
<b>Total capital assets being depreciated</b>	<b>99,045,176</b>	<b>7,565,099</b>	<b>675,712</b>	<b>105,934,563</b>
Less accumulated depreciation for:				
Site improvements	1,462,602	196,435	-	1,659,037
Buildings and improvements	33,591,729	2,096,412	-	35,688,141
Equipment	15,203,822	2,285,944	626,639	16,863,127
<b>Total accumulated depreciation</b>	<b>50,258,153</b>	<b>4,578,791</b>	<b>626,639</b>	<b>54,210,305</b>
Net capital assets	49,988,308	<u>\$ 4,748,416</u>	<u>\$ 1,039,082</u>	53,697,642
Less outstanding debt related to capital assets	(43,947,949)			(43,067,000)
Plus capital project funds borrowed but not spent	7,595,496			4,329,976
<b>Net investment in capital assets</b>	<u>\$ 13,635,855</u>			<u>\$ 14,960,618</u>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 5 Capital Assets

Capital asset balances and activity were as follows for the year ended June 30, 2018:

	2018			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	2,652,505	990,009	2,652,505	990,009
<b>Total capital assets not being depreciated</b>	<b>2,863,781</b>	<b>990,009</b>	<b>2,652,505</b>	<b>1,201,285</b>
Capital assets being depreciated:				
Site improvements	3,557,121	-	-	3,557,121
Buildings and improvements	67,988,743	4,490,397	-	72,479,140
Equipment	20,431,129	2,865,407	287,621	23,008,915
<b>Total capital assets being depreciated</b>	<b>91,976,993</b>	<b>7,355,804</b>	<b>287,621</b>	<b>99,045,176</b>
Less accumulated depreciation for:				
Site improvements	1,267,778	194,824	-	1,462,602
Buildings and improvements	31,660,719	1,931,010	-	33,591,729
Equipment	13,777,230	1,696,935	270,343	15,203,822
<b>Total accumulated depreciation</b>	<b>46,705,727</b>	<b>3,822,769</b>	<b>270,343</b>	<b>50,258,153</b>
Net capital assets	48,135,047	<u>\$ 4,523,044</u>	<u>\$ 2,669,783</u>	49,988,308
Less outstanding debt related to capital assets	(41,930,868)			(43,947,949)
Plus capital project funds borrowed but not spent	4,982,554			<u>7,595,496</u>
<b>Net investment in capital assets</b>	<u>\$ 11,186,733</u>			<u>\$ 13,635,855</u>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 6 Long-Term Obligations

Long-term liability activity for the years ended June 30, 2019 and 2018, was as follows:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts Due Within One Year
General obligation notes	\$ 43,095,000	\$ 5,500,000	\$ 6,315,000	\$ 42,280,000	\$ 6,575,000
Premium on general obligation notes	852,949	154,657	220,606	787,000	-
Sick leave	1,840,067	230,435	69,337	2,001,165	93,703
<b>Totals</b>	<b>\$ 45,788,016</b>	<b>\$ 5,885,092</b>	<b>\$ 6,604,943</b>	<b>\$ 45,068,165</b>	<b>\$ 6,668,703</b>

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018	Amounts Due Within One Year
General obligation notes	\$ 41,125,000	\$ 8,000,000	\$ 6,030,000	\$ 43,095,000	\$ 6,315,000
Premium on general obligation notes	805,868	272,397	225,316	852,949	-
Sick leave	1,292,293	666,141	118,367	1,840,067	83,881
<b>Totals</b>	<b>\$ 43,223,161</b>	<b>\$ 8,938,538</b>	<b>\$ 6,373,683</b>	<b>\$ 45,788,016</b>	<b>\$ 6,398,881</b>



# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 6 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:

	2019	2018
General Obligation Series 2010A, US Bank Corporate Trust Services Issued: July 1, 2010 / Maturity: October 1, 2018 Amount: \$2,500,000 Interest: 2.25% paid semiannually on April 1 and October 1 Annual principal payments: \$245,000 to \$465,000 Purpose: Construction, remodeling, and equipment	\$ -	\$ 465,000
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	300,000	600,000
General Obligation Series 2012A, US Bank Corporate Trust Services Issued: May 15, 2012 / Maturity: October 1, 2018 Amount: \$3,000,000 Interest: 1.04% paid semiannually on April 1 and October 1 Annual principal payments: \$200,000 to \$600,000 Purpose: Construction, remodeling, and equipment	-	300,000
General Obligation Series 2013A, US Bank Corporate Trust Services Issued: June 18, 2013 / Maturity: October 1, 2018 Amount: \$2,020,000 Interest: 0.72533% paid semiannually on April 1 and October 1 Annual principal payments: \$300,000 to \$800,000 Purpose: Construction, remodeling, and equipment	-	600,000
General Obligation Series 2013B, US Bank Corporate Trust Services Issued: December 18, 2013 / Maturity: October 1, 2019 Amount: \$5,825,000 Interest: 1.191903% paid semiannually on April 1 and October 1 Annual principal payments: \$750,000 to \$2,075,000 Purpose: Construction, remodeling, and equipment	2,075,000	3,075,000

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 6 Long-Term Obligations (Continued)

#### General Obligation Debt (Continued)

	2019	2018
<p>General Obligation Series 2014A, US Bank Corporate Trust Services            Issued: December 18, 2013 / Maturity: October 1, 2020            Amount: \$3,950,000            Interest: 1.225187% paid semiannually on April 1 and October 1            Annual principal payments: \$350,000 to \$1,175,000            Purpose: Construction and remodeling</p>	\$ 2,125,000	\$ 2,600,000
<p>General Obligation Series 2014B, US Bank Corporate Trust Services            Issued: December 29, 2014 / Maturity: October 1, 2020            Amount: \$5,225,000            Interest: 1.1245239% paid semiannually on April 1 and October 1            Annual principal payments: \$390,000 to \$1,085,000            Purpose: Construction, remodeling, and equipment</p>	2,150,000	3,190,000
<p>General Obligation Series 2015A, US Bank Corporate Trust Services            Issued: March 16, 2015 / Maturity: October 1, 2021            Amount: \$1,500,000            Interest: 1.2804199% paid semiannually on April 1 and October 1            Annual principal payments: \$200,000 to \$300,000            Purpose: Remodeling</p>	830,000	1,075,000
<p>General Obligation Series 2015B, US Bank Corporate Trust Services            Issued: May 8, 2015 / Maturity: October 1, 2021            Amount: \$2,025,000            Interest: 1.169340% paid semiannually on April 1 and October 1            Annual principal payments: \$300,000 to \$360,000            Purpose: Remodeling and site improvements</p>	1,055,000	1,395,000
<p>General Obligation Series 2015C, US Bank Corporate Trust Services            Issued: June 11, 2015 / Maturity: October 1, 2021            Amount: \$1,150,000            Interest: 1.349% paid semiannually on April 1 and October 1            Annual principal payments: \$280,000 to \$295,000            Purpose: Remodeling and site improvements</p>	870,000	1,150,000

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 6 Long-Term Obligations (Continued)

#### General Obligation Debt (Continued)

	2019	2018
General Obligation Series 2015D, US Bank Corporate Trust Services Issued: December 7, 2015 / Maturity: October 1, 2025 Amount: \$5,160,000 Interest: 1.6405482% paid semiannually on April 1 and October 1 Annual principal payments: \$435,000 to \$635,000 Purpose: Construction, remodeling, and equipment	\$ 3,545,000	\$ 4,165,000
General Obligation Series 2016A, US Bank Corporate Trust Services Issued: March 14, 2016 / Maturity: October 1, 2025 Amount: \$3,400,000 Interest: 1.395551% paid semiannually on April 1 and October 1 Annual principal payments: \$395,000 to \$455,000 Purpose: Construction, remodeling, and equipment	3,005,000	3,400,000
General Obligation Series 2016B, US Bank Corporate Trust Services Issued: April 14, 2016 / Maturity: October 1, 2025 Amount: \$2,035,000 Interest: 1.444455% paid semiannually on April 1 and October 1 Annual principal payments: \$40,000 to \$320,000 Purpose: Construction, remodeling, and equipment	1,880,000	2,035,000
General Obligation Series 2016C, US Bank Corporate Trust Services Issued: May 12, 2016 / Maturity: October 1, 2025 Amount: \$1,500,000 Interest: 1.470865% paid semiannually on April 1 and October 1 Annual principal payments: \$240,000 to \$260,000 Purpose: Construction remodeling	1,500,000	1,500,000
General Obligation Series 2016D, US Bank Corporate Trust Services Issued: June 6, 2016 / Maturity: October 1, 2025 Amount: \$1,500,000 Interest: 1.388482% paid semiannually on April 1 and October 1 Annual principal payments: \$240,000 to \$265,000 Purpose: Construction remodeling	1,500,000	1,500,000

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 6 Long-Term Obligations (Continued)

#### General Obligation Debt (Continued)

	2019	2018
<p>General Obligation Series 2016E, US Bank Corporate Trust Services            Issued: June 30, 2016 / Maturity: October 1, 2025            Amount: \$1,500,000            Interest: 1.421840% paid semiannually on April 1 and October 1            Annual principal payments: \$240,000 to \$265,000            Purpose: Construction remodeling</p>	\$ 1,500,000	\$ 1,500,000
<p>General Obligation Series 2017A, US Bank Corporate Trust Services            Issued: March 21, 2017 / Maturity: October 1, 2026            Amount: \$6,545,000            Interest: 1.8264558% paid semiannually on April 1 and October 1            Annual principal payments: \$100,000 to \$1,805,000            Purpose: Construction, remodeling, and equipment</p>	6,445,000	6,545,000
<p>General Obligation Series 2017B, US Bank Corporate Trust Services            Issued: December 29, 2017 / Maturity: October 1, 2027            Amount: \$2,750,000            Interest: 2.035455% paid semiannually on April 1 and October 1            Annual principal payments: \$285,000 to \$630,000            Purpose: Construction, remodeling, and equipment</p>	2,750,000	2,750,000
<p>General Obligation Series 2018A, US Bank Corporate Trust Services            Issued: May 7, 2018 / Maturity: October 1, 2026            Amount: \$3,750,000            Interest: 2.3089620% paid semiannually on April 1 and October 1            Annual principal payments: \$485,000 to \$765,000            Purpose: Construction, remodeling, and equipment</p>	3,750,000	3,750,000
<p>General Obligation Series 2018B, US Bank Corporate Trust Services            Issued: June 11, 2018 / Maturity: October 1, 2024            Amount: \$1,500,000            Interest: 2.520777% paid semiannually on April 1 and October 1            Annual principal payments: \$740,000 to \$760,000            Purpose: Construction, remodeling, and equipment</p>	1,500,000	1,500,000

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 6 Long-Term Obligations (Continued)

#### General Obligation Debt (Continued)

	2019	2018
General Obligation Series 2018C, US Bank Corporate Trust Services Issued: December 28, 2018 / Maturity: October 1, 2027 Amount: \$3,000,000 Interest: 2.4873101% paid semiannually on April 1 and October 1 Annual principal payments: \$100,000 to \$430,000 Purpose: Construction, remodeling, and equipment	\$ 3,000,000	\$ -
General Obligation Series 2019A, US Bank Corporate Trust Services Issued: May 6, 2019 / Maturity: October 1, 2027 Amount: \$1,500,000 Interest: 2.032409% paid semiannually on April 1 and October 1 Annual principal payments: \$280,000 to \$320,000 Purpose: Construction remodeling	1,500,000	-
General Obligation Series 2019B, US Bank Corporate Trust Services Issued: June 10, 2019 / Maturity: October 1, 2027 Amount: \$1,000,000 Interest: 1.863863% paid semiannually on April 1 and October 1 Annual principal payments: \$155,000 to \$180,000 Purpose: Construction remodeling	1,000,000	-
<b>Total general obligation debt</b>	<b>\$ 42,280,000</b>	<b>\$ 43,095,000</b>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 6 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, 2019, are calculated as follows:

Legal debt limit (5% of \$35,345,011,880)	\$	1,767,250,594
Less: Long-term debt applicable to debt margin		(42,280,000)
Plus: Restricted net position available for debt service		7,170,847
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Margin of indebtedness	\$	1,732,141,441
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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 in the District. This limit was \$706,900,238 at June 30, 2019. 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, 2019, follows:

Year Ended June 30,	Principal	Interest	Totals
2020	\$ 6,575,000	\$ 834,760	\$ 7,409,760
2021	6,725,000	717,475	7,442,475
2022	6,000,000	596,788	6,596,788
2023	5,680,000	475,740	6,155,740
2024	5,105,000	355,146	5,460,146
2025 - 2028	12,195,000	442,448	12,637,448
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Totals	\$ 42,280,000	\$ 3,422,357	\$ 45,702,357
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# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 7 Employee Retirement Plans - Wisconsin Retirement System

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

EFT issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits provided – Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 7 Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	-2.1%	-42.0%
2010	-1.3%	22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%

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

During the reporting period, the WRS recognized \$1,674,506 in contributions from the employer.

Contribution rates as of June 30, 2019 and 2018, are:

	2019		2018	
General (including teachers, executives and elected officials)	6.55%	6.55%	6.7%	6.7%
Protective with Social Security	6.55%	10.55%	6.7%	10.7%
Protective without Social Security	6.55%	14.95%	6.7%	14.9%



# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 7 Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

At June 30, 2019 and 2018, the District reported a liability (asset) of \$6,123,955 and (\$5,320,134) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, within the District's fiscal year, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation one year prior to and rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportionate share of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018 and 2017, the District's proportion was 0.17213308% and 0.17918229%, which was a decrease of 0.00704921% from the prior year.

For the years ended June 30, 2019 and 2018, the District recognized pension expense of \$4,156,143 and \$2,510,263.

At June 30, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,769,633	\$ (8,430,997)	\$ 6,759,363	\$ (3,161,806)
Changes in assumptions	1,032,274	-	1,051,154	-
Net differences between projected and actual earnings on pension plan investments	8,943,617	-	-	(7,312,030)
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,873	(4,144)	40,469	(6,185)
Employer contributions subsequent to the measurement date	815,417	-	859,256	-
<b>Total</b>	<b>\$ 15,627,814</b>	<b>\$ (8,435,141)</b>	<b>\$ 8,710,242</b>	<b>\$ (10,480,021)</b>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 7 Employee Retirement Plans - Wisconsin Retirement System (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2020	\$ 2,307,889
2021	596,181
2022	1,012,808
2023	2,460,378

#### Actuarial Assumptions

The total pension liability in the actuarial valuations used for the years ended June 30, 2019 and 2018, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2019	2018
Actuarial Valuation Date	December 31, 2017	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2018	December 31, 2017
Actuarial Cost Method	Entry Age	Entry Age
Asset Valuation Method	Fair Market Value	Fair Market Value
Long-Term Expected Rate of Return	7.0%	7.2%
Discount Rate	7.0%	7.2%
Salary Increases:		
Inflation	3.0%	3.2%
Seniority/Merit	0.1% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	1.9%	2.1%

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

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 7 Employee Retirement Plans - Wisconsin Retirement System (Continued)

#### Actuarial Assumptions (Continued)

Actuarial assumptions for the 2017 valuation are based upon an experience study conducted in 2018 that covered a three-year period from 2015-2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. Actuarial assumptions for the 2016 valuation are based upon an experience study conducted in 2015 using experience from 2012-2014. The total pension liability for December 31, 2018, is based upon a rollforward of the liability calculated from the December 31, 2017, actuarial valuation.

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

Asset Class	December 31, 2018		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Core Fund:			
Global equities	49.0%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9.0%	6.5%	3.9%
Private equity/debt	8.0%	9.4%	6.7%
Multi-asset	4.0%	6.7%	4.1%
<b>Total core fund</b>	<b>110.0%</b>	<b>7.3%</b>	<b>4.7%</b>
Variable Fund:			
US equities	70.0%	7.6%	5.0%
International equities	30.0%	8.5%	5.9%
<b>Total variable fund</b>	<b>100.0%</b>	<b>8.0%</b>	<b>5.4%</b>

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

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

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 7 Employee Retirement Plans - Wisconsin Retirement System (Continued)

#### Actuarial Assumptions (Continued)

Asset Class	December 31, 2017		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Core Fund:			
Global equities	50.0%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8.0%	6.5%	3.6%
Private equity/debt	8.0%	9.4%	6.5%
Multi-asset	4.0%	6.5%	3.6%
<b>Total core fund</b>	<b>110.0%</b>	<b>7.3%</b>	<b>4.4%</b>
Variable Fund:			
US equities	70.0%	7.5%	4.6%
International equities	30.0%	7.8%	4.9%
<b>Total variable fund</b>	<b>100.0%</b>	<b>7.9%</b>	<b>5.0%</b>

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

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

**Single Discount Rate:** A single discount rate of 7.0% was used to measure the total pension liability, as opposed to a discount rate of 7.2% for the prior year. The single discount rate is based on the expected rate of return on pension plan investments of 7.0% and a municipal bond rate of 3.71%. Because of the unique structure of the WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 7 Employee Retirement Plans - Wisconsin Retirement System (Continued)

#### Actuarial Assumptions (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2019		2018	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to discount rate	6.0%	\$ 24,337,240	6.2%	\$ 13,765,005
Current discount rate	7.0%	6,123,955	7.2%	(5,320,134)
1% increase to discount rate	8.0%	(7,419,034)	8.2%	(19,825,431)

#### Pension Plan Fiduciary Net Position

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

#### Payables to the Pension Plan

At June 30, 2019 and 2018, the District reported payables of \$249,089 and \$402,463 for the outstanding amount of contributions to the pension plan required for the years ended.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 8 Pension Benefits

#### 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, 2011, 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, 2019 and 2018, were \$317,041 and \$332,540, respectively.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits

In addition to the pension benefits described in Notes 7 and 8, 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

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 district policy administered through an employee handbook. The plan does not issue a standalone report. A description of retiree health insurance benefits and eligibility requirements by employee classification for the year ended June 30, 2019, is provided below:

Faculty Tier 1: Hired prior to January 1, 2008 and retiring by June 30, 2019	
Eligibility	OPEB
At least 15 years of service with the District	<u>Medical Insurance:</u> In return for every day (7.0 hours) of unused sick leave accumulated upon retirement, up to the maximum of 840 hours, the District will provide one month of single coverage in the retiree medical plan, up to the maximum of 120 months.

Faculty Tier 2: Hired prior to January 1, 2008 and retiring after June 30, 2019									
Eligibility	OPEB: HRA Benefit Plus Implicit Rate Subsidy								
At least age 55 with 15 years of service with the District	<u>Post-Employment HRA:</u> Unused sick leave accumulated upon retirement will be converted based upon the employees' days/hours of sick leave and the rate per day of \$1,000. Fractions of a day will apply based upon \$142.86/hour. The amount of sick leave that may be accumulated is based upon years of service as follows:								
	<table border="1"> <thead> <tr> <th>Hours/Days</th> <th>Max. Hours</th> <th>Amount/Day</th> <th>Maximum Benefit</th> </tr> </thead> <tbody> <tr> <td>7</td> <td>840</td> <td>\$1,000</td> <td>\$120,000</td> </tr> </tbody> </table>	Hours/Days	Max. Hours	Amount/Day	Maximum Benefit	7	840	\$1,000	\$120,000
	Hours/Days	Max. Hours	Amount/Day	Maximum Benefit					
7	840	\$1,000	\$120,000						
The resulting monies are to be used for continued medical coverage in the District's active medical plans or a plan outside of the District until their exhaustion or Medicare eligibility, whichever comes first.									

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

Faculty Tier 3: Hired on or after January 1, 2008			
Eligibility	OPEB: Implicit Rate Subsidy Only		
At least 10 years of service with the District	<p><u>Medical Insurance:</u> (Implicit rate subsidy only) A portion of unused sick leave accumulated upon retirement will be converted at the retiree's final hourly rate. The amount of sick leave that may be accumulated is based upon years of services as follows:</p>		
	<b>Years of Service</b>	<b>Maximum Amount of Sick Leave</b>	<b>Maximum Duration in Plan</b>
	10	50% of maximum amount of sick leave, up to 420 hours	60 months
	11	60% of maximum amount of sick leave, up to 504 hours	72 months
	12	70% of maximum amount of sick leave, up to 588 hours	84 months
	13	80% of maximum amount of sick leave, up to 672 hours	96 months
	14	90% of maximum amount of sick leave, up to 756 hours	108 months
	15 or more	100% of maximum amount of sick leave, up to 840 hours	120 months
The resulting monies are to be used for continued medical coverage in the District's active medical plan or a plan outside the District until their exhaustion of the benefit.			
<p><u>Note:</u> HRA maximum monthly reimbursement is equal to the District's single active plan total premium for the highest cost plan.</p>			

Office and Technical Staff Tier 1: Hired prior to January 1, 2009 and retiring by June 30, 2019	
Eligibility	OPEB
At least 15 years of service with the District	<p><u>Medical Insurance:</u> In return for every day (7.5 hours) of unused sick leave accumulated upon retirement, up to the maximum of 900 hours, the District will provide one month of single coverage in the retiree medical plan, up to the maximum of 120 months. The District contributions, however, will cease once the retiree attains Medicare eligibility.</p>



# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

Office and Technical Staff Tier 2: Hired prior to January 1, 2009 and retiring after June 30, 2019				
Eligibility	OPEB: HRA Benefit Plus Implicit Rate Subsidy			
At least age 55 with 15 years of service with the District	<p><u>Post-Employment HRA:</u> Unused sick leave accumulated upon retirement will be converted based upon the employees' days/hours of sick leave and the rate per day of \$1,000. Fractions of a day will apply based upon \$133.33/hour. The amount of sick leave that may be accumulated is based upon years of service as follows:</p>			
	<b>Hours/Days</b>	<b>Max. Hours</b>	<b>Amount/Day</b>	<b>Maximum Benefit</b>
	7.5	900	\$1,000	\$120,000
<p>The resulting monies are to be used for continued medical coverage in the District's active medical plans or a plan outside of the District until their exhaustion or Medicare eligibility, whichever comes first.</p>				

Office and Technical Staff Tier 3: Hired after January 1, 2009	
Eligibility	OPEB: Implicit Rate Subsidy Only
At least 15 years of service with the District	<p><u>Medical Insurance:</u> (Implicit Rate Subsidy Only) Unused sick leave accumulated upon retirement, up to the maximum of 900 hours, will be converted at 1.5 times the retiree's final hourly rate. These monies are to be used for continued medical coverage in the District's health plan or a plan outside the District's plan until their exhaustion or Medicare-eligibility plus 60 months, which ever comes first.</p>
<p><u>Note:</u> HRA maximum monthly reimbursement is equal to the District's single active plan total premium for the highest cost plan.</p>	

Custodians Tier 1: Hired prior to January 1, 2008 and retiring by June 30, 2019	
Eligibility	OPEB
At least age 57 1/2 with a minimum of 15 years of service with the District	<p><u>Medical Insurance:</u> In return for every day (8 hours) of unused sick leave accumulated upon retirement, up to the maximum of 960 hours, the District will provide one month of single coverage in the retiree medical plan, up to the maximum of 120 months. The District contributions, however, will cease once the retiree attains the age of 65.</p>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

Custodians Tier 2: Hired prior to January 1, 2008 and retiring after June 30, 2019												
Eligibility	OPEB: HRA Benefit Plus Implicit Rate Subsidy											
At least age 55 with 15 years of service with the District	<p><u>Post-Employment HRA:</u> Unused sick leave accumulated upon retirement will be converted based upon the employees' days/hours of sick leave and the rate per day of \$1,000. Fractions of a day will apply based upon \$125/hour. The amount of sick leave that may be accumulated is based upon years of service as follows:</p> <table border="1"> <thead> <tr> <th>Hours/Days</th> <th>Max. Hours</th> <th>Amount/Day</th> <th>Maximum Benefit</th> </tr> </thead> <tbody> <tr> <td>8</td> <td>960</td> <td>\$1,000</td> <td>\$120,000</td> </tr> </tbody> </table> <p>The resulting monies are to be used for continued medical coverage in the District's active medical plans or a plan outside of the District until their exhaustion or Medicare eligibility, whichever comes first.</p>				Hours/Days	Max. Hours	Amount/Day	Maximum Benefit	8	960	\$1,000	\$120,000
Hours/Days	Max. Hours	Amount/Day	Maximum Benefit									
8	960	\$1,000	\$120,000									

Custodians Tier 3: Hired after January 1, 2008	
Eligibility	OPEB: Implicit Rate Subsidy Only
At least age 55 with a minimum of 15 years of service with the District	<p><u>Medical Insurance:</u> (Implicit Rate Subsidy Only) Unused sick leave accumulated upon retirement, up to the maximum of 960 hours, will be converted at 1.5 times the retiree's final hourly rate. These monies are to be used for continued medical coverage in the District's health plan or a plan outside the District's plan until their exhaustion or Medicare-eligibility plus 60 months, which ever comes first.</p> <p><u>Note:</u> HRA maximum monthly reimbursement is equal to the District's single active plan total premium for the highest cost plan.</p>

Management Personnel Tier 1: Hired prior to July 1, 1993 and retiring by June 30, 2019	
Eligibility	OPEB
At least age 55 with a minimum of 15 years of service with the District	<p><u>Medical Insurance:</u> In return for every day (7.5 hours) of unused sick leave accumulated upon retirement, up to the maximum of 900 hours, the District will provide one month of single coverage in the retiree medical plan, up to the maximum of 120 months. The District contributions, however, will cease once the retiree attains the age of 65.</p>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

Management Personnel Tier 2: Hired prior to July 1, 1993 and retiring after June 30, 2019												
Eligibility	OPEB: HRA Benefit Plus Implicit Rate Subsidy											
At least age 55 with 15 years of service with the District	<p>Post-Employment HRA: Unused sick leave accumulated upon retirement will be converted based upon the employees' days/hours of sick leave and the rate per day of \$1,000. Fractions of a day will apply based upon \$133.33/hour. The amount of sick leave that may be accumulated is based upon years of service as follows:</p> <table border="1"> <thead> <tr> <th>Hours/Days</th> <th>Max. Hours</th> <th>Amount/Day</th> <th>Maximum Benefit</th> </tr> </thead> <tbody> <tr> <td>7.5</td> <td>900</td> <td>\$1,000</td> <td>\$120,000</td> </tr> </tbody> </table> <p>The resulting monies are to be used for continued medical coverage in the District's active medical plans or a plan outside of the District until their exhaustion or Medicare eligibility, whichever comes first.</p>				Hours/Days	Max. Hours	Amount/Day	Maximum Benefit	7.5	900	\$1,000	\$120,000
Hours/Days	Max. Hours	Amount/Day	Maximum Benefit									
7.5	900	\$1,000	\$120,000									

Management Personnel Tier 3: Hired after July 1, 1993	
Eligibility	OPEB: HRA Benefit Plus Implicit Rate Subsidy
At least age 55 with a minimum of 15 years of service with the District	<p>Post-Employment HRA: Unused sick leave accumulated upon retirement will be converted at the retiree's final hourly rate. These monies are to be used for continued medical coverage in the District's health plan or a plan outside the District's plan until their exhaustion, Medicare eligibility, or a maximum of 120 months, whichever comes first.</p> <p>Management personnel hired between July 1, 1993 and June 30, 2003, who have accumulated 270 sick leave hours by retirement date shall receive an additional \$36,000 to their HRA.</p>
<p>Note: HRA maximum monthly reimbursement is equal to the District's single active plan total premium for the highest cost plan.</p>	

A description of retiree health insurance benefits and eligibility requirements by employee classification for the year ended June 30, 2018, 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 1/1/2018: 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.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

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.

Membership of the plan consisted of 92 retirees receiving benefits and 377 active plan members at June 30, 2017, the date of the latest actuarial valuation.

The contribution requirements of plan members are based on district policy as administered through the employee handbook 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 2019, the District contributed \$1,293,575 to the plan, which was for current and future benefits. For fiscal year 2018, the District contributed \$668,575 to the plan, which was all for current benefits.

The OPEB plan investment policies and investment disclosures are discussed in Note 1 and Note 2. Currently the plan is invested in CD's and the WISC investment series. For June 30, 2019, and 2018 the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 0.49% and 0.35%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability (asset) for the District at June 30, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Total OPEB liability	\$ 6,257,530	\$ 14,065,110
Plan fiduciary net position	6,593,070	6,422,046
Net OPEB liability (asset)	<u>(335,540)</u>	<u>7,643,064</u>
Plan fiduciary net position as a percentage of the total OPEB liability	105.36%	45.66%

The net OPEB liability (asset) was measured as of June 30, 2019, and 2018, the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2019. Since the District's assets are held mainly as fixed income, the discount rate was changed to be reflective of a 20-year AA municipal bond rate as of the measurement date. These assumptions and methods remained unchanged from the valuation performed as of July 1, 2015. The actuarial assumptions included an inflation rate of 2.5% and projected salary increases of 3.0%, average, including inflation. The health care trend rate is 7.5% initially decreasing to 5.0%. Mortality assumptions are based on an experience study conducted in 2015 using WRS experience from 2012-2014.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

The long term expected rate of return on OPEB plan investments was determined using the 20-year AA municipal bond rate as of the measurement date.

Asset Class	2019 Long-Term Expected Rate of Return	2018 Long-Term Expected Rate of Return
Savings Account	3.50%	3.75%
Local government bond	3.50%	3.75%
External investment pool	3.50%	3.75%

Changes in the net OPEB liability (asset) for the year ended June 30, 2019, are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 14,065,110	\$ 6,422,046	\$ 7,643,064
Changes for the year:			
Service cost	579,638	-	579,638
Interest	516,691	-	516,691
Change in benefit terms	(8,014,489)	-	(8,014,489)
Changes of assumptions or other input	263,566	-	263,566
Contributions - Employer	-	1,293,575	(1,293,575)
Net investment income	-	30,435	(30,435)
Benefit payments	(1,152,986)	(1,152,986)	-
Net changes	(7,807,580)	171,024	(7,978,604)
Balances at June 30, 2019	\$ 6,257,530	\$ 6,593,070	\$ (335,540)

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

Changes in the net OPEB liability for the year ended June 30, 2018, are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 14,143,525	\$ 6,743,235	\$ 7,400,290
Changes for the year:			
Service cost	604,459	-	604,459
Interest	487,913	-	487,913
Differences between expected and actual experience	814,886	-	814,886
Changes of assumptions or other input	(974,879)	-	(974,879)
Contributions - Employer	-	668,575	(668,575)
Net investment income	-	21,030	(21,030)
Benefit payments	(1,010,794)	(1,010,794)	-
Net changes	(78,415)	(321,189)	242,774
Balances at June 30, 2018	\$ 14,065,110	\$ 6,422,046	\$ 7,643,064

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

The following presents the net OPEB liability (asset) of the District, calculated using the discount rate of 3.50%, as of June 30, 2019, and 3.75% as of June 30, 2018, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

The following presents the liability as of June 30, 2019:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB liability	\$ 6,483,697	\$ 6,257,530	\$ 6,036,169
Fiduciary net position	6,593,070	6,593,070	6,593,070
<b>Net OPEB liability (asset)</b>	<b>\$ (109,373)</b>	<b>\$ (335,540)</b>	<b>\$ (556,901)</b>

The following presents the liability as of June 30, 2018:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB liability	\$ 15,070,902	\$ 14,065,110	\$ 13,131,485
Fiduciary net position	6,422,046	6,422,046	6,422,046
<b>Net OPEB liability</b>	<b>\$ 8,648,856</b>	<b>\$ 7,643,064</b>	<b>\$ 6,709,439</b>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

The following presents the District's net OPEB liability (asset) calculated using the healthcare cost trend rate of 7.5% decreasing to 5%, as well as what the District's OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current rate.

The following presents the liability (asset) as of June 30, 2019:

	1% Decrease (6.5% decreasing to 4%)	Healthcare Cost Trend Rates (7.5% decreasing to 5%)	1% Increase (8.5% decreasing to 6%)
Total OPEB liability	\$ 5,936,281	\$ 6,257,530	\$ 6,581,053
Fiduciary net position	6,593,070	6,593,070	6,593,070
<b>Net OPEB liability (asset)</b>	<b>\$ (656,789)</b>	<b>\$ (335,540)</b>	<b>\$ (12,017)</b>

The following presents the liability as of June 30, 2018:

	1% Decrease (6.5% decreasing to 4%)	Healthcare Cost Trend Rates (7.5% decreasing to 5%)	1% Increase (8.5% decreasing to 6%)
Total OPEB liability	\$ 12,747,272	\$ 14,065,110	\$ 15,572,420
Fiduciary net position	6,422,046	6,422,046	6,422,046
<b>Net OPEB liability</b>	<b>\$ 6,325,226</b>	<b>\$ 7,643,064</b>	<b>\$ 9,150,374</b>

For the years ended June 30, 2019 and 2018, the District recognized OPEB expense of \$960,159 and \$840,114 respectively.



# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

#### Retiree Health Insurance (Continued)

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

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 543,258	\$ -	\$ 679,072	\$ -
Changes in assumptions or other input	210,853	(649,919)	-	(812,399)
Net differences between projected and actual earnings on OPEB plan investments	286,344	-	154,562	-
<b>Total</b>	<b>\$ 1,040,455</b>	<b>\$ (649,919)</b>	<b>\$ 833,634</b>	<b>\$ (812,399)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2020	\$ 107,293
2021	107,293
2022	107,295
2023	68,655

At June 30, 2019, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 10 Sick Leave

In addition to the other benefits described in Notes 7, 8, and 9, the District makes termination payments 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 or more years of continuous 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 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

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### Note 10 Sick Leave (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. 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 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, 2019, and 2018, is \$2,001,165 and \$1,840,067, respectively.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 11 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 \$500,225,000 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 \$5,000 to \$100,000 per occurrence depending on the type of coverage, and DMI purchases reinsurance for losses in excess of its retained layer of coverage above \$250,000 per occurrence.

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

For the years ended June 30, 2019 and 2018, the District paid premiums of \$355,442 and \$339,709, respectively. 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., 212 West Pinehurst Trail, Dakota Dunes, SD 57049.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 11 Risk Management (Continued)

#### Supplemental Insurance

Wisconsin Indianhead Technical College is part of the WTCS Insurance Trust that jointly purchases commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. The trust is organized under Wisconsin Statutes 66.0301 and is governed by a board of trustees consisting of one trustee from each member college. Member entities include all sixteen Wisconsin Technical College System districts.

The WTCS Insurance Trust has purchased the following levels of coverage from commercial carrier for Wisconsin Indianhead Technical College:

Crime - \$750,000 coverage for theft, employee dishonesty, forgery, computer fraud, and funds transfer fraud; \$25,000 coverage for investigation expense; \$2,500 deductible for investigation; and \$15,000 deductible for employee dishonesty, forgery and fraud.

Business Travel Accident - Coverage for local Board of Trustee members, \$100,000 for scheduled losses, assistance services, medical evacuation, and repatriation.

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

### Note 12 Subsequent Events

On July 29, 2019, the District issued \$1,500,000 in general obligation promissory notes to finance capital projects.

Subsequent events have been evaluated through December 11, 2019, the date of the statements were available to be issued.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 13 Expense Classification

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

	2019	2018
Salaries and wages	\$ 28,123,123	\$ 28,344,115
Employee benefits	11,914,595	12,942,767
Travel and meetings	1,317,649	1,220,050
Instruction supplies	473,528	489,306
Contracted services	1,713,800	1,220,706
Rentals	130,953	128,386
Insurance	402,845	405,007
Utilities	880,512	1,030,889
Depreciation	4,578,791	3,822,769
Other	8,931,653	6,568,820
Student aid	2,940,500	3,185,859
<b>Total operating expenses</b>	<b>\$ 61,407,949</b>	<b>\$ 59,358,674</b>

### Note 14 Related-Party Transactions

The District is a related party with the Wisconsin Indianhead Technical College Foundation, Inc (the "Foundation"). The total expenses (including salaries, benefits, office space, and computer usage) paid by the District for the Foundation were \$247,647 and \$257,192 for the fiscal years ended June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, there were accounts receivable from the Foundation of \$48,016 and \$49,986, 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 \$374,246 and \$485,797 to cover their expenses for the fiscal years ended June 30, 2019 and 2018, respectively.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 15 Operating Leases

Certain building space used by the District is leased under long-term operating leases. Payments on the leases for the years ended June 30, 2019 and 2018, recorded as an operating expense in the statements of revenues, expenses, and change in net position totaled \$113,957 and \$116,005, respectively.

The District has future operating lease obligations as follows:

2020	\$	119,255
2021		113,549
2022		105,006
2023		7,200
		<hr/>
	\$	345,010

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

### Note 16 Outstanding Contractual Commitments

The District entered into various contracts with construction contractors during the year. The following amounts remain unspent as of June 30, 2019:

<b>Construction Contractors</b>	<b>Amount Remaining</b>
Angelo Luppino	\$ 970,947
Diamedical USA	38,875
Duet Resource Group	326,552
HSR Associates, Inc.	101,610
Johnson Controls	24,842
Max Gray Construction, Inc.	396,814
Stack Bros Mechanical Contractors, Inc.	64,380
Systems Furniture	79,350
V&S Construction Services, Inc	1,783,309
	<hr/>
Total	\$ 3,786,679

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 17 Self-Funded Insurance

Through December 31, 2011, the District had retained a portion of the risk of loss for its health and dental care programs. As of January 1, 2012, the District has retained a portion of the risk of loss for only its dental care program. A third-party administrator is responsible for the approval, processing, and payment of claims, after which the District is billed for reimbursement. The District has no stop-loss coverage for dental care coverage. The District's aggregate exposure is limited to \$1,000 per individual per year. This amount was \$543,871 as of June 30, 2019.

Changes in the claims liability amount for the years ended June 30, 2019 and 2018, were as follows:

	Claims Payable July 1	Claims and Changes in Estimates	Claim Payments	Claims Payable June 30
Year ended June 30, 2019	\$ 10,965	\$ 381,318	\$ (375,599)	\$ 16,684
Year ended June 30, 2018	\$ 13,103	\$ 366,955	\$ (369,093)	\$ 10,965

The claims liabilities of \$16,684 and \$10,965 reported above at June 30, 2019 and 2018, 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 indicates 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.



# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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**Note 18      Component Unit**

This report contains the Wisconsin Indianhead Technical College Foundation, Inc. which is included as a discretely presented component unit. In addition to the basic financial statements, the following disclosures are considered necessary for a fair presentation.

**A - Fair Value Measurements**

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active market.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the used of unobservable inputs.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 18 Component Unit (Continued)

#### A - Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of June 30, 2019 and 2018, is as follows:

Assets at Fair Value as of June 30, 2019				
	Recurring Fair Value Measurements Using			Total Fair Value
	Level 1	Level 2	Level 3	
Investments at fair value:				
Fixed income and debt securities	\$ 852,009	\$ -	\$ -	\$ 852,009
Equity securities	108,061	-	-	108,061
Mutual funds:				
Money market	92,685	-	-	92,685
Equity securities	2,537,323	-	-	2,537,323
Fixed income and debt securities	1,213,183	-	-	1,213,183
Alternative investments	125,095	-	-	125,095
<b>Total investments at fair value</b>	<b>\$ 4,928,356</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,928,356</b>

Assets at Fair Value as of June 30, 2018				
	Recurring Fair Value Measurements Using			Total Fair Value
	Level 1	Level 2	Level 3	
Investments at fair value:				
Fixed income and debt securities	\$ 611,614	\$ -	\$ -	\$ 611,614
Equity securities	95,079	-	-	95,079
Mutual funds:				
Money market	188,778	-	-	188,778
Equity securities	2,476,469	-	-	2,476,469
Fixed income and debt securities	1,277,804	-	-	1,277,804
Alternative investments	116,321	-	-	116,321
<b>Total investments at fair value</b>	<b>\$ 4,766,065</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,766,065</b>

The methods described above and shown above for fair value calculations may produce a fair value calculation that may be different from the net realizable value or not reflective of future values expected to be received. The Foundation believes that its valuation methods are appropriate and consistent with other market participants; however, the use of these various methodologies and assumptions may produce results that differ in the fair value at the financial reporting date.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 18 Component Unit (Continued)

#### B - Investments

Fair value of investments at June 30, are as follows:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Investments at fair value:				
Fixed income and debt securities	\$ 840,631	\$ 852,009	\$ 623,118	\$ 611,614
Equity securities	54,486	108,061	54,486	95,079
Mutual funds:				
Money market	92,685	92,685	188,778	188,778
Equity securities	1,369,807	2,537,323	1,372,212	2,476,469
Fixed income and debt securities	1,177,351	1,213,183	1,281,119	1,277,804
Alternative investments	62,177	125,095	63,585	116,321
<b>Totals</b>	<b>\$ 3,597,137</b>	<b>\$ 4,928,356</b>	<b>\$ 3,583,298</b>	<b>\$ 4,766,065</b>

Return on investment consists of the following at June 30:

	2019	2018
Unrealized gains (losses)	\$ 148,922	\$ 60,595
Realized gains	73,212	159,322
Interest and dividend income	110,513	93,048
<b>Totals</b>	<b>\$ 332,647</b>	<b>\$ 312,965</b>

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 18 Component Unit (Continued)

#### C - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2019	2018
Subject to expenditure for specified purposes:		
Continuing education	\$ 60,310	\$ 41,575
Individual campus needs	2,690	2,690
Capital and equipment	37,405	32,405
Professional development	17,927	6,454
Scholarships	136,921	115,575
Student assistance	38,419	27,900
	293,672	226,599
Endowments:		
Subject to appropriation and expenditures when a specific event occurs:		
Restricted by donors for:		
Professional development	20,257	19,743
Scholarships	855,336	778,015
Student assistance	100,121	65,073
	975,714	862,831
Original donor-restricted gift amount and amounts to be maintained in perpetuity	3,598,457	3,376,254
Total endowments	4,574,171	4,239,085
Total net assets with donor restrictions	\$ 4,867,843	\$ 4,465,684

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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### Note 18 Component Unit (Continued)

#### D - Endowment Funds

The Foundation's endowment consists of 191 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net position associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions.

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

*Investment Return Objectives, Risk Parameters, and Strategies.* The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distribution, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average annual real rate of return of the Consumer Price Index (CPI) + 3-4% net of fees. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy:* The spending policy for the Foundation is directed by the Board of Directors. The principal of an endowed fund will be invested for a period of 12 months before any disbursements will be made from interest income. No more than 5% of an endowment will be distributed annually. Administrative expenses, legal, tax and accounting, and investment advisory fees will be paid from unrestricted funds and are not included in the amount designated for disbursement.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

### Note 18 Component Unit (Continued)

#### D - Endowment Funds (Continued)

As of June 30, 2019 and 2018, the Foundation had the following endowment net asset composition:

	With Donor Restrictions	
	2019	2018
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 3,598,457	\$ 3,376,254
Accumulated investment gains	975,714	862,831
<b>Total Endowment</b>	<b>\$ 4,574,171</b>	<b>\$ 4,239,085</b>

From time to time, certain donor-restricted endowments funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At June 30, 2019 and 2018, there were no underwater endowments.

Changes in endowment net assets for the years ended June 30 consisted of the following:

	With Donor Restrictions	
	2019	2018
Endowment net position at beginning of year	\$ 4,239,085	\$ 4,023,637
Investment return	249,160	232,521
Contributions	186,052	98,022
Transfers	74,823	75,447
Appropriation of endowment assets for expenditures	(174,949)	(190,542)
<b>Endowment net assets at end of year</b>	<b>\$ 4,574,171</b>	<b>\$ 4,239,085</b>

#### E - Donated Services

The Foundation is furnished salaries, benefits, office space, and computer usage by Wisconsin Indianhead Technical College, a related party. The value of these services was \$247,647 and \$257,192 for years ended June 30, 2019 and 2018, respectively. These amounts are recorded in the financial statements as in-kind expenses and in-kind contributions.

# Wisconsin Indianhead Technical College District

## Notes to Financial Statements

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**Note 18**      **Component Unit (Continued)**

**F - Liquidity and Availability of Financial Resources**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<b>2019</b>
Cash and cash equivalents	\$ 150,254
Accounts receivable	9,963
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	\$ 160,217

As part of our liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, CD's, and money market funds.

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## Required Supplementary Information

# Wisconsin Indianhead Technical College District

## Schedule of Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios - District OPEB Plan

Last 10 Years\*

	2019	2018	2017
Measurement date	June 30, 2019	June 30, 2018	July 1, 2017
<b>Total OPEB liability:</b>			
Service cost	\$ 579,638	\$ 604,459	\$ 604,459
Interest	516,691	487,913	483,787
Change in benefit terms	(8,014,489)	-	-
Differences between expected and actual experience	-	814,886	-
Changes of assumptions or other input	263,566	(974,879)	-
Benefit payments	(1,152,986)	(1,010,794)	(802,201)
<b>Net change in total OPEB liability</b>	<b>(7,807,580)</b>	<b>(78,415)</b>	<b>286,045</b>
<b>Total OPEB liability - Beginning</b>	<b>14,065,110</b>	<b>14,143,525</b>	<b>13,857,480</b>
<b>Total OPEB liability - Ending (a)</b>	<b>\$ 6,257,530</b>	<b>\$ 14,065,110</b>	<b>\$ 14,143,525</b>
<b>Plan fiduciary net position:</b>			
Contributions - Employer	\$ 1,293,575	\$ 668,575	\$ 650,000
Net investment income	30,435	21,030	35,172
Benefit payments	(1,152,986)	(1,010,794)	(802,201)
<b>Net change in fiduciary net position</b>	<b>171,024</b>	<b>(321,189)</b>	<b>(117,029)</b>
<b>Plan fiduciary net position - Beginning</b>	<b>6,422,046</b>	<b>6,743,235</b>	<b>6,860,264</b>
<b>Plan fiduciary net position - Ending (b)</b>	<b>\$ 6,593,070</b>	<b>\$ 6,422,046</b>	<b>\$ 6,743,235</b>
<b>District's net OPEB liability (asset) - Ending (a) - (b)</b>	<b>\$ (335,540)</b>	<b>\$ 7,643,064</b>	<b>\$ 7,400,290</b>
Plan fiduciary net position as a percentage of the total OPEB liability	105.36%	45.66%	47.68%
Covered-employee payroll	\$ 22,874,600	\$ 22,874,600	\$ 21,099,584
District's net OPEB liability (asset) as a percentage of covered-employee payroll	-1.47%	33.41%	35.07%

\* This schedule is intended to present information for the last 10 years.  
Additional information will be presented as it becomes available.

See Independent Auditor's Report.

# Wisconsin Indianhead Technical College District

## Schedule of Investment Returns - District OPEB Plan

Last 10 Years\*

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	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	0.49%	0.35%	6.39%

\* This schedule is intended to present information for the last 10 years.  
Additional information will be presented as it becomes available.

# Wisconsin Indianhead Technical College District

## Schedule of Employer Contributions - District OPEB Plan

Last 10 Years\*

	2019	2018	2017
Actuarially determined contribution	\$ 1,017,487	\$ 1,017,487	\$ 1,622,645
Contributions in relation to the actuarially determined contribution	1,293,575	668,575	650,000
<b>Contribution deficiency/(excess)</b>	<b>\$ (276,088)</b>	<b>\$ 348,912</b>	<b>\$ 972,645</b>
Covered-employee payroll	\$ 22,874,600	\$ 22,874,600	\$ 21,099,584
Contributions as a percentage of covered-employee payroll	5.66%	2.92%	3.08%

### Notes to Schedule:

Valuation date: June 30, 2017 June 30, 2017 July 1, 2015

The actuarially determined contribution for fiscal years 2019 and 2018 were calculated as of June 30, 2017. The actuarially determined contribution for fiscal year 2017 was calculated as of July 1, 2015.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	30 years	30 years	10 years
Asset valuation method	Market value	Market value	Market value
Inflation	2.50%	2.50%	2.50%
Health care trend rates	7.5% initial, decreasing 0.5% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter	7.5% initial, decreasing 0.5% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter	7.5% initial, decreasing 0.5% per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter
Salary increases	3.0%, average, including inflation	3.0%, average, including inflation	3.0%, average, including inflation
Investment rate of return	3.50%	3.75%	3.50%

\* This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

# Wisconsin Indianhead Technical College District

## Schedules of Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years\*

### SCHEDULE OF THE EMPLOYERS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM (WRS) Last Ten Calendar Years\*

	2019	2018	2017	2016	2015
Measurement date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
District's proportion of the net pension liability (asset)	0.17213308%	0.17918229%	0.18280781%	0.18619071%	0.18652491%
District's proportionate share of the net pension liability (asset)	\$ 6,123,955	\$ (5,320,134)	\$ 1,506,773	\$ 3,025,563	\$ (4,581,562)
District's covered payroll during the measurement period	\$ 25,646,897	\$ 25,635,739	\$ 25,621,658	\$ 26,672,574	\$ 25,616,447
District's proportionate share of the net pension liability (asset) as a percentage of it's covered payroll	23.88%	(20.75%)	5.88%	11.34%	(17.89%)
Plan fiduciary net position as a percentage of the total pension liability	96.45%	(102.93%)	99.12%	98.20%	(102.74%)

### SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS) Last Ten Fiscal Years\*

	2019	2018	2017	2016	2015
Contractually required contribution for the fiscal period	\$ 1,674,506	\$ 1,744,541	\$ 1,803,738	\$ 1,813,738	\$ 1,795,765
Contributions in relation to the contractually required contribution	(1,674,506)	(1,744,541)	(1,803,738)	(1,813,738)	(1,795,765)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll for the fiscal period	\$ 25,271,288	\$ 25,837,654	\$ 26,946,826	\$ 25,608,632	\$ 25,588,710
Contributions as a percentage of covered payroll	6.63%	6.75%	6.69%	7.08%	7.02%

\* This schedule is intended to present information for the last 10 years.  
Additional information will be presented as it becomes available.

See Independent Auditor's Report.

See accompanying notes to required supplementary information.

# Wisconsin Indianhead Technical College District

## Notes to Required Supplementary Information

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**Note 1** Data in the above schedules relating to the District's OPEB plan was taken from the report issued by the actuary for OPEB benefits.

**Note 2** The July 30, 2017, valuation with an original measurement date of June 30, 2018, issued August 8, 2018, was updated as of July 31, 2019 for a measurement date of June 30, 2019, for a change in benefits. As of the June 30, 2019, measurement date, the District has now broken each classification into tiers and provides a new post-employment HRA to eligible employees that was not included in the original valuation.

**Note 3** In relation to the WRS schedules, there were no changes of benefit terms for any participating employer in WRS and there were no changes in assumptions.

## Supplementary Financial Information

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# 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, 2019

	Original Budget
Revenues:	
Local government	\$ 4,922,696
Intergovernmental:	
State	29,600,000
Federal	20,000
Tuition and fees:	
Statutory program fees	7,660,000
Material fees	537,181
Other student fees	845,000
Institutional	250,000
<b>Total revenues</b>	<b>43,834,877</b>
Expenditures:	
Instruction	25,834,943
Instructional resources	1,292,855
Student services	5,241,970
General institutional	8,132,344
Physical plant	3,272,765
<b>Total expenditures</b>	<b>43,774,877</b>
Revenues over (under) expenditures	60,000
Other financing uses:	
Operating transfer out	(60,000)
<b>Total other financing uses</b>	<b>(60,000)</b>
Revenues over (under) expenditures and other financing uses	-
Fund balance - Beginning of year	14,911,222
<b>Fund balance - End of year</b>	<b>\$ 14,911,222</b>



Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
\$ 4,844,976	\$ 4,844,017	\$ -	\$ 4,844,017	\$ (959)
29,910,000	29,902,772	-	29,902,772	(7,228)
20,000	18,992	-	18,992	(1,008)
7,660,000	7,480,364	-	7,480,364	(179,636)
562,181	510,983	-	510,983	(51,198)
845,000	837,807	-	837,807	(7,193)
550,000	489,466	-	489,466	(60,534)
44,392,157	44,084,401	-	44,084,401	(307,756)
26,119,943	26,105,731	9,795	26,115,526	4,417
1,235,135	1,193,560	-	1,193,560	41,575
5,321,970	4,955,369	165	4,955,534	366,436
8,092,344	7,543,875	380,446	7,924,321	168,023
3,387,765	3,265,473	3,510	3,268,983	118,782
44,157,157	43,064,008	393,916	43,457,924	699,233
235,000	1,020,393	(393,916)	626,477	391,477
(235,000)	(197,170)	-	(197,170)	37,830
(235,000)	(197,170)	-	(197,170)	37,830
-	823,223	(393,916)	429,307	429,307
14,345,537	14,385,067	(39,530)	14,345,537	-
\$ 14,345,537	\$ 15,208,290	\$ (433,446)	\$ 14,774,844	\$ 429,307

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, 2019

	Original Budget
Revenues:	
Local government	\$ 1,198,446
Intergovernmental:	
State	363,295
Federal	921,600
Tuition and fees:	
Statutory program fees	30,000
Material fees	30,000
Institutional	1,225,000
<b>Total revenues</b>	<b>3,768,341</b>
Expenditures:	
Instruction	3,411,508
Student services	606,833
General institutional	-
<b>Total expenditures</b>	<b>4,018,341</b>
Revenues over (under) expenditures	(250,000)
Fund balance - Beginning of year	995,856
Fund balance - End of year	\$ 745,856

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
\$ 1,258,131	\$ 1,258,131	\$ -	\$ 1,258,131	\$ -
823,295	824,165	-	824,165	870
964,415	1,021,391	-	1,021,391	56,976
-	-	-	-	-
50,000	57,823	-	57,823	7,823
1,825,000	1,854,876	-	1,854,876	29,876
4,920,841	5,016,386	-	5,016,386	95,545
4,311,508	4,270,977	-	4,270,977	40,531
756,833	749,505	-	749,505	7,328
2,500	1,636	-	1,636	864
5,070,841	5,022,118	-	5,022,118	48,723
(150,000)	(5,732)	-	(5,732)	144,268
949,772	949,772	-	949,772	-
\$ 799,772	\$ 944,040	\$ -	\$ 944,040	\$ 144,268

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, 2019

	Original Budget
Revenues:	
Intergovernmental:	
Federal	\$ -
Institutional	65,000
Total revenues	65,000
Expenditures:	
Instruction	1,418,741
Instructional resources	419,820
General institutional	306,838
Physical plant	5,772,826
Total expenditures	7,918,225
Revenues over (under) expenditures	(7,853,225)
Other financing sources:	
General obligation notes issued	7,000,000
Total other financing sources	7,000,000
Revenues and other financing sources over (under) expenditures	(853,225)
Fund balance - Beginning of year	2,661,927
Fund balance - End of year	\$ 1,808,702

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
\$ 27,000	\$ 23,166	\$ -	\$ 23,166	\$ (3,834)
350,000	326,001	-	326,001	(23,999)
377,000	349,167	-	349,167	(27,833)
1,318,741	1,179,784	122,897	1,302,681	16,060
694,820	805,485	(111,520)	693,965	855
806,838	633,257	173,243	806,500	338
6,384,826	6,496,161	(204,043)	6,292,118	92,708
9,205,225	9,114,687	(19,423)	9,095,264	109,961
(8,828,225)	(8,765,520)	19,423	(8,746,097)	82,128
5,500,000	5,500,000	-	5,500,000	-
5,500,000	5,500,000	-	5,500,000	-
(3,328,225)	(3,265,520)	19,423	(3,246,097)	82,128
3,133,307	7,595,496	(4,462,189)	3,133,307	-
\$ (194,918)	\$ 4,329,976	\$ (4,442,766)	\$ (112,790)	\$ 82,128

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, 2019

	Original Budget
Revenues:	
Local government	\$ 7,111,020
Institutional	280,000
Total revenues	7,391,020
Expenditures:	
Physical plant	7,275,020
Total expenditures	7,275,020
Revenues over (under) expenditures	116,000
Other financing sources:	
Operating transfer in	-
Premium on general obligation notes	-
Total other financing sources	-
Revenues and other financing sources over expenditures	116,000
Fund balance - Beginning of year	7,131,934
Fund balance - End of year	\$ 7,247,934

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
\$ 7,111,020	\$ 7,111,020	\$ -	\$ 7,111,020	\$ -
280,000	67,833	-	67,833	(212,167)
7,391,020	7,178,853	-	7,178,853	(212,167)
7,325,020	7,269,783	-	7,269,783	55,237
7,325,020	7,269,783	-	7,269,783	55,237
66,000	(90,930)	-	(90,930)	(156,930)
175,000	175,000	-	175,000	-
-	154,657	-	154,657	154,657
175,000	329,657	-	329,657	154,657
241,000	238,727	-	238,727	(2,273)
7,154,892	7,154,892	-	7,154,892	-
\$ 7,395,892	\$ 7,393,619	\$ -	7,393,619	\$ (2,273)

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, 2019

	Original Budget
Revenues:	
Institutional	\$ 2,679,929
Total revenues	2,679,929
Expenditures:	
Auxiliary enterprise services	2,739,929
Total expenditures	2,739,929
Revenues over (under) expenditures	(60,000)
Other financing sources:	
Operating transfer in	60,000
Total other financing sources	60,000
Revenues and other financing sources over (under) expenditures	-
Fund balance - Beginning of year	-
Fund balance - End of year	\$ -



Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
\$ 2,679,929	\$ 2,382,986	\$ -	\$ 2,382,986	\$ (296,943)
2,679,929	2,382,986	-	2,382,986	(296,943)
2,739,929	2,405,156	-	2,405,156	334,773
2,739,929	2,405,156	-	2,405,156	334,773
(60,000)	(22,170)	-	(22,170)	37,830
60,000	22,170	-	22,170	(37,830)
60,000	22,170	-	22,170	(37,830)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

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, 2019

	Original Budget
Revenues:	
Institutional	\$ 412,500
Total revenues	412,500
Expenditures:	
Auxiliary enterprise services	383,000
Total expenditures	383,000
Revenues over expenditures	29,500
Fund balance - Beginning of year	384,404
Fund balance - End of year	\$ 413,904

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
\$ 447,500	\$ 447,753	\$ -	\$ 447,753	\$ 253
447,500	447,753	-	447,753	253
388,000	386,067	-	386,067	1,933
388,000	386,067	-	386,067	1,933
59,500	61,686	-	61,686	2,186
382,585	382,585	-	382,585	-
\$ 442,085	\$ 444,271	\$ -	\$ 444,271	\$ 2,186

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, 2019

	Original Budget
Revenues:	
Intergovernmental:	
Federal	\$ 10,033,034
Tuition and fees:	
Other student fees	337,800
Institutional	250,000
Total revenues	10,620,834
Expenditures:	
Instruction	170,000
Student services	10,450,834
Total expenditures	10,620,834
Revenues under expenditures	-
Fund balance - Beginning of year	599,711
Fund balance - End of year	\$ 599,711

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
\$ 10,033,034	\$ 9,651,911	\$ -	\$ 9,651,911	\$ (381,123)
337,800	308,762	-	308,762	(29,038)
300,000	310,115	-	310,115	10,115
10,670,834	10,270,788	-	10,270,788	(400,046)
220,000	171,935	-	171,935	48,065
10,450,834	10,099,549	-	10,099,549	351,285
10,670,834	10,271,484	-	10,271,484	399,350
-	(696)	-	(696)	(696)
497,434	497,434	-	497,434	-
\$ 497,434	\$ 496,738	\$ -	\$ 496,738	\$ (696)

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund
Revenues:				
Local government	\$ 4,844,017	\$ 1,258,131	\$ -	\$ 7,111,020
Intergovernmental:				
State	29,902,772	824,165	-	-
Federal	18,992	1,021,391	23,166	-
Tuition and fees:				
Statutory program fees	7,480,364	-	-	-
Material fees	510,983	57,823	-	-
Other student fees	837,807	-	-	-
Institutional	489,466	1,854,876	326,001	67,833
Auxiliary enterprise revenue	-	-	-	-
<b>Total revenues</b>	<b>44,084,401</b>	<b>5,016,386</b>	<b>349,167</b>	<b>7,178,853</b>
Expenditures:				
Instruction	26,115,526	4,270,977	1,302,681	-
Instructional resources	1,193,560	-	693,965	-
Student services	4,955,534	749,505	-	-
General institutional	7,924,321	1,636	806,500	-
Physical plant	3,268,983	-	6,292,118	7,269,783
Auxiliary enterprise services	-	-	-	-
Depreciation	-	-	-	-
Student aid	-	-	-	-
Interest expense	-	-	-	-
<b>Total expenditures</b>	<b>43,457,924</b>	<b>5,022,118</b>	<b>9,095,264</b>	<b>7,269,783</b>
<b>Revenues over (under) expenditures</b>	<b>626,477</b>	<b>(5,732)</b>	<b>(8,746,097)</b>	<b>(90,930)</b>
Other financing sources (uses):				
Operating transfer in (out)	(197,170)	-	-	175,000
Premium on general obligation notes	-	-	-	154,657
General obligation notes issued	-	-	5,500,000	-
<b>Total other financing sources (uses)</b>	<b>(197,170)</b>	<b>-</b>	<b>5,500,000</b>	<b>329,657</b>
Special item - Change in OPEB benefits	-	-	-	-
<b>Revenues, other financing sources (uses), and special item over (under) expenditures</b>	<b>429,307</b>	<b>(5,732)</b>	<b>(3,246,097)</b>	<b>238,727</b>
Fund balance - Beginning of year	14,345,537	949,772	3,133,307	7,154,892
<b>Fund balance - End of year</b>	<b>\$ 14,774,844</b>	<b>\$ 944,040</b>	<b>\$ (112,790)</b>	<b>\$ 7,393,619</b>

Enterprise Fund	Internal Service Fund	Special Revenue Non-Aidable Fund	Totals	Reconciling Items	Statement of Revenues Expenses & Change in Net Position
\$ -	\$ -	\$ -	\$ 13,213,168	\$ -	\$ 13,213,168
-	-	-	30,726,937	-	30,726,937
-	-	9,651,911	10,715,460	-	10,715,460
-	-	-	7,480,364	(5,583,300)	1,897,064
-	-	-	568,806	(381,482)	187,324
-	-	308,762	1,146,569	(934,239)	212,330
2,382,986	447,753	310,115	5,879,030	(2,856,509)	3,022,521
-	-	-	-	2,382,986	2,382,986
2,382,986	447,753	10,270,788	69,730,334	(7,372,544)	62,357,790
-	-	171,935	31,861,119	262,052	32,123,171
-	-	-	1,887,525	(237,474)	1,650,051
-	-	10,099,549	15,804,588	(9,660,256)	6,144,332
-	-	-	8,732,457	(621,636)	8,110,821
-	-	-	16,830,884	(13,300,455)	3,530,429
2,405,156	386,067	-	2,791,223	(365,434)	2,425,789
-	-	-	-	4,578,791	4,578,791
-	-	-	-	2,844,565	2,844,565
-	-	-	-	744,468	744,468
2,405,156	386,067	10,271,484	77,907,796	(15,755,379)	62,152,417
(22,170)	61,686	(696)	(8,177,462)	8,382,835	205,373
22,170	-	-	-	-	-
-	-	-	154,657	(154,657)	-
-	-	-	5,500,000	(5,500,000)	-
22,170	-	-	5,654,657	(5,654,657)	-
-	-	-	-	8,014,489	8,014,489
-	61,686	(696)	(2,522,805)	10,742,667	8,219,862
-	382,585	497,434	26,463,527	3,979,619	30,443,146
\$ -	\$ 444,271	\$ 496,738	\$ 23,940,722	\$ 14,722,286	\$ 38,663,008

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, 2019

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### 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, 2019

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**Note 2**      **Explanation of Differences Between Revenues, and Expenditures 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	\$	44,084,401
Special Revenue Fund		5,016,386
Special Revenue Non-Aidable Fund		10,270,788
Capital Projects Fund		349,167
Debt Service Fund		7,178,853
Enterprise Fund		2,382,986
Internal Service Fund		447,753

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Budgetary revenues

69,730,334

Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting		(733,214)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting		(6,591,534)
Summer tuition recognized on cash basis is adjusted to accrual basis for GAAP reporting		1,275
Loss on disposal of capital assets		(49,071)

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Revenues on a GAAP basis

\$ 62,357,790

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GAAP basis revenues per the Statements of Revenues and Expenses:

Operating revenues	\$	18,790,183
Property taxes		13,213,168
State nonoperating appropriations		29,902,772
Investment income		374,201
Gain on disposal of capital assets		77,466

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GAAP revenues

\$ 62,357,790

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# Wisconsin Indianhead Technical College District

## Notes to Budgetary Comparison Schedules

Year Ended June 30, 2019

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### Note 2 Explanation of Differences Between Revenues, and Expenditures for Budgetary Funds on a Budgetary Basis and the Statements of Revenues and Expenses on a GAAP Basis (Continued)

#### Expenditures

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

General Fund	\$	43,457,924
Special Revenue Fund		5,022,118
Special Revenue Non-Aidable Fund		10,271,484
Capital Projects Fund		9,095,264
Debt Service Fund		7,269,783
Enterprise Fund		2,405,156
Internal Service Fund		386,067

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Budgetary expenditures 77,907,796

#### Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting		(1,067,326)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting		(6,591,534)
Cash basis expenditures adjusted to GAAP accrual basis		
Amortization of bond premium		(220,606)
Interest expense		10,291
Pension-related benefits, compensated absences, and termination benefits		2,561,697
Capital asset acquisitions reported as expenditures for budgetary purposes		(8,337,198)
Budgetary expenditure for repayment of principal on long-term debt		(6,315,000)
Encumbrances as reported for budgetary purposes		(374,494)
Depreciation recorded for GAAP purposes		4,578,791

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Expenses on a GAAP basis \$ 62,152,417

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GAAP basis expenses per the Statements of Revenues and Expenses:

Operating expenses	\$	61,407,949
Interest expense		744,468

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GAAP expenses \$ 62,152,417

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

# Wisconsin Indianhead Technical College District

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Administering Agency Award Description Pass-Through Agency	Federal Catalog Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures	Passed- Through to Subrecipients
				Federal	Match		
<u>U.S. Department of Education</u>							
<u>Student Financial Assistance Cluster - Direct</u>							
Federal Supplemental Education Opportunity Grant	84.007						
Grants							
July 1, 2018 - June 30, 2019		P007A184567	\$ 129,158	\$ 143,356	\$ -	\$ 143,356	\$ -
Administration							
July 1, 2018 - June 30, 2019		P007A184567	-	7,168	-	7,168	-
<b>Total 84.007</b>			<b>129,158</b>	<b>150,524</b>	<b>-</b>	<b>150,524</b>	<b>-</b>
Federal Work-Study Program	84.033						
Grants							
July 1, 2018 - June 30, 2019		P033A184567	133,876	119,878	-	119,878	-
Administration							
July 1, 2018 - June 30, 2019		P033A184567	-	5,994	-	5,994	-
<b>Total 84.033</b>			<b>133,876</b>	<b>125,872</b>	<b>-</b>	<b>125,872</b>	<b>-</b>
Federal Pell Grant Program	84.063						
Grants							
July 1, 2017 - June 30, 2018		P063P173476	-	10,261	-	10,261	-
July 1, 2018 - June 30, 2019		P063P183476	4,520,891	4,517,246	-	4,517,246	-
Administration							
July 1, 2016 - June 30, 2017		P063Q163476	-	5	-	5	-
July 1, 2017 - June 30, 2018		P063Q173476	-	265	-	265	-
July 1, 2018 - June 30, 2019		P063Q183476	-	6,525	-	6,525	-
<b>Total 84.063</b>			<b>4,520,891</b>	<b>4,534,302</b>	<b>-</b>	<b>4,534,302</b>	<b>-</b>
Federal Direct Student Loans	84.268						
July 1, 2017 - June 30, 2018		P268K183476	-	85,674	-	85,674	-
July 1, 2018 - June 30, 2019		P268K193476	5,296,563	4,775,496	-	4,775,496	-
<b>Total 84.268</b>			<b>5,296,563</b>	<b>4,861,170</b>	<b>-</b>	<b>4,861,170</b>	<b>-</b>
<b>Total Student Financial Assistance Cluster</b>			<b>10,080,488</b>	<b>9,671,868</b>	<b>-</b>	<b>9,671,868</b>	<b>-</b>
<u>Wisconsin Technical College System</u>							
Adult Education - Basic Grants to States	84.002						
Comprehensive - Adult Basic Education							
July 1, 2018 - June 30, 2019		17-131-146-129	173,018	173,019	143,798	316,817	-
Special Focus - Rural Poverty Transitions to Careers							
July 1, 2018 - June 30, 2019		17-133-146-179	54,999	54,999	37,921	92,920	-
Special Focus - Corrections to Careers							
July 1, 2018 - June 30, 2019		17-134-146-119	54,999	26,661	21,159	47,820	-
Comprehensive - English Language/Civics							
July 1, 2018 - June 30, 2019		17-135-160-169	8,005	8,005	1,304	9,309	-
<b>Total 84.002</b>			<b>291,021</b>	<b>262,684</b>	<b>204,182</b>	<b>466,866</b>	<b>-</b>
Career and Technical Education - Basic Grants to States	84.048						
Student Success							
July 1, 2018 - June 30, 2019		17-141-150-239	295,798	295,799	496,913	792,712	-
Strengthening Programs							
July 1, 2018 - June 30, 2019		17-142-150-259	74,298	46,726	-	46,726	-
Nontraditional Occupations							
July 1, 2018 - June 30, 2019		17-145-150-269	18,574	18,574	1,567	20,141	-
Career Prep							
July 1, 2018 - June 30, 2019		17-166-150-219	49,469	49,469	4,280	53,749	-
<b>Total 84.048</b>			<b>438,139</b>	<b>410,568</b>	<b>502,760</b>	<b>913,328</b>	<b>-</b>
<b>Total U.S. Department of Education</b>			<b>10,809,647</b>	<b>10,345,120</b>	<b>706,942</b>	<b>11,052,062</b>	<b>-</b>

# Wisconsin Indianhead Technical College District

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Administering Agency Award Description Pass-Through Agency	Federal Catalog Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures	Passed- Through to Subrecipients
				Federal	Match		
<u>U.S. Department of Labor</u>							
<u>Employment and Training Administration</u>							
<u>Chippewa Valley Technical College</u>							
H-1B Job Training Grants Connecting Technologies (IMPACT) July 1, 2018 - June 30, 2019	17.268						
		HG-29337-16-60-A-55	\$ 735,000	\$ 163,865	\$ -	\$ 163,865	\$ -
<b>Total U.S. Department of Labor</b>			<b>735,000</b>	<b>163,865</b>	<b>-</b>	<b>163,865</b>	<b>-</b>
<u>U.S. Department of Veterans Affairs</u>							
<u>Wisconsin Department of Veterans Affairs</u>							
Survivors and Dependents Educational Assistance July 1, 2018 - June 30, 2019	64.117	N/A	-	1,995	-	1,995	-
<b>Total U.S. Department of Veterans Affairs</b>			<b>-</b>	<b>1,995</b>	<b>-</b>	<b>1,995</b>	<b>-</b>
<u>U.S. Department of Health and Human Services</u>							
<u>Wisconsin Early Childhood Association</u>							
<u>CCDF Cluster</u>							
Child Care Development Block Grant T.E.A.C.H. Early Childhood Program Learning Grant June 15, 2018 - August 31, 2019	93.575	N/A	79,430	79,430	(24,822)	54,608	-
<u>Wisconsin Department of Health Services</u>							
<u>Medicaid Cluster</u>							
Medical Assistance Program WisCaregiver Career Program Training March 1, 2018 - February 29, 2020	93.778	435600-G18-0680TECHCOL-00	25,000	97,020	(8,190)	88,830	-
<b>Total U.S. Department of Health and Human Services</b>			<b>104,430</b>	<b>176,450</b>	<b>(33,012)</b>	<b>143,438</b>	<b>-</b>
<u>U.S. Department of Homeland Security</u>							
<u>Wisconsin Technical College System</u>							
Assistance to Firefighters Grant July 1, 2018 - June 30, 2019	97.044	17-197-153-119	27,790	27,790	4,276	32,066	-
<b>Total U.S. Department of Homeland Security</b>			<b>27,790</b>	<b>27,790</b>	<b>4,276</b>	<b>32,066</b>	<b>-</b>
<b>Total Federal Awards</b>			<b>\$ 11,676,867</b>	<b>\$ 10,715,220</b>	<b>\$ 678,206</b>	<b>\$ 11,393,426</b>	<b>\$ -</b>

# Wisconsin Indianhead Technical College District

## Schedule of Expenditures of State Awards Year Ended June 30, 2019

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures	Passed- Through to Subrecipients
				State	Match		
<b>Wisconsin Higher Education Aids Board</b>							
Higher Education Grant July 1, 2018 - June 30, 2019	235.102	N/A	\$ 1,863,237	\$ 874,408	\$ -	\$ 874,408	\$ -
Remission of Fees for Veterans & Dependents July 1, 2018 - June 30, 2019	235.105	N/A	69,306	69,306	-	69,306	-
Minority Undergraduate Retention Grant July 1, 2018 - June 30, 2019	235.107	N/A	2,170	2,170	-	2,170	-
Talent Incentive Program July 1, 2018 - June 30, 2019	235.114	N/A	207,700	143,000	-	143,000	-
Nursing Student Loan July 1, 2018 - June 30, 2019	235.117	N/A	9,000	9,000	-	9,000	-
Technical Excellence Scholarship July 1, 2018 - June 30, 2019	235.119	N/A	65,443	65,443	65,443	130,886	-
Indian Student Assistance Grant July 1, 2018 - June 30, 2019	235.132	N/A	22,000	15,950	-	15,950	-
Wisconsin Covenant Grant July 1, 2018 - June 30, 2019	235.108	N/A	10,000	5,375	-	5,375	-
Wisconsin Foundation Covenant Grant July 1, 2018 - June 30, 2019	235.131	N/A	5,750	2,750	-	2,750	-
<b>Total Wisconsin Higher Education Aids Board</b>			<b>2,254,606</b>	<b>1,187,402</b>	<b>65,443</b>	<b>1,252,845</b>	<b>-</b>
<b>Wisconsin Technical College System</b>							
Emergency Assistance Grants July 1, 2018 - June 30, 2019	292.104	17-167-104-119	15,658	15,658	(7)	15,651	-
State Aids for Wisconsin Technical College System	292.105						
General State Aids		N/A	1,478,300	1,478,300	-	1,478,300	-
Outcomes Based Aid		N/A	1,257,940	1,257,940	-	1,257,940	-
<b>Total 292.105</b>			<b>2,736,240</b>	<b>2,736,240</b>	<b>-</b>	<b>2,736,240</b>	<b>-</b>
Grants to District Boards	292.124						
Carpentry Apprentice Program July 1, 2018 - June 30, 2019		17-150-124-119	11,475	11,475	1,516	12,991	-
Injection Mold Set-Up Apprentice Program July 1, 2018 - June 30, 2019		17-151-124-119	7,650	7,054	-	7,054	-
Programming Learning Outcomes Aligned for Student Success July 1, 2018 - June 30, 2019		17-165-132-119	3,625	3,625	21	3,646	-
Developing Markets: Pharmacy Technician Diploma July 1, 2018 - June 30, 2019		17-170-124-149	200,000	200,000	3,752	203,752	-
Truck Driving Technical Diploma Enhancement Project July 1, 2018 - June 30, 2019		17-180-124-199	100,000	100,000	9,604	109,604	-
Professional Growth July 1, 2018 - June 30, 2019		17-182-124-159	55,033	55,033	33,364	88,397	-
Completion Strategies - Open Admission and Veteran Students July 1, 2018 - June 30, 2019		17-190-124-199	200,000	200,000	81,144	281,144	-
Success Strategies for Open Admissions May 1, 2018 - April 30, 2019		17-194-124-198	20,000	20,000	1,943	21,943	-

# Wisconsin Indianhead Technical College District

## Schedule of Expenditures of State Awards Year Ended June 30, 2019

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures	Passed- Through to Subrecipients
				State	Match		
<u>Wisconsin Technical College System (Continued)</u>							
Grants to District Boards (Continued)	292.124						
Captioning							
March 1, 2018 - February 28, 2019		17-195-124-199	\$ 20,000	\$ 19,234	\$ -	\$ 19,234	\$ -
WIDS PLA Project							
September 1, 2018 - June 30, 2019		17-196-124-189	84,000	84,000	-	84,000	-
Professional and Technical Highways to Success (PATHS)							
July 1, 2018 - June 30, 2019		17-198-124-199	74,461	70,016	41,032	111,048	-
Chippewa Valley Technical College							
AMN_NW Gold Collar Career & Collaborative							
Efforts in Manufacturing							
October 1, 2018 - September 30, 2019		01-987-124-189	10,466	9,694	-	9,694	-
<b>Total 292.124</b>			<b>786,710</b>	<b>780,131</b>	<b>172,376</b>	<b>952,507</b>	<b>-</b>
Fire Fighter Training 2%	292.137						
July 1, 2018 - June 30, 2019		N/A	-	62,932	-	62,932	-
Property Tax Relief Aid	292.162						
July 1, 2018 - June 30, 2019		N/A	27,002,399	27,002,399	-	27,002,399	-
<b>Total Wisconsin Technical College System</b>			<b>30,541,007</b>	<b>30,597,360</b>	<b>172,369</b>	<b>30,769,729</b>	<b>-</b>
<u>Wisconsin Department of Natural Resources</u>							
Payments in Lieu of Taxes	370.503						
July 1, 2018 - June 30, 2019		N/A	-	31,310	-	31,310	-
<u>Wisconsin Department of Justice</u>							
Barker's Island Management Conference	455.231						
July 1, 2018 - June 30, 2019		2019-LE-01-14003	9,004	8,666	10,118	18,784	-
<u>Wisconsin Department of Transportation</u>							
Motorcycle Safety	20.395(4)(aq)						
June 1, 2018 - December 15, 2018		60425	26,201	12,458	26,895	39,353	-
January 1, 2019 - June 30, 2019		60425	21,594	3,232	15,543	18,775	-
<b>Total Wisconsin Department of Transportation</b>			<b>47,795</b>	<b>15,690</b>	<b>42,438</b>	<b>58,128</b>	<b>-</b>
<u>Wisconsin Department of Workforce Development</u>							
Expanded Wisconsin Fast Forward Training Grant	20.445(1)(b)						
Fast-Track Fridays for Dual Credit Certification							
January 1, 2019 - June 30, 2019		EF181DE10007	167,219	4,020	-	4,020	-
<b>Total State Awards</b>			<b>\$ 33,019,631</b>	<b>\$ 31,844,448</b>	<b>\$ 290,368</b>	<b>\$ 32,134,816</b>	<b>\$ -</b>

See Independent Auditor's Report.

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

# Wisconsin Indianhead Technical College District

## Notes to the Schedules of Expenditures of Federal and State Awards

Year Ended June 30, 2019

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### Note 1 Basis of Presentation

The accompanying schedules of expenditures of federal and state awards include the federal and state award activity of Wisconsin Indianhead Technical College District under programs of the federal and state government for the year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* and State of Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration. Because the schedules present only a selected portion of the operations of Wisconsin Indianhead Technical College District, it is not intended to, and does not represent the financial position, changes in net position, or cash flows of Wisconsin Indianhead Technical College District.

### Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior years. The District has not elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

### Note 3 Reconciliation

#### Federal:

Revenues per statement of revenues, expenses and changes in net position:

Federal grants	\$	10,715,460
Compeer Financial Fund for Rural America grant not required on schedule		(3,200)
Pell awarded to students that was outside of eligible G5 draw window		2,960
<hr/>		
Federal revenue per schedule of expenditures of federal awards	\$	10,715,220

#### State:

Revenues per statement of revenues, expenses and changes in net position:

Nonoperating revenues - State nonoperating appropriations	\$	29,902,772
Operating revenues - State Grants		824,165
Fire Fighter Training 2%		62,932
Higher Education Aids Board assistance (excludes ID#235.105)		1,118,096
Aid programs not subject to <i>Wisconsin State Single Audit Guidelines</i>		
Exempt Computer Aid		(12,625)
Exempt Personal Property Aid		(50,892)
<hr/>		
State revenue per schedule of expenditures of state awards	\$	31,844,448



# Other Reports

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## **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, 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, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Wisconsin Indianhead Technical College District (the "District"), as of and for the year ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2019. The financial statements of the Wisconsin Indianhead Technical College Foundation, Inc. (the "Foundation"), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of noncompliance associated with the Foundation.

### **Internal Control Over Financial Reporting**

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

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

## Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

## Compliance and Other Matters

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

## District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

## Purpose of This Report

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



Wipfli LLP

December 11, 2019  
Eau Claire, Wisconsin



## Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance

District Board  
Wisconsin Indianhead Technical College District  
Shell Lake, Wisconsin

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

We have audited Wisconsin Indianhead Technical College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The 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.

#### *Management's Responsibility for Compliance*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. The financial statements of the Wisconsin Indianhead Technical College Foundation (the "Foundation"), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

## Other Matter

The results of our audit procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major federal and state program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance 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 District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompany schedule of findings and questioned cost as item 2019-002, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Wipfli LLP*

Wipfli LLP

December 11, 2019  
Eau Claire, Wisconsin

# Wisconsin Indianhead Technical College District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

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? Yes

Type of auditor’s report issued on compliance  
for major programs Unmodified

Any audit findings disclosed that are required to  
be reported in accordance 2 CFR 200.516(a)? Yes



# Wisconsin Indianhead Technical College District

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

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### 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 Education Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

Dollar threshold used to determine Type A  
and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

# Wisconsin Indianhead Technical College District

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

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### 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 state major programs Unmodified

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>
235.119	Technical Excellence Scholarship Program
292.105	State Aids for Wisconsin Technical College System
292.162	Property Tax Relief Aid

Dollar threshold used to determine Type A  
and Type B programs \$250,000

Auditee qualified as a low-risk auditee? No

# Wisconsin Indianhead Technical College District

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

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### Section II - Financial Statement Findings

#### 2019-001 Material Adjustments

Criteria – The identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control is regarded as a material weakness in internal controls.

Condition – During the audit, Wipfli LLP proposed a material adjusting journal entry.

Cause – The District had encumbered an expense but did not move it from encumbered to accounts payable and expense once the work was performed.

Effect – The financial records as originally presented for audit were materially misstated.

Recommendation – We recommend the District establish policies and procedures to ensure all transactions are properly recorded prior to the audit.

Management's Response – The District will work to establish policies and procedures to ensure that encumbered balances are reviewed and properly adjusted at year-end.

### Section III – Federal and State Awards Findings and Questioned Costs

#### 2019-002 Return to Title IV Calculations

Program Title and CFDA Number – Student Financial Assistance Cluster CFDA #84.007, #84.033, #84.063, and #84.268

Federal Grantor – U.S. Department of Education

Pass-through Entity – N/A

Pass-through Entity Identifying Number – N/A

Award Period – July 1, 2018 through June 30, 2019

Repeat Finding from Prior Year – No

# Wisconsin Indianhead Technical College District

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

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### Section III – Federal and State Awards Findings and Questioned Costs (Continued)

#### 2019-002 Return to Title IV calculations (Continued)

Criteria – Per 34 CFR 668.22, when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the withdrawal date. Any unearned assistance needs to be returned by either the recipient or the institution, as determined by the return of Title IV calculation. An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

Condition Noted – While performing the compliance testing on students who withdrew during the current fiscal year, we noted one student out of forty tested whose required return to Title IV was completed outside of the 45 day window. Upon further review, it was noted that the return to Title IV calculations for 29 fall term unofficially withdrawn students were completed and returned late.

Known Questioned Costs – \$33,781

Effect – The Title IV programs may be owed a refund from the District and/or the student

Cause – The District did not perform a return to G5 related to fall term unofficial withdrawals until the spring term draw was completed, which was past the 45 days.

Recommendation – We recommend the District implement a plan for regular G5 draws/returns to ensure that Title IV balances are being returned in the proper timeframe.

Management's Response – We agree with the finding as reported. Effective immediately, the District will reconcile student ledger activity with G5 and make the necessary draw/return on a weekly basis.

# Wisconsin Indianhead Technical College District

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2019

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### 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, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with *State of Wisconsin Single Audit Guidelines*?

Wisconsin Department of Revenue	No
Wisconsin Higher Education Aids Board	No
Wisconsin Technical College System	No
Wisconsin Department of Health Services	No
Wisconsin Department of Transportation	No
Wisconsin Department of Justice	No
Wisconsin Department of Workforce Development	No
Wisconsin Department of Natural Resources	No
Wisconsin Department of Veterans Affairs	No

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

Name and signature of partner



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Rob Ganschow, CPA, CFE

Date of report

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December 11, 2019

# Wisconsin Indianhead Technical College District

## Schedule of Prior Year's Findings and Questioned Costs

Year Ended June 30, 2019

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### Financial Statement Findings

2018-001 Financial Accounting and Reporting – See 2019-001

### Federal Award Findings and Questioned Costs

2018-002 Return to Title IV calculations

Programs Affected – Student Financial Assistance Cluster (Title IV Programs)

Condition Notes – While performing the compliance testing on students who withdrew during the current fiscal year, we determined that the return to Title IV calculations were completed with the incorrect withdrawal date for two out of forty students.

Current Year Condition – While testing the District's return to Title IV calculations, we noted no calculations performed using an incorrect withdrawal date.

### State Award Findings and Questioned Costs

None.



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COLLEGE

AshlandNewRichmondRiceLakeSuperiorHaywardLadysmith

## Administrative Office

December 11, 2019

Wisconsin Indianhead Technical College District  
505 Pine Ridge Drive  
Shell Lake, WI 54871

The Wisconsin Indianhead Technical College District submits the following corrective action plan for the identified findings and questioned costs for the year ended June 30, 2019.

### Finding 2019-001 – Material Adjustments

Corrective Action – The District will implement a procedure whereby all work in progress year-end calculations and associated accounts payable entries are fully reconciled and reviewed prior to the capitalization for financial statement presentation.

Persons Responsible – Anita Hacker

Anticipate Completion Date – May 15, 2020

Respectfully submitted,

Anita Hacker  
District Controller

WITC Administrative Office  
505 Pine Ridge Drive  
Shell Lake WI 54871

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## Administrative Office

December 11, 2019

Wisconsin Indianhead Technical College District  
505 Pine Ridge Drive  
Shell Lake, WI 54871

The Wisconsin Indianhead Technical College District submits the following corrective action plan for the identified findings and questioned costs for the year ended June 30, 2019.

### Finding 2019-002 – Return to Title IV Calculations

Corrective Action – The District will implement a procedure whereby G5 draws and returns are processed daily providing the ability to clearly trace transactions posted to student accounts directly to the applicable G5 and bank transactions.

Persons Responsible – Anita Hacker

Anticipate Completion Date – November 5, 2019

Respectfully submitted,

Anita Hacker  
District Controller

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