



Comprehensive Annual Financial Report

For the Fiscal Years Ended **June 30, 2019 & 2018**

LAKESHORE TECHNICAL COLLEGE DISTRICT

1290 North Avenue
Cleveland, WI 53015
920.693.1000

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal years ended June 30, 2019 and 2018

Current Members of the Board

Mr. Roy Kluss Chair
Ms. Lois Vasquez Vice-Chair
Mr. Don Pohlman Secretary/Treasurer
Mr. John Lukas Member
Ms. Monica Nichter Member
Mr. James Parrish Member
Mr. Don Pohlman Member
Ms. Kim Rooney Member
Mr. Mike Trimberger Member
Mr. John Wyatt Member

Current Administrators

Dr. Paul Carlsen President
Ms. Polly Abts Vice-President of Student Success
Ms. Shikara Beaudoin Executive Director of Human Resources
Mr. James Lemerond Vice-President of Instruction
Ms. Kristin Liphart Vice-President of Advancement
Ms. Julie Mirecki Vice President of Outreach
Ms. Brenda Riesterer Vice President of Administrative Services
Ms. Heidi Soodsma Executive Assistant to the President
Ms. Tanya Wasmer Vice President of Strategy

Official Issuing Report

Ms. Molly O'Connell Chief Financial Officer

Report Prepared by

Ms. Molly O'Connell Chief Financial Officer

Assisted by:

Financial Services staff
Research and Planning staff

This page intentionally left blank.

LAKESHORE TECHNICAL COLLEGE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal years ended June 30, 2019 and 2018

TABLE OF CONTENTS

	<u>Page</u>
<u>Introductory Section</u>	
Transmittal Letter	1
Certificate of Achievement for Excellence in Financial Reporting	11
Organizational Chart	12
Board Membership and Structure	13
Map of District	14
<u>Financial Section</u>	
Independent Auditors' Report	15
Management's Discussion and Analysis (required supplementary information)	19
Basic Financial Statements:	
Statements of Net Position	31
Statements of Revenues, Expenses, and Changes in Net Position	32
Statements of Cash Flows.....	33
Notes to Financial Statements.....	35
Required Supplementary Information:	
Schedule of Employer's Proportionate Share of Net Pension Liability (Asset) and Schedule of Employer Contributions – Wisconsin Retirement System	70
Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits.....	71
Notes to Required Supplementary Information	72
Supplementary Information:	
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget (non-GAAP Budgetary Basis)	75
Special Revenue Fund – Operating Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget (non-GAAP Budgetary Basis)	77
Special Revenue Fund – Non-Aidable Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget (non-GAAP Budgetary Basis)	78
Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget (non-GAAP Budgetary Basis)	80
Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget (non-GAAP Budgetary Basis).....	82
Enterprise Fund Schedule of Revenues, Expenses, and Changes in Net Position – Actual and Budget (non-GAAP Budgetary Basis).....	84
Internal Service Fund Schedule of Revenues, Expenses, and Changes in Net Position – Actual and Budget (non-GAAP Budgetary Basis).....	86
Schedule to Reconcile Budget (non-GAAP Budgetary) Basis Combined Financial Statements to the Statement of Revenues, Expenses, and Changes in Net Position	87

(continued)

LAKESHORE TECHNICAL COLLEGE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT For the fiscal years ended June 30, 2019 and 2018

TABLE OF CONTENTS (continued)

	<u>Page</u>
<u>Statistical Section</u>	
Net Position by Component	93
Operating Expenses, Operating Revenues and Non-Operating Revenues (Expenses)	94
Equalized Value of Taxable Property	95
Direct and Overlapping Property Tax Rates	96
Principal Taxpayers	97
Property Tax Levies and Collections	98
Ratio of Net Debt to Equalized Valuation and Debt per Capita	99
Computation of Direct and Overlapping Debt	100
Legal Debt Margin Information	101
Demographic and Economic Statistics	102
Ten Largest Employers	103
Full-Time Equivalent Positions by Category	104
Enrollment Statistics	105
Campus Sites – Square Footage	106
Program Offerings	107
<u>Single Audit Section</u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	111
Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Guidelines	113
Schedule of Expenditures of Federal Awards	115
Schedule of Expenditures of State Awards	118
Notes to Schedules of Expenditures of Federal and State Awards	121
Schedule of Findings and Questioned Costs	122



December 10, 2019

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

The Comprehensive Annual Financial Report (CAFR) of Lakeshore Technical College District (District, College or LTC) for the fiscal years ended June 30, 2019 and 2018, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data is accurate and reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

Paul Carlsen, Ph.D., President

PROFILE OF THE LAKESHORE TECHNICAL COLLEGE DISTRICT

Lakeshore Technical College is a public, two-year post-secondary educational institution focused on technical education. It is one of 16 comprehensive technical colleges in Wisconsin that operates under the administration of the Wisconsin Technical College System (WTCS). The District is locally-governed by a nine-member District Board of Trustees (LTC Board) whose representation is determined by state statute.

Located in east central Wisconsin, LTC serves a district that measures approximately 1,200 square miles, covering Manitowoc and Sheboygan counties and small portions of Calumet and Ozaukee counties. The main campus, consisting of five instructional buildings and one facilities building on a 154-acre site, as well as an environmental campus, is in the Village of Cleveland, Wisconsin, centrally located between the District's two primary city centers, Manitowoc and Sheboygan. The College also operates two learning sites located in the cities of Sheboygan and Manitowoc, as well as the Lakeshore Culinary Institute in downtown Sheboygan, and the School of Agriculture located adjacent to the Farm Wisconsin Discovery Center in Newton in Manitowoc County. LTC also offers community education courses throughout the district, including library sites, as well as Oostburg and Plymouth high schools. Plymouth High School is also home to the Science and Technology Center.

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

LTC completed a five-year, comprehensive strategic plan during 2017-18 under the direction of a new President. Of 419 staff, 300 staff actively participated in providing input into the strategic goals and initiatives. In addition, students, businesses, and community members provided input and feedback in developing the strategic goals. Derived from the strategic planning process, the college goals include:

- The LTC Team is empowered to be Dealers in Hope
- LTC will be the college of 1st choice for Graduating High School Seniors
- All LTC Programs and Credentials Add Value to Students and Employers

Based upon input from the staff, students, businesses, and community members, a cross-functional strategic planning team representing multiple staff levels and areas of organization conducted a root cause analysis leveraging an interdependency diagram to prescribe the initiatives for the next five years. Resulting from this exercise, the team identified six initiatives designated as the Hope Movement for the next five years. These six strategies are:

- Fuel Success: We will foster collaborative accomplishments of the LTC Team.
- Integrate and Accelerate: We will advance student progression by ensuring 100 percent of offerings will have a pathway to a credential.
- Raise Attainment: We will make it possible for all high school seniors in LTC's service region to graduate with 9 college credits or an industry-based certification (IBC).
- Diversify Our Portfolio: We will adapt to an ever-changing marketplace by transforming our offerings such that 90 percent of our students will be served through non-traditional instruction.
- Be Analytical: We will understand and utilize data to make decisions.
- Share the LTC Story: 100 percent of the LTC Team will inform and encourage people to learn at LTC.

An integrated planning process follows the framework of the plan, do, check, act cycle framework for the annual plan and budget. Resources align with the college initiatives. The key measure to assess the overall

progress of the college's goals is measuring students served with a goal to serve 20,000 students in one academic year by 2022-23. The Leadership Team manages and monitors progress for the initiatives.

LTC staff stay informed on strategic initiatives and key grants and projects through quarterly all-staff updates. Staff receive a monthly online newsletter, Inside LTC, which shares highlights, events, an enrollment dashboard, and information from members of the college community.

Related to transparency and collaboration, staff may electronically submit new ideas related to programs, courses, budget efficiencies, and process improvement that he or she feels would make a positive difference to attain the strategic goals or improve operations. Each idea is important and requires evaluation for next steps. An Improvement and Innovation Team determines next steps and a designated team executes the implementation and evaluates outcomes.

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

- #2 Best Two-Year College for Adult Learners by *Washington Monthly*, a bimonthly nonprofit magazine of U.S. politics and government based in Washington, D.C.
- #11 Best Community College in the nation for education outcomes by *WalletHub*, an online financial advising website.
- One of the top 150 community colleges eligible to compete for the 2021 *Aspen Prize for Community College Excellence* from a pool of nearly 1,000 public two-year colleges nationwide. This is the fifth consecutive time the college has received the nation's signature recognition of high achievement and performance in America's community colleges.
- Top Ten national finalist for the 2020 *Bellwether Award for Workforce Development*, presented by the Bellwether College Consortium through the Community College Futures Assembly which addresses best practices occurring nationally and internationally at community colleges.
- For the 10th consecutive year, LTC is named in the military friendly schools list earning a silver award, which recognized the top 20% of colleges doing the most to embrace military service members, vets, and spouses as students.

Scope of Educational Offerings

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

In addition to meeting the needs of District residents through programs and course offerings, LTC offers courses, workshops, and seminars to meet the needs of business and industry. LTC's Workforce Solutions provides customized training to employers to update employee skills and improve workplace performance. In addition, Workforce Solutions provides comprehensive assessment services to assist employers to develop training plans for employees. In 2018-19, Workforce Solutions served 126 companies.

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

Student Base, Needs, Requirements

Annually at the close of the fiscal year, for the input phase of the Plan and Budget process, the Research and Planning department compiles demographic data for review by the Leadership Team. Additionally in the fall, a Year End Report is published with a variety of key data points. The student demographics, their needs and requirements are reviewed to influence any changes to the strategic plan and initiatives.

LTC's population by age groupings is fairly consistent with WTCS's population except for students between the ages of 18 and 24. Twenty percent of LTC's students are 18-24 years old, compared to 25% of WTCS students. LTC makes up the difference with students over the age of 44.

Also comparatively, LTC serves a lower percentage of minority student (15%) compared to the WTCS (19%).

Collaboration

LTC collaborates with many partners to address the needs of students and industry within the Lakeshore District. Some key partnerships include: four-year colleges; the Wisconsin Indianhead, Lakeshore, and Mid-State Consortium (WILM); the Bay Area Workforce Development Board (BAWDB); the LTC Foundation; Farm Wisconsin Discovery Center; Jake's Café; district employers; the area school districts, local chambers, economic development boards, and various non-profits.

Collaborative relationships with four year colleges and universities are considered based on their benefits to students including geographical location, course-to-course crosswalks, and transfer maximization. A key agreement is the Lake to Lake collaborative partnership between LTC and nearby Lakeland University. Students who participate in the Lake to Lake partnership complete their associate degree at LTC and continue their education at Lakeland University by entering as a college junior to complete a related bachelor's degree. This partnership was recently expanded and LTC now offers eight additional programs for a total of 28 programs included in the Lake to Lake initiative. Career areas range from Business and Information Technology (IT) programs to Health and Hospitality related programs. The LTC/Lakeland collaborative team is also working on pathways for students not admitted or unsuccessful at Lakeland to take coursework at LTC.

WILM provides oversight and leadership for the information systems and data needs for the three collaborating colleges. WILM was formed for the purpose of sharing IT costs and resources, providing significant savings to all three technical colleges. LTC saves close to \$400,000 a year as a member of the consortium. That savings is then funneled back into additional efforts to advance student success. For example, a new student portal, which is also mobile friendly, will give students easier access to the information and services that they need on any device that they are using. This portal will include an automated process providing students earlier notification of their financial aid award.

The BAWDB provides a network of state, regional, and local resources to support the workforce and companies. Part of the network is the Manitowoc and Sheboygan Job Centers, as well as partnerships with the counties and the Department of Vocational Rehabilitation. BAWDB funds one full time position at LTC, the Business Services manager. LTC's President serves on the BAWDB board.

The LTC Foundation provides resources to support students, activities, and current and innovative learning environments that help students succeed. The LTC Foundation works with the College to ensure that private resources are available for student scholarships as well as for initiatives that help achieve College-wide goals. The college leases space at Jake's Café in Sheboygan. Jake's Café is a business incubator that houses small companies and inventors in a community that encourages creativity and collaboration. Each year, interested LTC students can apply while in their final semester and one candidate may be selected to participate in the Dream Big program through the LTC Foundation. Through this program students are awarded space at Jake's Café. This one year entrepreneurship program is for a self-motivated graduate who is looking to take on the next step in owning a business. This program takes the Dream Big recipient from start to finish in developing a business idea, e.g. starting a coffee shop or offering web & graphic design services.

LTC partnered with the Farm Wisconsin Discovery Center in order to expand educational opportunities in agriculture. LTC provided support services for Farm Wisconsin Discovery staff prior to the opening of the facility in May of 2018. LTC opened its new School of Agriculture in January, 2018 at the Farm Wisconsin Discovery Center property and is connected to the facility through a birthing barn.

LTC works with area businesses and industries in developing programs and facilities to create a pipeline of skilled workers. Lab time is set aside for industry employees to complete their education and exclusive courses are offered for industry partners to provide flexible training options. LTC maintains strong relationships with major employers through the Board, the Foundation Board, advisory committees, manufacturing roundtables, chambers, economic development corporations, workforce boards, Northeast Wisconsin Educational Resource Alliance (NEW ERA), New North and Red Raider Manufacturing—a partnership between the Sheboygan Area School District, local manufacturers, and LTC.

The College values the importance of strong relationships with K-12 partners as evidenced by the number of high school students that earn both high school and LTC credit through one of our dual-credit offerings. In October 2018, the College introduced College Here & Now, a college/career pathway that makes it possible for Sheboygan Area School District students to earn their LTC associate degree at the same time they graduate from high school. Students take courses at their high schools with LTC faculty teaching in designated College Here & Now classrooms. The LTC associate degree is available at no cost to students and their families and students can continue at Lakeland University with guaranteed, junior admission status in order to earn a bachelor's degree in as few as two years.

The College also employs several Career Coaches to assist high school students with their transition to college, a Youth Apprenticeship Coordinator, a Youth Apprenticeship Specialist, a Youth Apprenticeship Associate and a Dual Credit Manager to build relationships, enhance dual credit opportunities, and increase transition rate. These relationships strengthen our partnerships with high schools. In addition to College Here & Now, Sheboygan Area School District offers certificate courses to Central and Warriner students, including Customer Service and Sales Fundamentals. Sheboygan South and North high schools also offer Healthcare courses each semester, while Kiel High School students can enroll in LTC's programming courses. The Plymouth-LTC Science and Technology Center at Plymouth High School offers dual-credit courses in manufacturing disciplines, which help high school students transition to postsecondary programs and into the workforce. This partnership also includes local Chambers of Commerce, the educational system, and leading employers, including Sargento Foods, Johnsonville, Rockline, Curt G. Joa, and Sheboygan Paper Box Co. LTC's Career Certificate programs give high school seniors a jump on college—and a future career. With offerings in high-demand occupations, students earn both high school and college credits as well as an employer-recognized certificate. During their senior year students attend LTC Career Certificate classes on one of LTC's campuses in the morning and their high school classes in the afternoon. The college offers opportunities in Maintenance Mechanic, Electro Mechanical Technology, Welding and Healthcare.

Distinctive/Critical Facilities, Equipment, Technologies, Regulatory Environment

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

In the summer of 2019, the college moved the operations and services offered in the communities of Manitowoc and Sheboygan to new locations. The relocation provides a number of advantages, with proximity to the majority of students accessing services in these communities being primary. In addition, both facilities will provide completely remodeled interiors specifically designed to meet the learning needs of today's students.

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

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

The Public Safety Training Center offers programs and training ranging from basic first aid to Critical Care Flight Paramedic to a Law Enforcement Academy. A computerized firefighter burn training building allows for volunteer and career firefighters to refine skills in a controlled and safe environment. A state-of-the-art driving skills course offers training to emergency vehicle operators, motorcyclists, and other drivers. This course provides local agencies opportunities to train more often with the desired outcome of less traffic injuries or fatalities. A high angle rescue tower was erected to teach proper climbing and fall rescue techniques and an outdoor shooting range allow law enforcement professionals to learn and demonstrate firearms proficiency. In July 2019, construction will begin on Scenario City, a series of simulated environments, such as a motel, convenience store, residential home, etc, where students will encounter real-world challenges while practicing skills to become Emergency Medical Technicians (EMTs), Paramedics, and police officers.

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

The School of Agriculture opened in January 2018 as a part of the Farm Wisconsin development. This center has two classrooms and a state of the art agriculture lab with the capability to deliver instruction to remote sites via ITV.

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

The Kohler Center for Manufacturing Excellence includes the Nierode Building and Plastics Engineering Manufacturing Building which is a simulated modern manufacturing site that provides welding, industrial maintenance, and sheet metal trades instruction. LTC expanded in 2013-14, to combine and increase the welding labs, provide space for the fabrication program and add lab space for Industrial Maintenance and other programs. The Nierode building showcases robotics, programmable logic controllers, computer aided drafting, computer numerical controlled machine tools, and other hands-on learning equipment used in modern manufacturing facilities. Space in the Nierode building was remodeled in 2014 to expand the Machine Tool and CNC, Automation and Engineering programs. The Plastics Engineering Manufacturing building houses a state of the art Fabrication cell featuring a Fiber Laser with the capability to laser parts up to 4' x 4' as well as two Robotic Welders and a metal forming press.

LTC takes training on the road with its state-of-the-art mobile simulation labs. The labs offer students the latest in high-tech training in various life-like scenarios. The Advanced Manufacturing Mobile Lab is a self-contained training lab which provides hands-on experiences for K-12 students. This climate controlled unit equipped with wireless technology provides instruction in Industrial Maintenance and Programmable Logic Controls (PLCs). The Human Patient Simulator Mobile lab offers emergency response and healthcare providers the latest, high-tech training. The EMS Mobile Lab was built in partnership with the Wisconsin Department of Workforce Development through a Blueprint for Prosperity grant in the Wisconsin Fast Forward program. The Z Lab is the newest lab and has a virtual server, six computer workstations and 24 laptops. The lab also has software including Solidworks, Microsoft Office Suite and MasterCam.

Throughout 2019-20, LTC will be preparing for the relocation of its Culinary Arts program from a leased restaurant facility in Sheboygan to the Cleveland campus. While the move will keep the program financially-viable, it will also benefit students. All program courses will be available in a single location, and students will have easy access to student success services available on campus. The instructional kitchen will be designed with the sole purpose of education and we are able to seamlessly integrate a dedicated baking area into the space which will expand and enhance our culinary arts curriculum. Finally, we anticipate the ability to attract more students from the northern part of our district.

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

The Advanced Automotive Technology Training Center consists of two areas recently enhanced and renovated housing the Automotive Maintenance and Auto Collision shops. The center comprises 32,000 square feet of lab space with state of the art equipment and facilities. Both shops are designated as a Snap-On Center of Excellence. Both areas include new equipment like metal shaping, frame aligners, scanners, and wheel aligners.

Faculty and Staff Base

LTC employs 750 full and part-time people within three organizational groups. Full time employees include 89 support staff, 61 management staff and 107 faculty. The Lakeshore Educational Association (Local 3201 of the National Educational Association) represents bargaining unit faculty. Support and management staff are not represented by a union. LTC also employs approximately 400 part time staff made up of adjunct faculty, students, part time support staff and temporary help. LTC's staff are aligned to functional areas which make up the systems of the college.

ECONOMIC CONDITIONS

Competitive Environment

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

The UW System folded its 13 two-year schools into regional four-year universities beginning in 2018-19, merging the former UW-Manitowoc and UW-Sheboygan campuses with UW-Green Bay. This may introduce new educational opportunities for in-district LTC students to complete bachelor's degrees without leaving the district.

LTC must continue to remain competitive. For-profit institutions continue to market through information nights, newspaper, radio, and television advertisements. In addition, some have invested in facilities within the region offering niche programs that are in direct competition with LTC. Some local employers have on-site training facilities as well as UW-Green Bay offering continuing education programs that compete with LTC's Workforce Solutions' offerings.

STRATEGIC PLANNING PROCESS

Lakeshore Technical College formulated a rigorous process to involve staff and the community to stimulate the development of an articulated 5-year strategic plan that effectively identifies the means to direct appropriate and innovative resources guiding students, enhancing their growth, and leading them to obtain their goals. The ability of LTC to perform effectively will provide hope to students and strengthen the community from the movement delivering academic and technical tools for students to succeed within an increasingly demanding society. The process contains iterative steps to facilitate adequate plan review and improvement ensuring that the plan execution meets expectations as determined by the defined feedback mechanism and the established plan metrics. LTC's plan will demonstrate "Hope Movement" that pervades the entire college and will give greater life to the community.

The initial process phase began with the college Presidential “Chart the Course” meetings that included the participation of roughly 218 college staff members where the primary objective was to determine what college activities were working well, what was perceived as needed, and what were the professional aspirations of staff. In addition, the President conducted Team Input sessions that included approximately 100 staff to provide input.

Following the “Chart the Course” meetings, the college held town hall meetings that were open to all college staff and the invited community. The objectives of the town hall meetings were to facilitate an open dialog where participants could again indicate where the college performed well and where improvement was desired. Every attempt was made to ensure inclusive opportunities were provided to staff and the community.

The third process planning step began with the submittal by individuals comprising the Leadership Team of potential strategic initiatives. A compilation of all submitted potential strategic initiatives was reviewed, analyzed, and prioritized as to their value by reducing the listing by their respective root causes and where necessary, the importance of any potential interaction between their possible indirect, dependencies as determined by the Leadership Team. The session output was restricted to ten strategic initiatives.

The ten strategic initiatives from the Leadership Team planning session were provided to numerous break-out sessions comprised in total of approximately 159 staff members. Those break-out sessions reviewed the proposed strategic initiatives and provided valuable input as to their relevance and their tactical execution.

The next step comprised the formation of multiple groups to review and analyze the strategic initiatives that were identified to support the five-year goals, determining the gap between the current state and the objective state, the root causes for the variances, and the required tactics to achieve the new state.

At the conclusion of the previous phase, representatives from the college were selected and engaged to review the previous findings and categorize the tactics thereby improving their respective execution. The categorization process was focused toward determining the interrelationships of the tactics and strategic initiatives and to identify the root causes of the gaps. Once the root causes were identified, the tactics to eliminate the gaps and proceed toward the selected goals would more effectively support the strategic initiative execution.

The strategic initiative plan findings were presented to town hall meetings soliciting feedback as to the prioritization of initiatives and the tactics supporting their respective execution. The town hall meetings were composed of constituents from both the college staff and community. The meeting design was to illuminate the participants and provide insightful feedback and, more importantly, support the plan during the execution phase.

For the first year of the strategic plan beginning in 2018-19, a cross-functional team consisting of members from the initial strategic planning cross-functional team and members of the Improvement and Innovation Steering Team derived the strategic initiatives. Each fiscal year an amount is budgeted for funding opportunities that may be presented in order to react to immediate needs that align with strategic goals. The Improvement and Innovation Steering Team is responsible to make recommendations to the President for approval to fund the new opportunities

On an annual basis, the initiatives are assessed to ensure that the tactic achieves the desired result. In addition, the initiatives are assessed that the work to achieve the desired result of each respective initiative is valid. Once it is determined that the initiative is valid, the Leadership Team may refine the initiative; and then the respective LTC staff will execute to achieve the desired result of each initiative.

VISION, MISSION AND ENDS POLICY

Vision

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

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

Mission

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

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

District Board Ends Policies

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

Community

Lakeshore Technical College exists so the community workforce will be well trained, diverse, and flexible, and will meet the needs of a changing marketplace.

Learning Opportunities

Learning opportunities are affordable and accessible, within available resources.

MANAGEMENT SYSTEMS AND CONTROLS

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

Internal Controls

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

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

Budgetary System

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

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

Independent Audit

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

Certificate

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lakeshore Technical College for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

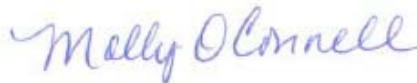
Acknowledgment

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

Respectfully submitted,



Paul Carlsen, Ph.D.
President



Molly O'Connell
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Lakeshore Technical College District
Wisconsin

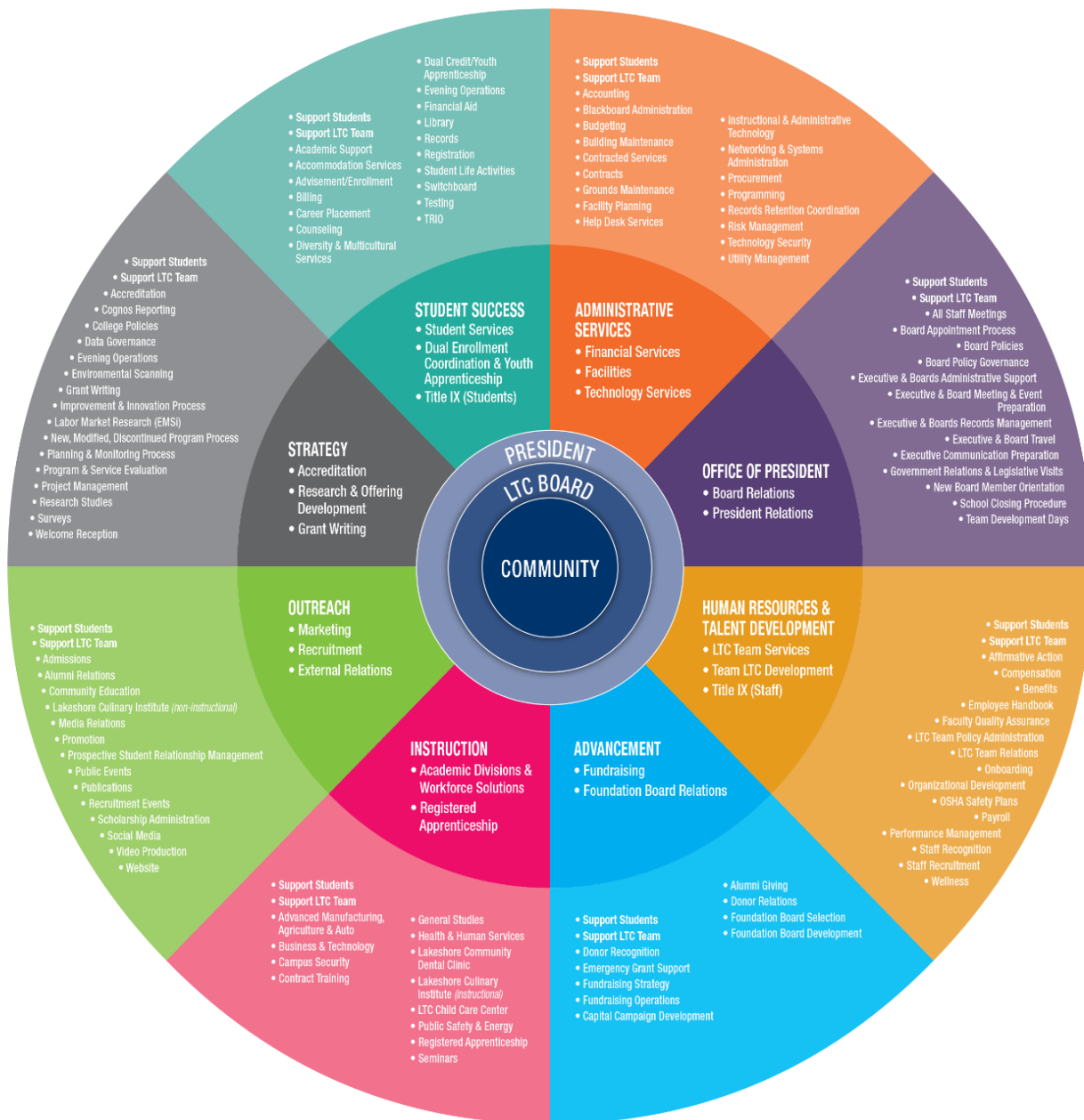
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Lakeshore Technical College Organizational Chart



Lakeshore Technical College District Board
FY 2019-2020

Officers	Name	Membership Type
Chair	Roy Kluss	Employee Member
Vice-Chair	Lois Vasquez	Employee Member
Secretary/Treasurer	Don Pohlman	Elected Official Member
Member	John S. Lukas	Employer Member
Member	Monica Nichter	Additional Member
Member	James Parrish	Employer Member
Member	Kim Rooney	Additional Member
Member	Mike Trimberger	School District Administrator Member
Member	John Wyatt	Additional Member

Lakeshore Technical College District

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





Independent auditors' report

To the District Board
Lakeshore Technical College District
Cleveland, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Lakeshore Technical College District, Cleveland, Wisconsin (the "District") and its discretely presented component unit as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Lakeshore Technical College Foundation, Inc., a discretely presented component unit, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District and its discretely presented component unit as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 30 and the schedules relating to pensions and other postemployment benefits on pages 70 through 71 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information and the schedule of expenditures of federal awards and schedule of expenditures of 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 of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Prior Year Financial Information

The 2018 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated December 6, 2018, expressed an unmodified opinion on those financial statements.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
December 10, 2019

This page intentionally left blank.



Lakeshore Technical College District Management's Discussion and Analysis

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

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

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

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

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

Statement of Revenues, Expenses, and Changes in Net Position

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

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

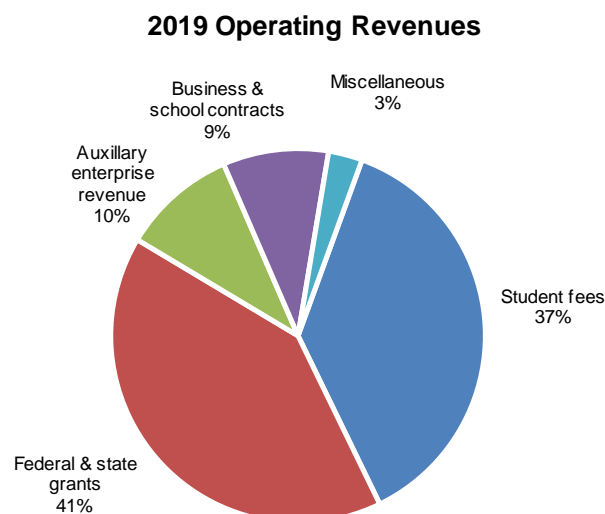
	2019	2018	Increase/(Decrease)		2017
			\$	%	
Operating Revenues					
Program fees	\$ 4,526,132	\$ 4,779,909	\$ (253,777)	-5.3%	\$ 4,704,733
Material fees	287,754	317,239	(29,485)	-9.3%	331,076
Other student fees	624,117	648,378	(24,261)	-3.7%	621,597
Federal grants	4,560,960	4,602,915	(41,955)	-0.9%	4,637,375
State grants	1,391,242	1,625,043	(233,801)	-14.4%	2,190,012
Business & school contracts	1,332,298	1,516,112	(183,814)	-12.1%	1,699,680
Auxiliary enterprise revenue	1,448,237	1,907,271	(459,034)	-24.1%	1,863,289
Miscellaneous revenue	427,244	355,934	71,310	20.0%	464,265
Total operating revenues	<u>14,597,984</u>	<u>15,752,801</u>	<u>(1,154,817)</u>	<u>-7.3%</u>	<u>16,512,027</u>
Non-operating Revenues					
Property taxes	11,874,205	11,743,801	130,404	1.1%	10,942,612
State operating appropriations	14,887,923	14,992,421	(104,498)	-0.7%	15,385,533
Gain on sale of capital assets	15,518	13,548	1,970	14.5%	0
Interest income	333,948	208,129	125,819	60.5%	134,987
Realized and unrealized gain (loss) on investments	139,304	(60,613)	199,917	-329.8%	(120,937)
Total non-operating revenues	<u>27,250,898</u>	<u>26,897,286</u>	<u>353,612</u>	<u>1.3%</u>	<u>26,342,195</u>
Total revenues	<u>41,848,882</u>	<u>42,650,087</u>	<u>(801,205)</u>	<u>-1.9%</u>	<u>42,854,222</u>
Operating Expenses					
Instruction	20,369,428	20,311,355	58,073	0.3%	22,052,872
Instructional resources	1,448,087	1,201,149	246,938	20.6%	1,175,858
Student services	5,268,252	5,222,537	45,715	0.9%	5,119,100
General institutional	5,285,721	4,779,336	506,385	10.6%	5,076,089
Physical plant	2,878,505	2,951,062	(72,557)	-2.5%	2,772,618
Auxiliary enterprise services	1,198,520	1,429,409	(230,889)	-16.2%	1,407,734
Depreciation	4,365,529	4,198,244	167,285	4.0%	4,121,931
Student aid	1,843,399	1,942,304	(98,905)	-5.1%	1,904,457
Total operating expenses	<u>42,657,441</u>	<u>42,035,396</u>	<u>622,045</u>	<u>1.5%</u>	<u>43,630,659</u>
Non-operating Expenses					
Loss on sale of capital assets	0	0	0	n/a	3,586
Interest expense	690,234	705,302	(15,068)	-2.1%	725,062
Total non-operating expenses	<u>690,234</u>	<u>705,302</u>	<u>(15,068)</u>	<u>-2.1%</u>	<u>728,648</u>
Total expenses	<u>43,347,675</u>	<u>42,740,698</u>	<u>606,977</u>	<u>1.4%</u>	<u>44,359,307</u>
Change in net position before capital contributions	(1,498,793)	(90,611)	(1,408,182)	1554.1%	(1,505,085)
Contributions	343,661	0	343,661	n/a	0
Federal and state capital grants	423,620	261,897	161,723	61.8%	532,102
Change in net position after capital contributions	<u>(731,512)</u>	<u>171,286</u>	<u>\$ (902,798)</u>	<u>-527.1%</u>	<u>(972,983)</u>
Net position - beginning of the year	<u>20,014,021</u>	<u>19,842,735</u>			<u>23,155,867</u>
Net position - end of the year	<u>\$ 19,282,509</u>	<u>\$ 20,014,021</u>			<u>\$ 22,182,884</u>

Operating revenues are the charges for services offered by the College. During 2019, the College generated \$14.6 million of operating revenue. This is a decrease of \$1.2 million from 2018, or 7%, compared with a decrease of \$759,000, or 5% in 2017.

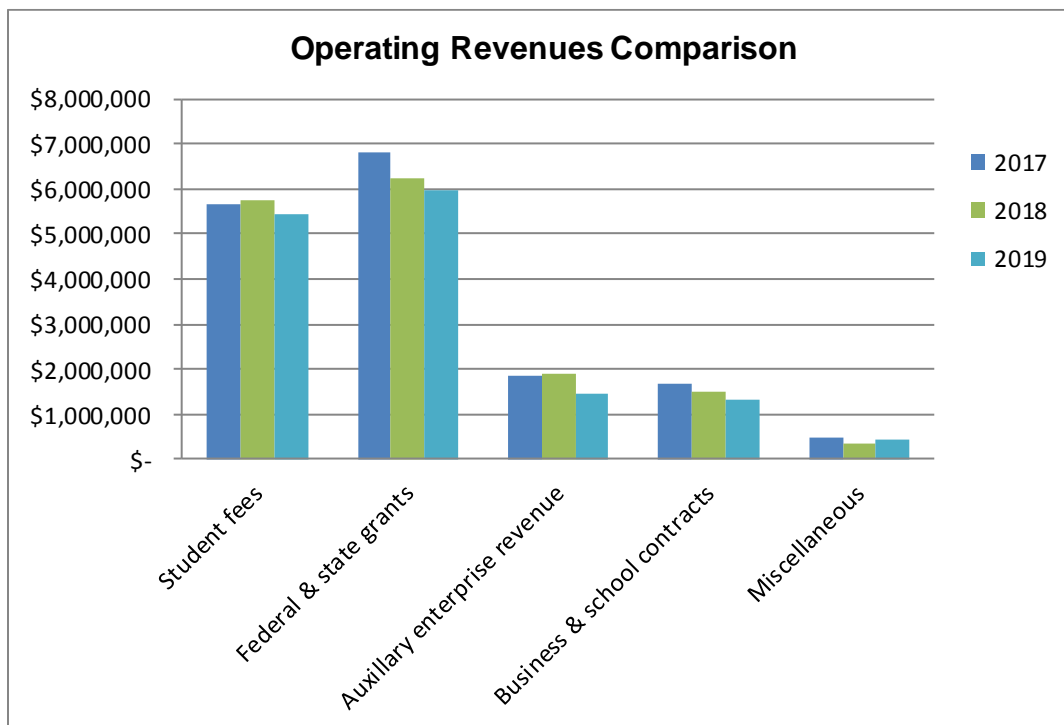
Significant changes in operating revenue for the years ended June 30, 2019 and 2018 are as follows:

- Program, material and other fees charged to students for attending courses decreased by \$308,000 or 5% in 2019 compared to an increase of \$88,000, or 2% in 2018. LTC experienced a 4.9% decrease in student FTEs (full-time equivalents) for 2019 and a 1.5% decrease in 2018. Student FTEs continue to decrease as the unemployment rate declines and there are fewer students enrolled full time in programs. Increased program fee rates, which are set by the state, offset the decrease in enrollments. Program fee rates for the 2019 and 2018 school years increased by 1.5% and 1.4%, respectively. For 2018, the state held the program fee rate at the 2017 level for the 2018 summer term, but increased the rates by 1.4% for the fall and spring terms.
- Federal and state grant operating revenue for specific purposes, including financial aid payments to students, totaled \$6.0 million for 2019, a decrease of \$276,000, or 4%. State grant revenue decreased \$234,000 in 2019 due to a shift in general purpose revenue (GPR) grants funding instructional equipment rather than operational expenditures, while federal grant revenue decreased \$42,000 due to a U.S. Department of Labor grant coming to an end. In 2018, federal and state grant operating revenue was \$6.2 million, a decrease of \$599,000 or 9% from 2017. State grant revenue decreased \$565,000 in 2018 due to general purpose revenue (GPR) grants and Wisconsin Fast Forward grants coming to an end, while federal grant revenue decreased \$34,000 due to a U.S. Department of Labor grant coming to an end.
- Auxiliary enterprise revenues, including revenues generated by the bookstore, food service, childcare, culinary restaurant and other instructional related activities, decreased \$459,000, or 24%, in 2019 while 2018 showed an increase of \$44,000 or 2%. The decrease in 2019 is due to a decrease in institutional revenue for funding the college's health insurance reserves within the Wisconsin Technical College Employee Benefits Consortium (WTCEBC), along with decreases in instructional related revenue and other miscellaneous revenue. The increase in 2018 is due to instructional related revenue.
- Contract revenues result from customized training to business and industry as well as local school districts. Contract revenues decreased by \$184,000 or 12% in 2019 and decreased \$184,000 or 11% in 2018. The decrease in both years was due to a decline in high school contract revenue.

The following is a graphical illustration of operating revenues by source for the fiscal year ended June 30, 2019.



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



Non-operating revenues are revenue items not directly related to providing instruction. Non-operating revenues were \$27.3 million for 2019, \$26.9 million for 2018 and \$26.3 million for 2017.

The most significant components of non-operating revenues for the years ended June 30, 2019 and 2018 include the following:

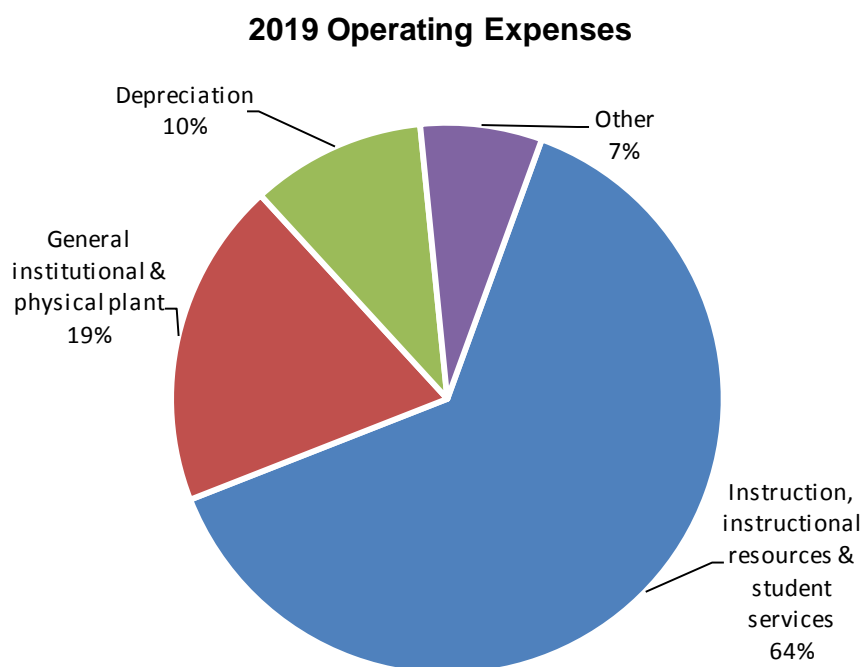
- Property tax revenue for 2019 increased \$130,000 or 1%, compared to an increase of \$800,000 or 7%, in 2018. The 2018 levy included \$187,000 for the re-assessment of refunded/rescinded property taxes. Equalized values of property in the District increased by 4.34% for 2019 and 3.22% for 2018.
- State operating appropriations for the College decreased \$104,000 or 0.7% in 2019, compared to a decrease of \$393,000 or 3% in 2018. General state aids decreased \$143,000 or 5% in 2019 and increased \$164,000 or 6% in 2018. The outcomes based funding portion of general state aids decreased by \$37,000 or 3% in 2019 and remained relatively flat in 2018, increasing \$1,000.
- Interest income, net of fees increased \$126,000 or 61% in 2019 and increased \$73,000 or 54% in 2018. The weighted average interest rate on investments rose from 0.74% to 2.38%. For 2019, the realized and unrealized gain on investments was \$139,000. This compares to the realized and unrealized loss on investments of \$61,000 and \$121,000 for 2018 and 2017, respectively. It is the intention of the College to hold its investments until maturity or until the fair value improves.

Operating expenses are costs related to offering the programs of the College. During 2019, operating expenses totaled approximately \$42.7 million. This represents an increase of \$622,000 or 2%, compared to a decrease of \$1.6 million or 4% in 2018. The majority of these expenses, about 68%, are for salary and benefits. Other major types of expenses include supplies, printing and minor equipment (6%), contract services (4%), student aid (4%) and depreciation (10%). Expenses such as travel, insurance, utilities and other expenses account for the remaining 8% of total operating expenses.

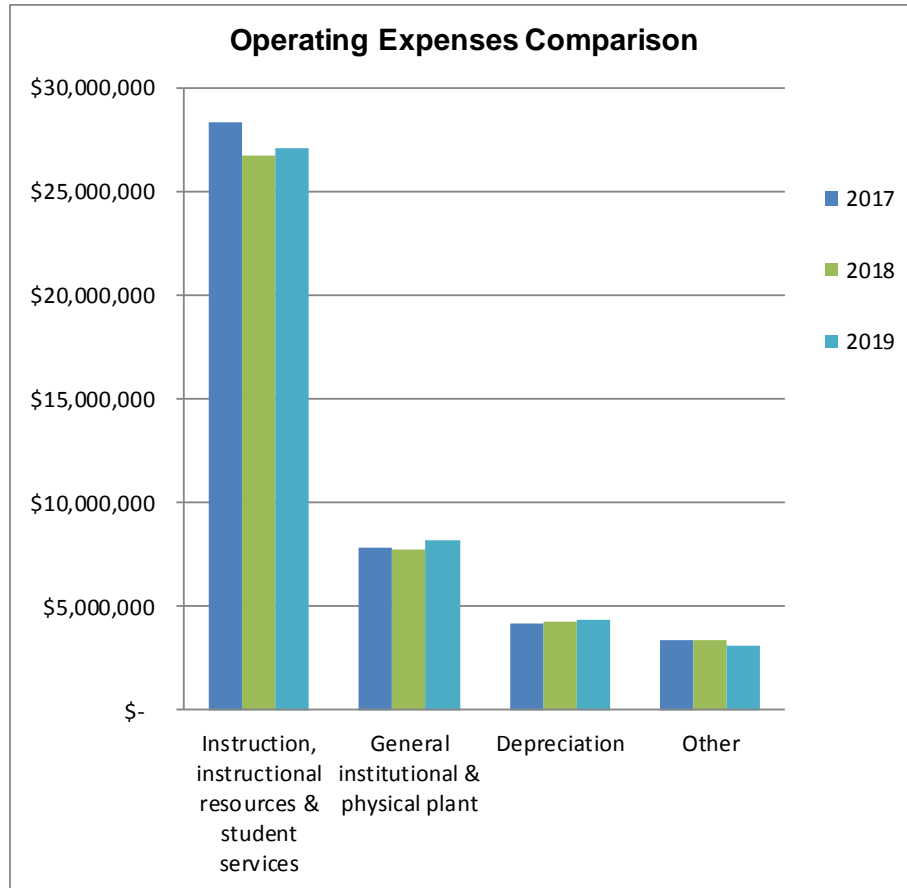
Significant changes in operating expenses for the years ended June 30, 2019 and 2018 are as follows:

- Direct costs (instruction, instructional resources and student services) increased \$351,000 or 1% in 2019 due to increased benefit expenses and increased minor equipment purchases. Direct costs for 2018 decreased \$1.6 million or 6% due to decreased benefit expenses.
- General institutional and physical plant expenses increased \$434,000 or 6% to \$8.2 million for 2019, compared to \$7.7 million in 2018 and \$7.8 million for 2017. The increase in 2019 is due to increased benefit expenses and the decrease in 2018 is due to decreased benefit expenses.
- Auxiliary enterprise services expenses decreased \$231,000 or 16% in 2019 and remained relatively flat in 2018, increasing \$22,000 or 2%. The decrease in 2019 is due to a decrease in contracted services.
- Student aid decreased by \$99,000 or 5% in 2019 and increased \$38,000 or 2% in 2018. The decrease in 2019 is due to direct lending and the increase in 2018 is due to Pell grants.

The following is a graphical illustration of operating expenses by function for the fiscal year ended June 30, 2019.



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



Non-operating expenses are expense items not directly related to providing instruction. Non-operating expenses decreased \$15,000 or 2% in 2019, compared to a decrease of \$23,000 or 3% in 2018. Interest expense of \$690,000, \$705,000 and \$725,000 was the main component of non-operating expenses for 2019, 2018 and 2017, respectively.

Statement of Cash Flows

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

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

	2019	2018	Increase/(Decrease)		2017
			\$	%	
Cash flows from operating activities	\$ (22,251,987)	\$ (21,529,284)	\$ (722,703)	-3.4%	\$ (20,510,680)
Cash flows from non-capital financing activities	26,720,951	26,655,906	65,045	0.2%	26,297,641
Cash flows from capital & related financing activities	(3,362,959)	(5,303,202)	1,940,243	36.6%	(1,359,787)
Cash flows from investing activities	(150,763)	879,292	(1,030,055)	-117.1%	2,277,017
Net increase in cash & cash equivalents	<u>\$ 955,242</u>	<u>\$ 702,712</u>	<u>\$ 252,530</u>	<u>35.9%</u>	<u>\$ 6,704,191</u>

- **Cash flows from operating activities** decreased \$723,000 or 3% in 2019, compared to a decrease of \$1.0 million or 5% in 2018, due to the following:
 - ✓ Payments to employees of \$27.5 million in 2019, \$27.7 million in 2018, and \$27.0 million in 2017 made up the largest portion of the cash flows from operating activities.
 - ✓ Payments to suppliers for 2019 decreased \$286,000 or 3%, compared to a decrease of \$866,000 or 8% in 2018.
 - ✓ Tuition and fees received from students for services were approximately \$5.4 million in 2019, \$5.8 million in 2018, and \$5.4 million in 2017.
 - ✓ Federal and state grants received decreased \$534,000 or 8% in 2019 compared to a decrease of \$1.0 million or 14% in 2018.
 - ✓ Business, industry and school district contract revenues received decreased \$140,000 or 9% for 2019 and decreased \$211,000 or 12%.
- **Cash flows from non-capital financing activities** consist primarily of property taxes and state appropriations received and increased \$65,000 or 0.2% in 2019 and increased \$358,000 or 1.4% in 2018. The increase in 2018 includes a \$187,000 re-assessment for property tax refunds paid in 2017.
- **Cash flows from capital and related financing activities** is primarily made up purchases of capital assets and capital related debt activity (debt proceeds and principal and interest payments). For 2019, there were cash outflows of \$3.4 million and for 2018 and 2017 there were cash outflows of \$5.3 million and \$1.4 million, respectively.
 - ✓ Debt proceeds were \$3.3 million in 2019, \$4.0 million in 2018, and \$7.8 million in 2017. Principal payments on capital debt were \$4.3 million in 2019 and 2018, and \$4.0 million in 2017.
 - ✓ Purchases of capital assets for 2019 amounted to \$2.5 million, compared to \$4.6 million in 2018 and \$5.3 million in 2017. Major projects for 2019 include an HVAC upgrade in the Agriculture and Energy building (\$195,000), phase 2 of scenario city construction (\$152,000), general remodeling and infrastructure improvements (\$386,000), and equipment purchases (\$1.7 million). Expenditures for 2018 include the construction of the agriculture education center (\$692,000), carpentry workshop (\$164,000) firing range (\$713,000), updating the burn building (\$210,000), phase 1 of scenario city construction (\$316,000), general remodeling and infrastructure improvements (\$430,000), and equipment purchases (\$2.1 million).

LTC had a net increase in total cash & investments of approximately \$955,000 for 2019 compared to a net increase of \$703,000 for 2018 and a net increase of \$6.7 million in 2017.

Statement of Net Position

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

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

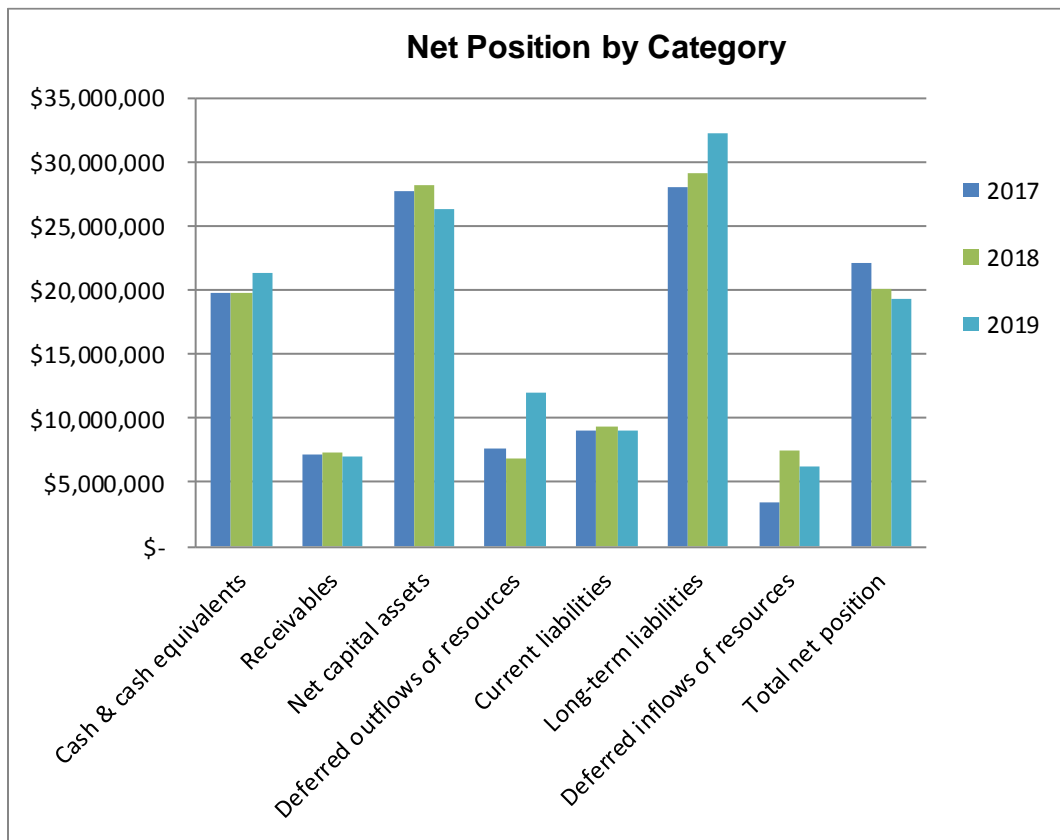
	2019	2018	Increase/(Decrease)		2017
			\$	%	
Assets					
Cash and investments	\$ 21,371,523	\$ 19,792,266	\$ 1,579,257	8.0%	\$ 19,821,330
Receivables	6,975,813	7,279,203	(303,390)	-4.2%	7,241,414
Net capital assets	26,256,172	28,145,737	(1,889,565)	-6.7%	27,758,766
Other	156,087	4,004,948	(3,848,861)	-96.1%	197,684
Total assets	54,759,595	59,222,154	(4,462,559)	-7.5%	55,019,194
Deferred Outflows of Resources	12,033,596	6,842,784	5,190,812	75.9%	7,633,644
Liabilities					
Current liabilities	9,299,286	9,638,482	(339,196)	-3.5%	8,983,973
Non-current liabilities	31,987,898	28,876,885	3,111,013	10.8%	28,101,645
Total liabilities	41,287,184	38,515,367	2,771,817	7.2%	37,085,618
Deferred Inflows of Resources	6,223,498	7,535,550	(1,312,052)	-17.4%	3,384,336
Net Position					
Net investment in capital assets	5,817,617	6,112,865	(295,248)	-4.8%	6,300,065
Restricted for pension asset	0	3,821,905	(3,821,905)	-100.0%	0
Restricted for debt service	1,271,707	1,151,984	119,723	10.4%	1,313,420
Unrestricted	12,193,185	8,927,267	3,265,918	36.6%	14,569,399
Total net position	\$ 19,282,509	\$ 20,014,021	\$ (731,512)	-3.7%	\$ 22,182,884

Total assets decreased \$4.5 million or 8% in 2019 and increased \$4.2 million or 8% in 2018.

- Capital assets are the largest component of the College's assets. For 2019, net capital assets decreased \$1.9 million or 7%, compared to an increase of \$387,000 or 1% in 2018. In 2018, the College constructed the agriculture education center, carpentry workshop and firing range.
- Receivables include property taxes, student accounts, and federal and state aids. The property tax receivable amounted to \$3.0 million in 2019 and 2018 and \$2.9 million in 2017. Payment on the balance of property tax receivable is typically received by the end of August for that year. Student accounts receivable (net of bad debt reserve) decreased during 2019 by approximately \$238,000, or 7%, and increased by \$205,000, or 6%, in 2018. Federal and state aid receivable is down \$27,000, or 4%, for 2019, and decreased by \$351,000, or 35%, in 2018.
- Cash and investments increased \$1.6 million, or 8%, in 2019 and decreased \$29,000, or 0.1%, in 2018. The timing and amount of borrowings and expenditures for capital projects had the biggest impact on the change in cash and investment balances.
- Other assets for 2018 include the net pension asset of \$3.8 million. The college recognized a net pension liability in 2019 and 2017.

- Deferred outflows related to pensions were \$11.5 million for 2019, \$6.4 million for 2018 and \$7.6 million for 2017. Deferred outflows related to OPEB were \$513,000 for 2019 compared to \$489,000 for 2018 and \$0 for 2017.
- Current liabilities include accounts payable, payroll and related liabilities, unearned revenue, the current portion of other postemployment benefits and the current portion of long-term debt.
 - ✓ The current portion of general obligations and notes payable makes up the largest portion of current liabilities and increased \$135,000 or 3% in 2019 and increased \$35,000 or 0.8% in 2018.
 - ✓ Unearned student fees decreased \$214,000 or 8% in 2019 due to decreased enrollments for summer and fall courses. This compares to an increase of \$234,000, or 10%, in 2018. Other unearned revenue amounted to \$16,000, compared to \$6,000 for 2018 and \$28,000 for 2017.
 - ✓ Accounts payable decreased \$137,000 or 20% in 2019 and increased \$94,000 or 16% in 2018. The year-over-year changes fluctuate with the scope and timing of construction projects that are in process as of year-end.
 - ✓ Accrued payroll remained relatively flat for 2019 and decreased \$54,000 or 12% in 2018. Accrued payroll will fluctuate based on changes in wages and teacher hours for summer school and the timing of payments for spring term instruction.
- Long-term liabilities of \$32.0 million for 2019, \$28.9 million for 2018, and \$28.1 million for 2017 consist mainly of the long-term debt due after the next fiscal year. The College issued \$3.3 million, \$4.0 million and \$7.8 million in debt in 2019, 2018 and 2017, respectively, to finance equipment, general remodeling, additions and site improvements as laid out in its master facility plan. Payments on this debt were \$4.3 million in 2019 and 2018, and \$4.0 million in 2017. Long-term liabilities for 2019 also includes a net pension liability of \$4.5 million and OPEB liability of \$2.4 million. For 2018, the college recognized a net pension asset and an OPEB liability of \$2.8 million. For 2017, the college had a net pension liability of \$1.1 million and an OPEB liability of \$693,000.
- Deferred inflows related to pensions were \$6.2 million for 2019, \$7.5 million for 2018 and \$3.4 million for 2017. Deferred inflows related to OPEB were \$15,000 for 2019 compared to \$0 for 2018 and 2017.
- In 2019, net position decreased \$732,000 or 4%. During 2018, net position decreased \$2.2 million or 0.8% due to the implementation of GASB Statement No. 75.
 - ✓ Net investment in capital assets decreased \$295,000 or 5% in 2019. This compares to a decrease of \$187,000 or 10% in 2018. Unexpended debt proceeds were \$9.1 million in 2019 and \$8.4 million in 2018. Purchase orders outstanding to be financed from unexpended debt proceeds amount to \$111,000 in 2019 and \$68,000 in 2018.
 - ✓ Net position restricted for debt service increased \$120,000 or 10% in 2019 and decreased \$161,000 or 12% in 2018.

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



Capital Assets and Debt Administration

LTC's investment in capital assets, net of depreciation, as of June 30, 2019 was \$26,256,172 and as of June 30, 2018 and 2017 amounted to \$28,145,737 and \$27,758,766, respectively. This investment includes land, land improvements, buildings, building improvements, leasehold improvements and fixed and moveable equipment. In order to better meet today's educational needs, the College is continually replacing and updating assets when their useful lives have expired in order to keep current with technology and to have well-maintained facilities. Additional information about the College's capital assets can be found in Note 3 of the Notes to Financial Statements.

As of June 30, 2019, LTC had total general obligation debt outstanding of \$28,735,000, compared to \$29,755,000 as of the end of 2018 and \$30,040,000 at the end of 2017. The College's notes are assigned Moody's Investor Service Aa1 rating and the College continues to meet all of its debt service requirements, including timely repayment of its debt. All debt issuances for equipment, building and land improvements are repaid in seven to ten years. Additional information about the District's debt can be found in Note 4 of the Notes to Financial Statements.

Financial Position

LTC saw a decrease of \$732,000 in its net position during the year ended June 30, 2019. Cash and investments as of June 30, 2019 remained strong at \$21.4 million compared to \$19.8 million as of June 30, 2018 and 2017. Total liabilities were \$41.3 million in 2019, \$38.5 million in 2018, and \$37.1 million in 2017.

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

Historically, LTC's major revenue source has been local property taxes. With the passing of Wisconsin Act 145, state operating appropriations exceeded property taxes, as \$11.8 million of property tax aid relief replaced tax levy. Along with the property tax relief aid, state operating appropriations includes general state aids. Thirty percent of total general state aid is distributed by outcome based formula measures instead of by the longstanding complicated formula that includes actual expenditures, student FTE's, and equalized property valuations of the district. For the College, the outcome based aid amounted to \$1.1 million in 2019 and \$1.2 million 2018. All state aid formulas take into consideration activities of the other fifteen technical colleges in Wisconsin. Final state aid payments are not received until November following the fiscal year end.

Economic Factors

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

- Declining enrollments continue to be a concern for the College. The College saw enrollment decreases of 4.9% and 1.5% in 2019 and 2018, respectively, based on full-time equivalents. The College is striving to grow enrollments and has implemented strategic initiatives to improve retention and grow enrollments.
- The College continues to work to navigate its way through changes based on legislation passed in Wisconsin that effect the college's ability to levy taxes and receive state aids. Changing funding levels, state aid amounts that will never increase and unfunded mandates of the state and federal government continue to make it challenging for the college to balance its budget.
- While the legislation enacted in fiscal 2015 to shift a large portion of the College's funding from local tax levy to state aid included a mechanism to restore the levy if state funding was ever reduced, the College is aware of the negative impact a subsequent levy increase could have.
- In order to reduce the impact of recognizing and funding the other post-employment benefits liability, the College modified its benefit package for new hires. This change to the benefit package could result in increased competition for new hires.
- The continued rising cost of healthcare in the U.S. and a higher than normal number of high cost claims experienced by the College during 2019 and 2018 has affected the College's ability to keep healthcare premiums down. The College continues to educate staff and to promote a culture of healthy living through ideas generated by the Wellness Committee, a cross-functional team of staff members, to help keep healthcare costs down for both the College and staff. To help offset increasing healthcare costs, the college will be changing its health insurance benefit plan, increasing both the employee's share of the premium expense and deductibles. This change to the benefit package could result in increased competition for new hires.

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

- Unemployment rates in the district are low, causing employers difficulty in finding workers with the skills needed to support their operations. The College continues to work collaboratively with area employers in addressing their needs.
- As employers continually change technology and processes to remain competitive, the College responds with new programs and customized training options that are essential in preparing the local workforce.
- In order to fill an increasing need for electro-mechanical technicians, the College developed its MicroMatch Upskilling program. These technicians set up, operate and program robots that are being used by lakeshore area manufacturers who are expanding their use of robotics, automation and artificial intelligence in all aspects of their operations. The College partnered with local manufacturers to define the ideal electro-mechanical skill sets for a variety of positions. Aptitude tests were then deployed to existing employees to identify skills gaps. Based on the data and test results, LTC developed short-term training seminars designed to be used independently or stacked to fill the gaps of each individual employee.
- In support of Wisconsin's drive to address the skilled workers shortage in the state, the College remodeled and expanded its Center for Manufacturing Excellence. The Center for Manufacturing Excellence includes the Plastics Engineering Manufacturing Building and the Nierode Building. The Plastics Engineering Manufacturing Building is a simulated modern manufacturing site that provides welding, industrial maintenance, and sheet metal trades instruction. The facility was designed to flex with the training demands of industry. The Nierode building showcases robotics, programmable logic controllers, computer aided drafting, computer numerical controlled machine tools, and other hands-on learning equipment used in modern manufacturing facilities.
- The College is striving to be the #1 school of choice for graduating high school seniors, serving as a cost-effective choice for more students as the cost of higher education rises and student debt levels increase. During 2019, the College launched its College Here and Now program, a college/career pathway that makes it possible for Sheboygan Area school district students to have the ability to earn their LTC associates degree at the same time they receive their high school diploma.
- The recent and upcoming relocations of LTC Manitowoc, LTC Sheboygan and the culinary program allow for the placement of services in areas that are easier for students to access. In addition, the moves allow for right-sizing of facilities, upgrades to interiors and equipment, and long-term cost savings.
- In staying true to its mission and values, the College continues to focus on student success through increased access to services and education, coordinated services, and continued efforts to implement strategies to improve retention and transition.
- LTC has a beautiful campus that is located centrally within its district. The College is well respected in the community for its educational offering. As a result, it is attractive as an educational resource for people looking for training.

Contacting the District's Financial Management

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF NET POSITION June 30, 2019 and 2018

	2019		2018	
	District	Foundation	District	Foundation
Assets				
Current Assets				
Cash & investments	\$10,924,604	\$210,061	\$10,073,326	\$133,701
Property taxes receivable	3,013,822	0	2,972,645	0
Accounts receivable, net of allowance of \$185,000 and \$160,000	3,324,077	0	3,641,193	0
State aid receivable	417,976	0	498,894	0
Federal aid receivable	219,938	0	166,471	0
Unconditional promises to give	0	121,212	0	192,160
Other receivables	0	53,131	0	14,605
Inventories	42,311	2,350	43,245	3,520
Prepaid expenses	113,776	1,248	139,798	1,248
Total current assets	<u>18,056,504</u>	<u>388,002</u>	<u>17,535,572</u>	<u>345,234</u>
Non-current Assets				
Restricted cash & investments	10,446,919	500,506	9,718,940	440,248
Net pension asset	0	0	3,821,905	0
Unconditional promises to give	0	62,129	0	46,715
Investments	0	2,498,169	0	2,518,493
Land	50,000	71,000	50,000	71,000
Construction in progress	202,628	0	73,619	0
Other capital assets, net of depreciation	26,003,544	346,470	28,022,118	357,546
Total non-current assets	<u>36,703,091</u>	<u>3,478,274</u>	<u>41,686,582</u>	<u>3,434,002</u>
Total Assets	<u>54,759,595</u>	<u>3,866,276</u>	<u>59,222,154</u>	<u>3,779,236</u>
Deferred Outflows of Resources				
Deferred outflows related to OPEB	512,718	0	489,482	0
Deferred outflows related to pension	11,520,878	0	6,353,302	0
Total Deferred Outflows	<u>12,033,596</u>	<u>0</u>	<u>6,842,784</u>	<u>0</u>
Liabilities				
Current liabilities				
Accounts payable	534,815	31,677	672,128	23,877
Accrued payroll	397,987	0	397,778	0
Payroll related liabilities	821,630	0	960,308	0
Accrued interest	228,525	1,052	223,846	1,723
Unearned student fees	2,434,974	0	2,648,682	0
Other unearned revenue	16,355	18,750	5,740	18,750
Current portion				
General obligation bonds and notes payable	4,455,000	28,000	4,320,000	27,000
Other postemployment benefits liability	410,000	0	410,000	0
Total current liabilities	<u>9,299,286</u>	<u>79,479</u>	<u>9,638,482</u>	<u>71,350</u>
Non-current liabilities				
Other postemployment benefits liability	2,423,698	0	2,784,325	0
Net pension liability	4,500,988	0	0	0
General obligation bonds and notes payable	25,063,212	14,448	26,092,560	42,494
Total non-current liabilities	<u>31,987,898</u>	<u>14,448</u>	<u>28,876,885</u>	<u>42,494</u>
Total Liabilities	<u>41,287,184</u>	<u>93,927</u>	<u>38,515,367</u>	<u>113,844</u>
Deferred Inflows of Resources				
Deferred inflows related to OPEB	15,378	0	0	0
Deferred inflows related to pension	6,208,120	0	7,535,550	0
Total Deferred Inflows	<u>6,223,498</u>	<u>0</u>	<u>7,535,550</u>	<u>0</u>
Net Position				
Net investment in capital assets	5,817,617	375,022	6,112,865	359,052
Restricted for:				
Nonexpendable:				
Endowment	0	934,133	0	899,133
Expendable:				
Net Pension Asset	0	0	3,821,905	0
Debt service	1,271,707	0	1,151,984	0
Support of student scholarships	0	1,692,072	0	1,711,526
College program support	0	331,893	0	372,432
Unrestricted	12,193,185	439,229	8,927,267	323,249
Total Net Position	<u>\$19,282,509</u>	<u>\$3,772,349</u>	<u>\$20,014,021</u>	<u>\$3,665,392</u>

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended June 30, 2019 and 2018

	2019		2018	
	District	Foundation	District	Foundation
Operating Revenues				
Student program fees, net of scholarship allowances of \$1,257,162 and \$1,155,534	\$4,526,132	\$0	\$4,779,909	\$0
Student material fees, net of scholarship allowances of \$79,670 and \$77,087	287,754	0	317,239	0
Other student fees, net of scholarship allowances of \$172,523 and \$157,622	624,117	0	648,378	0
Federal grants	4,560,960	0	4,602,915	0
State grants	1,391,242	0	1,625,043	0
Business and industry contract revenue	1,332,298	0	1,516,112	0
Auxilliary enterprise revenues	1,448,237	0	1,907,271	0
Miscellaneous	427,244	0	355,934	0
Total operating revenues	14,597,984	0	15,752,801	0
Operating Expenses				
Instruction	20,369,428	0	20,311,355	0
Instructional resources	1,448,087	0	1,201,149	0
Student services	5,268,252	0	5,222,537	0
General institutional	5,285,721	60,822	4,779,336	77,046
Physical plant	2,878,505	0	2,951,062	0
Auxiliary enterprise services	1,198,520	0	1,429,409	0
Depreciation - unallocated	4,365,529	0	4,198,244	0
Student aid	1,843,399	0	1,942,304	0
College and student support	0	776,887	0	472,923
Total operating expenses	42,657,441	837,709	42,035,396	549,969
Operating loss	(28,059,457)	(837,709)	(26,282,595)	(549,969)
Non-operating Revenues (Expenses)				
Property taxes	11,874,205	0	11,743,801	0
State operating appropriations	14,887,923	0	14,992,421	0
Contributions	0	761,590	0	583,753
Rental income	0	45,000	0	45,000
Gain (loss) on sale of capital assets	15,518	0	13,548	0
Interest income, net of fees	333,948	73,191	208,129	57,979
Realized and unrealized gain (loss) on investments	139,304	64,885	(60,613)	50,856
Interest expense	(690,234)	0	(705,302)	0
Total non-operating revenues (expenses)	26,560,664	944,666	26,191,984	737,588
Change in net position before capital contributions	(1,498,793)	106,957	(90,611)	187,619
Contributions	343,661	0	0	0
State capital grant contributions	327,300	0	123,219	0
Federal capital grant contributions	96,320	0	138,678	0
Change in net position	(731,512)	106,957	171,286	187,619
Net position - beginning of the year	20,014,021	3,665,392	19,842,735	3,477,773
Net position - end of the year	\$19,282,509	\$3,772,349	\$20,014,021	\$3,665,392

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Tuition and fees received	\$5,418,753	\$5,767,059
Federal and state grants received	6,031,294	6,565,321
Business, industry & school district contract revenues received	1,378,305	1,517,873
Payments to employees	(27,460,940)	(27,654,499)
Payments to suppliers	(9,582,145)	(9,868,296)
Auxiliary enterprise revenues received	1,457,773	1,881,377
Other receipts	504,973	261,881
	(22,251,987)	(21,529,284)
Net cash used for operating activities		
Cash flows from noncapital financing activities:		
Local property taxes received	11,833,028	11,663,485
State appropriations received	14,887,923	14,992,421
	26,720,951	26,655,906
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
State and federal appropriations received for capital assets	371,979	275,701
Contributions received for capital assets	343,661	0
Purchase of capital assets	(2,514,213)	(4,611,685)
Proceeds from sale of capital assets	15,518	19,470
Proceeds from issuance of capital debt	3,300,000	4,000,000
Premium on debt issued	241,050	82,763
Principal paid on capital debt	(4,320,000)	(4,285,000)
Interest paid on capital debt	(800,954)	(784,451)
	(3,362,959)	(5,303,202)
Net cash used for capital and related financing activities		
Cash flows from investing activities		
Investment income received	473,252	147,516
Change in long-term investments	(624,015)	731,776
	(150,763)	879,292
Net cash provide by (used for) investing activities		
Net increase in cash and cash equivalents	955,242	702,712
Cash and cash equivalents at beginning of year	15,689,739	14,987,027
Cash and cash equivalents at end of year	\$16,644,981	\$15,689,739
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and investments in current assets	\$10,924,604	\$10,073,326
Cash and investments in restricted assets	10,446,919	9,718,940
Less: Long-term investments	(4,726,542)	(4,102,527)
Cash and cash equivalents at end of year	\$16,644,981	\$15,689,739

(continued on following page)

LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS (continued) For the Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	(\$28,059,457)	(\$26,282,595)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	4,365,528	4,198,244
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Decrease (increase):		
Accounts receivable	317,117	(308,639)
Federal and state aid receivable	79,092	337,363
Inventories	934	11,792
Prepaid expenses	26,022	2,849
Increase (decrease):		
Accounts payable	(99,062)	114,505
Accrued payroll	209	(54,434)
Payroll related liabilities	(138,678)	29,624
Unearned student fees	(203,094)	211,986
OPEB liability	(360,627)	160,691
OPEB related deferred outflows	(23,236)	(489,482)
OPEB related deferred inflows	15,378	0
Pension related asset/liability	8,322,893	(4,892,744)
Pension related deferred outflows	(5,167,576)	1,280,342
Pension related deferred inflows	(1,327,430)	4,151,214
Net cash used for operating activities	(\$22,251,987)	(\$21,529,284)
Schedule of non-cash investing and financing activities:		
Unrealized loss on long-term investments	\$71,356	(\$58,854)

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Lakeshore Technical College is one of 16 districts in the Wisconsin Technical College System. The governance of the College is shared between the Lakeshore Technical College Board of Trustees (District Board or Board) and the Wisconsin Technical College System Board.

The District Board consists of nine members, of whom two are employers; two are employees, one district school administrator, one elected official, and three additional members. By state statute, the county board chairpersons of the respective counties within the district appoint District board members. The Board powers are established under the provisions of Chapter 38 of the Wisconsin Statutes and include:

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

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

A. REPORTING ENTITY

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

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

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

C. ACCOUNTING ESTIMATES

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

D. CASH AND INVESTMENTS

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

E. PROPERTY TAX LEVY AND TAXES RECEIVABLE

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

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. PROPERTY TAX LEVY AND TAXES RECEIVABLE (continued)

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

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

State legislation restricts increases to operating levies to the amount of district-wide valuation changes due to net new construction in the previous calendar year. Net new construction can be a positive number even when overall district values decline. For the taxes levied and collected in 2019, the increase in operating levy allowed due to net new construction for the District was 1.39023%. For the taxes levied and collected in 2018 the allowed increase was 1.38187%. In addition, levies can be increased for operations by any amount subject to district-wide referendum approval. There is no legislative restriction for the amount levied for debt service. During the fiscal years ended June 30, 2019 and 2018, the District levied and collected taxes as follows:

	2019			2018		
	Mill Rate	Levy Amount	% Change in Levy	Mill Rate	Levy Amount	% Change in Levy
Operating levy	\$0.46405	\$ 6,907,161	0.07%	\$0.48384	\$ 6,902,079	6.82%
Debt service levy	0.33364	4,966,000	2.71%	0.33894	4,835,000	3.80%
Total property tax levy	\$0.79769	\$ 11,873,161	6.78%	\$0.82278	\$ 11,737,079	7.21%

F. RECEIVABLES

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

G. INVENTORIES

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

H. PREPAID EXPENSES

Prepaid expenses represent payments made by the District for which benefits extend beyond the end of the current fiscal year end and are expensed in the periods benefitted.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. CAPITAL ASSETS

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

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses and revenues are deferred until the future periods to which the outflows and inflows are applicable.

K. COMPENSATED ABSENCES

District employees are granted vacation in varying amounts, based on length of service. Vacation pay and related social security taxes are accrued when earned. District employees are allowed to accumulate only the amount of vacation they earn in a year. In the event of retirement, resignation or termination, payout of vacation earned is limited to two weeks for employees with less than 15 years of services and two weeks plus four days for employees with more than 15 years of service. The District's accrued vacation liability as of June 30, 2019 was \$288,000 compared with \$378,000 as of June 30, 2018.

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

L. PENSION AND POST-EMPLOYMENT BENEFITS

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

Other Postemployment Benefits Other Than Pensions. Qualifying faculty and administrative staff are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the District. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. RISK MANAGEMENT

District Mutual Insurance Company (DMI)

The sixteen WTCS technical colleges created Districts Mutual Insurance Company (DMI). DMI is a fully-assessable mutual company authorized under Wisconsin Statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$500,225,000 per occurrence; general liability, auto, educators' legal liability, and incidental medical malpractice (students in practicum) at \$5,000,000 per occurrence, cyber risk at \$3,000,000 aggregate, equipment breakdown at \$100,000,000 aggregate, and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure in its layer of insurance is limited to \$5,000 to \$100,000 per occurrence depending on the type of coverage and DMI purchases reinsurance for losses in excess of its retained layer of coverage.

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

Each member college was originally assessed an annual premium that included a contribution component to establish reserves for the company. Current premiums are based on relevant rating exposure bases as well as the historical loss experience by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

For the years ended June 30, 2019 and 2018, the District paid insurance premiums of \$199,010 and \$211,661 respectively, to DMI.

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

Supplemental Insurance

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

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

Crime/employee dishonesty: \$750,000 coverage, with a \$10,000 deductible, for employee dishonesty, theft, forgery, computer fraud and funds transfer fraud; theft, robbery, burglary, disappearance and destruction of money and securities; computer program and electronic data restoration; \$100,000 coverage, with a \$10,000 deductible for impersonation fraud.

Foreign travel liability: \$5,000,000 aggregate; \$1,000,000 auto per accident; \$1,000,000 employee benefits liability with \$1,000 deductible. This coverage is as offered through the Trust, as requested; LTC does not have any foreign travel planned at this time and therefore does not have foreign travel coverage at this time.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The District paid insurance premiums of \$6,040 and \$2,531 for the years ended June 30, 2019 and 2018, respectively, to the WTCS Insurance Trust.

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

Wisconsin Technical College Employee Benefits Consortium (WTCEBC)

As of July 1, 2016, the District joined together with other technical colleges in the State to form the Wisconsin Technical College Employee Benefits Consortium (WTCEBC). WTCEBC is a public entity risk pool that the District participates in to provide health insurance coverage to its employees. The main purpose of WTCEBC is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. The District pays WTCEBC a monthly premium based on the number of participants and the type of coverage that has been elected. Individual claims below \$100,000 are self-funded by the District. Any individual claim exceeding \$100,000 but less than \$250,000 is shared in a pooled layer among all of the colleges participating in the consortium. Individual claims exceeding \$250,000 and aggregate claims exceeding \$1,000,000 are subject to reinsurance.

As of June 30, 2019 and 2018, the District had a net liability with the consortium in the amount of \$7,590 and \$51,254, respectively.

The WTCEBC audited financial statements can be obtained through Moraine Park Technical College, 235 N. National Avenue, Fond du Lac, WI, 54936-1940.

N. FEES AND TUITION

Fees and tuition are recorded as revenue in the period in which the related activity or instruction takes place. Revenues for the summer semester are prorated on the basis of weeks occurring before and after June 30.

O. STATE AND FEDERAL REVENUE

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

P. UNEARNED REVENUES

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. SCHOLARSHIP ALLOWANCE AND STUDENT AID

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

R. CLASSIFICATION OF REVENUES AND EXPENSES

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) most federal, state and local grants and contracts.

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

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

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

S. NET POSITION

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

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

T. SUBSEQUENT EVENTS

On November 14, 2019, the District issued \$1.8 million of General Obligation Promissory Notes at an average interest rate of 3.0% to finance moveable equipment and remodeling. Semi-annual interest payments are due on March 1 and September 1 annually. Principal payments of varying amounts are due on March 1 of each year until maturity in 2029.

NOTE 2 – CASH AND INVESTMENTS

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

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

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

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 2,271	\$ 2,271
Deposits with financial institutions	708,493	767,451
Investments		
Commercial paper	1,021,355	250,050
Wisconsin local government investment pool	5,596,999	7,236,816
Certificates of deposit	1,183,395	1,930,074
Money market funds	4,038,074	4,058,524
U.S. agency securities	<u>8,820,936</u>	<u>5,547,080</u>
Total cash and investments	<u>\$21,371,523</u>	<u>\$19,792,266</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

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

	2019	2018
Cash and investments	\$ 10,924,604	\$ 10,073,326
Restricted cash and investments		
Capital Projects	9,308,744	8,700,129
Debt Service	1,138,175	1,018,811
Total cash and investments	\$21,371,523	\$19,792,266

Fair Value Measurements

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

The District has the following fair value measurements as of June 30, 2019:

	Total	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
Certificates of deposit	\$1,183,395	\$0	\$1,183,395	\$0
U.S. agency securities	8,820,936	0	8,820,936	0
Commercial paper	1,021,355	0	1,021,355	0
Total investments by fair value levels	\$11,025,686	\$0	\$11,025,686	\$0

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

The District had the following fair value measurements as of June 30, 2018:

	Total	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
<u>Investments by fair value level</u>				
Certificates of deposit	\$1,930,074	\$0	\$1,930,074	\$0
U.S. agency securities	5,547,080	0	5,547,080	0
Commercial paper	250,050	0	250,050	0
Total investments by fair value levels	\$7,727,204	\$0	\$7,727,204	\$0

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$5,596,999 for 2019 and \$7,236,816 for 2018. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. SIF pool shares are bought and redeemed at \$1 based on amortized cost of the investments in the SIF. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. The SIF report the fair value of its underlying assets annually. At June 30, 2019 and 2018, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Deposit and Investment Risk

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

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

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

As of June 30, 2019 and 2018, the District had \$11 and \$13, respectively, exposed to custodial credit risk.

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

2019								
	Amount	Exempt from		AAA	AA+	AA	AA-	Not Rated
		Disclosure	AAA					
Certificates of deposit	\$ 1,183,395	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,183,395
Money market funds	4,038,074	0	0	0	0	0	0	4,038,074
U.S. agency securities	8,820,936	0	3,003,178	5,817,758	0	0	0	0
Wisconsin local government investment pool	5,596,999	0	0	0	0	0	0	5,596,999
Commerical paper	1,021,355	0	0	0	0	0	0	1,021,355
	\$20,660,759	\$ 0	\$ 3,003,178	\$5,817,758	\$ 0	\$ 0	\$ 0	\$11,839,823

2018								
	Amount	Exempt from		AAA	AA+	AA	AA-	Not Rated
		Disclosure	AAA					
Certificates of deposit	\$ 1,930,074	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,930,074
Money market funds	4,058,524	0	0	0	0	0	0	4,058,524
U.S. agency securities	5,547,080	746,543	3,615,876	1,184,661	0	0	0	0
Wisconsin local government investment pool	7,236,816	0	0	0	0	0	0	7,236,816
Commerical paper	250,050	0	0	0	0	0	0	250,050
	\$19,022,544	\$ 746,543	\$ 3,615,876	\$1,184,661	\$ 0	\$ 0	\$ 0	\$13,475,464

Concentration of Credit Risk: Is the risk of loss attributed to the amount invested in any one issuer. The District's investment policy minimizes credit risk by limiting investments to the low risk investments where the main objective is safety or preservation of capital. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments as of June 30, 2019 are as follows:

Issuer	Investment Type	Amount	Percentage of Portfolio
Federal National Mortgage Association	U.S. agency securities	\$3,195,465	15.47%
Federal Home Loan Bank	U.S. agency securities	\$1,319,818	6.39%
		\$4,515,293	

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments as of June 30, 2018 are as follows:

Issuer	Investment Type	Amount	Percentage of Portfolio
Federal National Mortgage Association	U.S. agency securities	\$3,091,604	16.25%

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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

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

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

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

	2019				
	Fair Value	Investment Maturities (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Certificates of deposit	\$ 1,183,395	\$ 174,441	\$ 1,008,954	\$ 0	\$ 0
Money market funds	4,038,074	4,038,074	0	0	0
U.S. agency securities	8,820,936	5,103,348	3,415,278	302,310	0
Wisconsin local government investment pool	5,596,999	5,596,999	0	0	0
Commercial paper	1,021,355	1,021,355	0	0	0
	<u>\$ 20,660,759</u>	<u>\$ 15,934,217</u>	<u>\$ 4,424,232</u>	<u>\$ 302,310</u>	<u>\$ 0</u>
	2018				
	Fair Value	Investment Maturities (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Certificates of deposit	\$ 1,930,074	\$ 1,506,994	\$ 172,011	\$ 251,069	\$ 0
Money market funds	4,058,524	4,058,524	0	0	0
U.S. agency securities	5,547,080	1,867,632	2,076,490	1,602,958	0
Wisconsin local government investment pool	7,236,816	7,236,816	0	0	0
Commercial paper	250,050	250,050	0	0	0
	<u>\$ 19,022,544</u>	<u>\$ 14,920,016</u>	<u>\$ 2,248,501</u>	<u>\$ 1,854,027</u>	<u>\$ 0</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District's investments as of June 30, 2019 include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Investment Type	Fair Value at Year End
Federal National Mortgage Association	Bonds	\$3,195,465
Federal Home Loan Bank	Bonds	1,319,828
Federal Home Loan Mortgage Corporation	Bonds	500,335
Federal Farm Credit Bureau	Bonds	802,130
		\$5,817,758

As of June 30, 2018, the District's investments included the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Investment Type	Fair Value at Year End
Federal National Mortgage Association	Bonds	\$3,091,604
Federal Home Loan Bank	Bonds	123,483
Federal Home Loan Mortgage Corporation	Bonds	789,363
Federal Farm Credit Bureau	Bonds	780,428
		\$4,784,878

The District had realized gains on investments of \$5,885 for 2019 and realized gains of \$248,506 for 2018. Unrealized gains on investments amounted to \$133,418 in 2019 and unrealized losses were \$309,119 for 2018. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from the prior period.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance 6/30/2018	Additions	Disposals	Balance 6/30/2019
Capital assets, not being depreciated				
Land	\$50,000	\$0	\$0	\$50,000
Construction in progress	73,619	202,628	(73,619)	202,628
Total cost of capital assets not being depreciated	123,619	202,628	(73,619)	252,628
Capital assets, being depreciated				
Site improvements	4,420,655	125,341	0	4,545,996
Buildings	19,557,706	0	0	19,557,706
Building improvements	23,685,804	478,991	0	24,164,795
Leasehold improvements	392,453	0	0	392,453
Equipment	33,584,419	1,742,622	(227,600)	35,099,441
Total cost of capital assets being depreciated	81,641,037	2,346,954	(227,600)	83,760,391
Less accumulated depreciation for:				
Site improvements	(2,579,929)	(166,398)	0	(2,746,327)
Buildings	(9,584,179)	(393,595)	0	(9,977,774)
Building improvements	(14,283,748)	(1,606,158)	0	(15,889,906)
Leasehold improvements	(211,047)	(30,150)	0	(241,197)
Equipment	(26,960,016)	(2,169,227)	227,600	(28,901,643)
Total	(53,618,919)	(4,365,528)	227,600	(57,756,847)
Total capital assets being depreciated, net	28,022,118	(2,018,574)	0	26,003,544
Total capital assets, net	28,145,737	(\$1,815,946)	(\$73,619)	26,256,172
Less general obligation debt, net of unspent proceeds	21,375,312			19,655,343
Less debt premium	657,560			783,212
Net investment in capital assets	\$6,112,865			\$5,817,617

Construction in progress as of June 30, 2019 of approximately \$203,000 includes \$152,000 in costs incurred for the phase two of the Scenario City project and \$45,000 in costs incurred for relocating the culinary program to the Cleveland campus and the bookstore relocation. The Scenario City project was completed in November 2019. The bookstore relocation will be completed in December 2019 and the culinary program remodeling will be completed in May 2020. Depreciation commenced, or will commence, upon completion of the projects.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 3 – CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance 6/30/2017	Additions	Disposals	Balance 6/30/2018
Capital assets, not being depreciated				
Land	\$50,000	\$0	\$0	\$50,000
Construction in progress	321,138	73,619	(321,138)	73,619
Total cost of capital assets not being depreciated	<u>371,138</u>	<u>73,619</u>	<u>(321,138)</u>	<u>123,619</u>
Capital assets, being depreciated				
Site improvements	4,257,758	162,897	0	4,420,655
Buildings	18,090,313	1,467,393	0	19,557,706
Building improvements	22,551,148	1,134,656	0	23,685,804
Leasehold improvements	392,453	0	0	392,453
Equipment	31,676,341	2,073,711	(165,633)	33,584,419
Total cost of capital assets being depreciated	<u>76,968,013</u>	<u>4,838,657</u>	<u>(165,633)</u>	<u>81,641,037</u>
Less accumulated depreciation for:				
Site improvements	(2,414,551)	(165,378)	0	(2,579,929)
Buildings	(9,203,610)	(380,569)	0	(9,584,179)
Building improvements	(12,726,725)	(1,557,023)	0	(14,283,748)
Leasehold improvements	(180,897)	(30,150)	0	(211,047)
Equipment	(25,054,602)	(2,065,124)	159,710	(26,960,016)
Total	<u>(49,580,385)</u>	<u>(4,198,244)</u>	<u>159,710</u>	<u>(53,618,919)</u>
Total capital assets being depreciated, net	<u>27,387,628</u>	<u>640,413</u>	<u>(5,923)</u>	<u>28,022,118</u>
Total capital assets, net	<u>27,758,766</u>	<u>\$714,033</u>	<u>(\$327,061)</u>	<u>28,145,737</u>
Less general obligation debt, net of unspent proceeds	20,790,419			21,375,312
Less debt premium	<u>668,282</u>			<u>657,560</u>
Net investment in capital assets	<u>\$6,300,065</u>			<u>\$6,112,865</u>

Construction in progress as of June 30, 2018 of approximately \$74,000 includes \$64,000 in costs incurred for the replacement of the HVAC in the Agriculture and Energy building and \$10,000 in costs incurred for mechanical room updates. Both projects were completed in November 2018 and depreciation commenced upon completion of the projects.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 4 – LONG TERM OBLIGATIONS

Long-term liabilities of the District consist of general obligation promissory notes and unamortized premium on debt issuance. The District does not have an open line of credit and has no direct borrowings or direct placements of debt.

The changes in long-term liabilities for the year ended June 30, 2019 are as follows:

Description	6/30/2018 Balance	Additions	Payments	6/30/2019 Balance	Due within one year
Promissory Notes of June 2009 at 3.28%	\$250,000	\$0	\$250,000	\$0	\$0
Promissory Notes of June 2010 at 2.93%	1,045,000	0	515,000	530,000	530,000
Promissory Notes of May 2011 at 2.92%	1,320,000	0	425,000	895,000	440,000
Promissory Notes of April 2012 at 2.22%	2,350,000	0	585,000	1,765,000	585,000
Promissory Notes of May 2013 at 2%	1,675,000	0	320,000	1,355,000	330,000
Promissory Notes of September 2013 at 2.53%	1,700,000	0	320,000	1,380,000	330,000
Promissory Notes of September 2014 at 2%	4,175,000	0	645,000	3,530,000	665,000
Promissory Notes of July 2015 at 2.69%	4,205,000	0	540,000	3,665,000	560,000
Promissory Notes of April 2016 at 2%	1,410,000	0	100,000	1,310,000	175,000
Promissory Notes of July 2016 at 2%	1,325,000	0	185,000	1,140,000	240,000
Promissory Notes of June 2017 at 2.55%	6,300,000	0	360,000	5,940,000	500,000
Promissory Notes of June 2018 at 3%	4,000,000	0	75,000	3,925,000	100,000
Promissory Notes of June 2019 at 3.25%	0	3,300,000	0	3,300,000	0
Total	<u>\$29,755,000</u>	<u>\$3,300,000</u>	<u>\$4,320,000</u>	<u>\$28,735,000</u>	<u>\$4,455,000</u>

Interest paid on long-term obligations totaled \$745,703 for the year ended June 30, 2019.

The changes in long-term liabilities for the year ended June 30, 2018 are as follows:

Description	6/30/2017 Balance	Additions	Payments	6/30/2018 Balance	Due within one year
Promissory Notes of June 2008 at 3.55%	\$220,000	\$0	\$220,000	\$0	\$0
Promissory Notes of June 2009 at 3.28%	495,000	0	245,000	250,000	250,000
Promissory Notes of June 2010 at 2.93%	1,540,000	0	495,000	1,045,000	515,000
Promissory Notes of May 2011 at 2.92%	1,735,000	0	415,000	1,320,000	425,000
Promissory Notes of April 2012 at 2.22%	2,980,000	0	630,000	2,350,000	585,000
Promissory Notes of May 2013 at 2%	1,990,000	0	315,000	1,675,000	320,000
Promissory Notes of September 2013 at 2.53%	2,345,000	0	645,000	1,700,000	320,000
Promissory Notes of September 2014 at 2%	4,800,000	0	625,000	4,175,000	645,000
Promissory Notes of July 2015 at 2.69%	4,635,000	0	430,000	4,205,000	540,000
Promissory Notes of April 2016 at 2%	1,500,000	0	90,000	1,410,000	100,000
Promissory Notes of July 2016 at 2%	1,500,000	0	175,000	1,325,000	185,000
Promissory Notes of June 2017 at 2.55%	6,300,000	0	0	6,300,000	360,000
Promissory Notes of June 2018 at 3%	0	4,000,000	0	4,000,000	75,000
Total	<u>\$30,040,000</u>	<u>\$4,000,000</u>	<u>\$4,285,000</u>	<u>\$29,755,000</u>	<u>\$4,320,000</u>

Interest paid on long-term obligations totaled \$721,701 for the year ended June 30, 2018.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 4 – LONG TERM OBLIGATIONS (continued)

General obligation debt consisted of the following as of June 30, 2019 and 2018:

	2019	2018
<p>2009 \$2,000,000 promissory notes issued June 2009 at an average rate of 3.28% to finance building remodeling, improvements, and building construction. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2019. The notes are payable to Depository Trust Company.</p>	\$0	\$250,000
<p>2010 \$5,000,000 promissory notes issued June 2010 at an average rate of 2.93% to finance building remodeling, site improvements, and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2020. The notes are payable to Depository Trust Company.</p>	530,000	1,045,000
<p>2011 \$4,000,000 promissory notes issued April 2011 at an average rate of 2.92% to finance building addition, remodeling, and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2021. The notes are payable to Depository Trust Company.</p>	895,000	1,320,000
<p>2012 \$4,500,000 promissory notes issued April 2012 at an average rate of 2.22% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2022. The notes are payable to Depository Trust Company.</p>	1,765,000	2,350,000
<p>2013 \$3,000,000 promissory notes issued May 2013 at an average rate of 2.00% to finance an addition, remodeling and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2023. The notes are payable to Depository Trust Company.</p>	1,355,000	1,675,000
<p>2014 \$5,000,000 promissory notes issued September 2013 at an average rate of 2.53% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2023. The notes are payable to Depository Trust Company.</p>	1,380,000	1,700,000
<p>2015 \$6,000,000 promissory notes issued September 2014 at an average rate of 2.0% to finance remodeling and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2024. The notes are payable to Depository Trust Company.</p>	3,530,000	4,175,000

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 4 – LONG TERM OBLIGATIONS (continued)

	<u>2019</u>	<u>2018</u>
<p>2016 \$5,000,000 promissory notes issued July 2015 at an average rate of 2.69% to finance addition, remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2025. The notes are payable to Depository Trust Company.</p>	3,665,000	4,205,000
<p>2016 \$1,500,000 promissory notes issued April 2016 at an average rate of 2.0% to finance remodeling. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2026. The notes are payable to Depository Trust Company.</p>	1,310,000	1,410,000
<p>2017 \$1,500,000 promissory notes issued July 2016 at an average rate of 2.0% to finance remodeling. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2022. The notes are payable to Depository Trust Company.</p>	1,140,000	1,325,000
<p>2017 \$6,300,000 promissory notes issued June 2017 at an average rate of 2.0% to finance additions remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2027. The notes are payable to Depository Trust Company.</p>	5,940,000	6,300,000
<p>2018 \$4,000,000 promissory notes issued June 2018 at an average rate of 3.0% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2028. The notes are payable to Depository Trust Company.</p>	3,925,000	4,000,000
<p>2019 \$3,300,000 promissory notes issued June 2019 at an average rate of 3.25% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2029. The notes are payable to Depository Trust Company.</p>	<u>3,300,000</u>	<u>0</u>
Total	<u>\$28,735,000</u>	<u>\$29,755,000</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 4 – LONG TERM OBLIGATIONS (continued)

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

Fiscal Year	Principal	Interest	Total
2019-20	\$4,455,000	\$752,195	\$5,207,195
2020-21	4,680,000	675,335	5,355,335
2021-22	4,600,000	560,900	5,160,900
2022-23	3,840,000	439,475	4,279,475
2023-24	3,245,000	333,500	3,578,500
2024-29	7,915,000	565,250	8,480,250
Total	<u>\$28,735,000</u>	<u>\$3,326,655</u>	<u>\$32,061,655</u>

All general obligation debt is backed by the full faith and credit of LTC. None of the District's assets are pledged as collateral. Bonds and notes payable will be retired by future property tax levies.

Chapter 67.03(1) of the Wisconsin State Statutes limits general obligation debt of the District to 5 percent of the equalized value of the taxable property in the district. This limit was \$744,220,680 as of June 30, 2019 and the District's outstanding general obligation debt (net of \$1,138,175 available to pay principal and interest) was \$27,596,825. For June 30, 2018, this limit was \$713,255,896 and the District's outstanding general obligation debt (net of \$1,018,812 of available funds) was \$28,736,188. Chapter 67.03(9) Wisconsin State Statutes limits bonded indebtedness of the District to 2 percent of the equalized value of taxable property in the district. This limit was \$297,688,272 as of June 30, 2019, and the District had no outstanding bonds. For June 30, 2018, this limit was \$285,302,358 and the District had no outstanding bonds.

NOTE 5 – PENSION

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

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

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 5 – PENSION (continued)

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

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 5 – PENSION (continued)

The District's contributions to the pension plan were \$1,232,847 and \$1,282,030 for the years ended June 30, 2019 and 2018, respectively.

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

Employee Category	2019		2018	
	Employee	Employer	Employee	Employer
General (including teachers, executives & elected officials)	6.55%	6.55%	6.70%	6.70%
Protective with Social Security	6.55%	10.55%	6.70%	10.70%
Protective without Social Security	6.55%	14.95%	6.70%	14.90%

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 net pension liability of \$4,500,988 and a net pension asset of \$3,821,905, respectively, for its proportionate share of the WRS net pension liability (asset). The WRS net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension 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, the District's proportion was 0.12651447%, which was a decrease of 0.0022074% from its proportion measured as of December 31, 2017.

For the years ended June 30, 2019 and 2018, the District recognized pension expense of \$3,059,437 and \$1,679,591, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$3,505,586	\$6,196,619
Changes in assumptions	758,701	0
Net differences between projected and actual earnings on pension plan investments	6,573,385	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,683	11,501
Employer contributions subsequent to the measurement date	636,523	0
Total	\$11,520,878	\$6,208,120

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$4,855,824	\$2,271,394
Changes in assumptions	755,133	0
Net differences between projected and actual earnings on pension plan investments	0	5,252,852
Changes in proportion and differences between employer contributions and proportionate share of contributions	75,870	11,304
Employer contributions subsequent to the measurement date	666,475	0
Total	\$6,353,302	\$7,535,550

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 5 – PENSION (continued)

\$636,523 reported as deferred outflows related to pension resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30,	Expense
2020	\$1,703,027
2021	438,168
2022	735,673
2023	1,799,367
	\$4,676,235

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. 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. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 5 – PENSION (continued)

Asset Allocation Targets and Expected Returns

As of December 31, 2018

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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

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

Single Discount rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% 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 this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 5 – PENSION (continued)

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase To Discount Rate (8.0%)
District's proportionate share of the net pension liability (asset)	\$17,887,398	\$4,500,988	(\$5,452,846)

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

Payables to Pension Plan

The District reported a payable to the pension plan as of June 30, 2019 and 2018 in the amount of \$205,000 and \$213,000, respectively, for its share and the employees' share of the June 2019 and 2018 legally required contributions to the plan. This amount is included in payroll related liabilities on the Statements of Net Position.

NOTE 6 – OTHER POSTRETIREMENT BENEFITS

Plan Description The Plan is a single-employer defined benefit postemployment benefit plan that covers retired employees of the District. Management and support employees hired prior to July 1, 2013 and faculty employees hired prior to July 1, 2014, who are enrolled in the District's plans effective on the date of retirement and will meet the age and service requirements shown below on or before June 30, 2023, are eligible for postretirement benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Age and service requirements are as follows:

Age	Minimum Years of Service
61+	10
60	15
59	20
58	25
57	30

Benefits Provided The District provides health, dental and life insurance benefits to eligible full-time employees and their spouses through the District's group plans. The medical plan provides comprehensive major medical benefits and prescription drug benefits. In event of the retiree's death, spousal coverage ceases.

Employees Covered by Benefit Terms At June 30, 2017, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	45
Active employees	225
	270

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

Contributions Contribution requirements are based on District policy. Benefits are paid by the District, up to the maximum amount it pays for active employees. As of June 30, 2019, the District paid 86% of the health, dental and life insurance premium. Some retired participants have higher college premium payment rates based their retirement date.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

Actuarial Assumptions The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate:	3.75%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.7%-3.0%
Healthcare cost trend rates:	7.5% for 2017 decreasing by 0.5% per year down to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter.
Dental cost trend rates:	level at 5.0%
Mortality:	Wisconsin 2012 Mortality Table

Actuarial assumptions are based upon the "Wisconsin Retirement System (WRS) 2012 - 2014 Experience Study." The total OPEB liability is based upon a roll-forward of the liability calculated from the June 30, 2017 actuarial valuation.

Discount Rate. A single discount rate of 3.75% was used to measure the total OPEB liability, as opposed to a discount rate of 3.5% for the prior year. The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index as of the week of the measurement date. Implicit in both rates is an assumed rate of inflation of 2.5%.

All other assumptions and methods remained unchanged from the valuation performed June 30, 2017.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$3,194,325
Changes for the year:	
Service cost	44,070
Interest	104,007
Changes of assumptions or other input	(19,222)
Benefit payments	(489,482)
Net changes	(360,627)
Balance at June 30, 2018	\$2,833,698

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease to Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase to Discount Rate (4.75%)
Total OPEB liability	\$2,910,721	\$2,833,698	\$2,757,206

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	\$2,719,570	\$2,833,698	\$2,953,845

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

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

For the years ended June 30, 2019 and 2018, the District recognized OPEB expense of \$144,233 and \$160,691, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$0	\$15,378
District contributions subsequent to the measurement date	\$512,718	\$0
Total	\$512,718	\$15,378

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	\$489,482	\$0

\$512,718 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019, and reported in the year ended June 30, 2020. Other amounts reported in deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Expense
2020	(\$3,844)
2021	(3,844)
2022	(3,844)
2023	(3,846)
	(\$15,378)

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 7 – OPERATING LEASES

Operating Lease – Lessee

The District leases property under operating leases. Following is a schedule by years of future minimum rental payments required under the operating leases as of June 30, 2019:

Year ending June 30,	Amount
2020	\$ 626,709
2021	484,356
2022	450,387
2023	455,445
2024	436,377
Thereafter	552,300
Total	<u>\$ 3,005,574</u>

Rent expenditures under all operating leases amounted to approximately \$565,199 and \$519,338 for the years ended June 30, 2019 and 2018, respectively.

Operating Lease – Lessor

The District is the lessor of excess capacity on its educational broadband services channels under an operating lease expiring in 2027, renewable for one additional ten-year term. Minimum future rental payments to be received under the non-cancellable lease at June 30, 2019 for each of the next five years and thereafter are as follows:

Year ending June 30,	Agreement	Service Credits to Cash	Total
2020	\$ 211,550	\$11,400	\$ 222,950
2021	218,953	11,400	230,353
2022	226,617	11,400	238,017
2023	234,549	11,400	245,949
2024	242,757	11,400	254,157
Thereafter	780,449	34,200	814,649
Total	<u>\$1,914,875</u>	<u>\$91,200</u>	<u>\$2,006,075</u>

The excess capacity of the broadband services channels is not recognized as a capital asset of the District and therefore has no carrying value. Rent revenue under the operating lease amounted to \$203,444 and \$197,482 for the years ended June 30, 2019 and 2018, respectively.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 8 – EXPENSE CLASSIFICATION

Operating expenses on the Statements of Revenues, Expenses and Changes in Net Position are classified by function. Alternatively, the expenses could also be shown by type of expense, as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Salaries and wages	\$19,727,446	\$20,128,113
Fringe benefits	9,054,427	7,734,980
Travel, memberships and subscriptions	703,153	835,597
Supplies, printing and minor equipment	2,710,517	2,617,570
Contract services	1,731,317	1,830,211
Rentals	568,109	523,720
Repairs and maintenance	128,668	87,484
Insurance	222,945	225,529
Utilities	621,443	622,350
Depreciation	4,365,529	4,198,244
Resale	35,453	38,131
Student aid	1,843,399	1,942,304
Fiscal agent pass-throughs	135,930	251,075
Other	809,105	1,000,088
Total operating expenses	<u>\$42,657,441</u>	<u>\$42,035,396</u>

NOTE 9 – JOINT VENTURE - WISPALS

The District implemented a computerized library database through a joint venture with Gateway, Waukesha County, and Moraine Park Technical Colleges by forming the Wisconsin Public Access Library System (WisPALS) in the fall of 1997. WisPALS is governed by the colleges' presidents and librarians with each college having an equal vote. Initially, through the joint venture each college owned one-fifth of computer hardware and software that was housed at WCTC's Pewaukee campus. Since 2015, WisPALS has been using the project management services and online resources of the Wisconsin Library System and, therefore, has no capital investment. Operating costs of WisPALS are shared equally by the colleges.

The District accounts for its share of the operating costs, which amounted to \$23,164 and \$13,897 for the years ended June 30, 2019 and 2018, respectively, in the general fund.

As the operating costs of WisPALS are funded in full by the participating colleges, there is no change in fund balance for the joint venture for the year ended June 30, 2019. WisPALS has no joint venture debt outstanding.

The WisPALS financial statements can be obtained through Wisconsin Library Service, 1360 Regent Street #212, Madison, WI 53715.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 10 – JOINT VENTURE - WILM

Lakeshore Technical College is also part of the Wisconsin Indianhead, Lakeshore and Mid-State Consortium (WILM), which was formed under Sec. 66.0301 and Chapter 38 of the Wisconsin Statutes. The purpose of the consortium is to develop, procure, enhance and manage a customer-focused, state-of-the-art environment for performing administrative business services for consortium members. The District is the management agent for the WILM Consortium. The District accounts for its share of the operating costs, which amounted to \$339,070 and \$431,611 for the years ended June 30, 2019 and 2018, respectively, in the general fund. LTC's share of the capital costs for the year ended June 30, 2019 and 2018 were \$35,176 and \$59,076, respectively, and were recorded in the capital projects fund.

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

NOTE 11 – COMPONENT UNIT

This report contains the Lakeshore Technical College Foundation, Inc., which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and the statement of revenues, expenses and changes in net position.

In addition to the basic financial statement, the following disclosures are considered necessary for a fair presentation.

Cash and investments

The Foundation's cash and investments consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Demand deposits	\$710,567	\$573,949
Money market funds	72,120	243,063
Fixed income funds	1,452,299	1,235,310
Equity	892,726	1,040,120
Real assets	81,024	0
Total	<u>\$3,208,736</u>	<u>\$3,092,442</u>

The following presents, for each of the fair value hierarchy levels, the Foundation's financial assets at June 30, 2019 and 2018 that are measured at fair value on a recurring basis:

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 11 – COMPONENT UNIT (continued)

<u>June 30, 2019</u>	<u>Total</u>	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
Fixed income funds:				
Taxable US	\$1,255,346	\$1,255,346	\$0	\$0
Taxable foreign emerging	34,500	34,500	0	0
Taxable hedged debt	162,453	162,453	0	0
Equity:				
US equity	498,994	498,994	0	0
Developed foreign	210,597	210,597	0	0
Emerging foreign	102,179	102,179	0	0
Hedged equity	80,956	80,956	0	0
Real Assets:				
US listed real estate	59,074	59,074	0	0
Commodities	21,950	21,950	0	0
Total investments by fair value levels	<u>\$2,426,049</u>	<u>\$2,426,049</u>	<u>\$0</u>	<u>\$0</u>

<u>June 30, 2018</u>	<u>Total</u>	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
Fixed income funds:				
Taxable US	\$1,202,989	\$1,202,989	\$0	\$0
Taxable foreign emerging	32,321	32,321	0	0
Equity:				
US equity	721,414	721,414	0	0
Developed foreign	214,743	214,743	0	0
Emerging foreign	103,963	103,963	0	0
Total investments by fair value levels	<u>\$2,275,430</u>	<u>\$2,275,430</u>	<u>\$0</u>	<u>\$0</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 11 – COMPONENT UNIT (continued)

Capital assets

Following are the changes in the Foundation's capital assets for the year ended June 30, 2019:

	Balance 6/30/2018	Additions	Disposals	Balance 6/30/2019
Capital assets, not being depreciated				
Land	\$71,000	\$0	\$0	\$71,000
Capital assets, being depreciated				
Site improvements	11,650	0	0	11,650
Buildings	222,188	0	0	222,188
Building improvements	195,945	0	0	195,945
Total cost of capital assets being depreciated	429,783	0	0	429,783
Less accumulated depreciation for:				
Site improvements	(582)	(582)	0	(1,164)
Buildings	(34,915)	(5,595)	0	(40,510)
Building improvements	(36,740)	(4,899)	0	(41,639)
Total	(72,237)	(11,076)	0	(83,313)
Total capital assets being depreciated, net	357,546	(11,076)	0	346,470
Total capital assets, net	428,546	(\$11,076)	\$0	417,470
Less debt	69,494			42,448
Net investment in capital assets	\$359,052			\$375,022

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2019 and 2018

NOTE 11 – COMPONENT UNIT (continued)

Following are the changes in the Foundation's capital assets for the year ended June 30, 2018:

	Balance 6/30/2017	Additions	Disposals	Balance 6/30/2018
Capital assets, not being depreciated				
Land	\$71,000	\$0	\$0	\$71,000
Capital assets, being depreciated				
Site improvements	0	11,650	0	11,650
Buildings	222,188	0	0	222,188
Building improvements	195,945	0	0	195,945
Total cost of capital assets being depreciated	418,133	11,650	0	429,783
Less accumulated depreciation for:				
Site improvements	0	(582)	0	(582)
Buildings	(29,320)	(5,595)	0	(34,915)
Building improvements	(31,841)	(4,899)	0	(36,740)
Total	(61,161)	(11,076)	0	(72,237)
Total capital assets being depreciated, net	356,972	574	0	357,546
Total capital assets, net	427,972	\$574	\$0	428,546
Less debt	95,438			69,494
Net investment in capital assets	\$332,534			\$359,052

Long-term debt

Long-term debt at June 30, 2019 and 2018 consists of the following:

	2019	2018
Cleveland State Bank		
4.25% note, due in annual installments of \$30,000 including interest, to December 5, 2020, secured by substantially all assets of the Foundation.	\$42,448	\$69,494

Maturities of long-term debt for each of the years succeeding June 30, 2019 are as follows:

Year ending June 30,	
2020	\$28,000
2021	14,448
Total	\$42,448

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 11 – COMPONENT UNIT (continued)

Operating leases - lessor

The Foundation is the lessor of land, buildings and improvements to the District under a non-cancellable operating lease expiring in November 2020. The minimum annual rental payment to be received under the lease for each of the three years succeeding June 30, 2019 is as follows:

Year ending June 30,	
2020	45,000
2021	18,750

Unconditional promises to give

The Foundation had unconditional promises to give at June 30, 2019 and 2018 as follows:

Receivable in:	2019	2018
Less than one year	\$121,212	\$192,160
One to five years	60,435	46,011
More than five years	4,833	2,000
	<u>186,480</u>	<u>240,171</u>
Less discount to net present value	<u>(3,139)</u>	<u>(1,296)</u>
	183,341	238,875
Reported as:		
Current assets	<u>121,212</u>	<u>192,160</u>
Non-current assets	<u>62,129</u>	<u>46,715</u>

A reserve for uncollectible amounts is not deemed necessary by management.

NOTE 12 – UPCOMING ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*

Adoption of these statements, as they become effective, may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM For the fiscal year ended June 30, 2019

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

Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.13490981%	(3,313,754)	18,257,138	18.15%	102.74%
12/31/15	0.13246576%	2,147,668	18,273,147	11.75%	98.20%
12/31/16	0.12991854%	1,070,839	18,880,504	5.67%	99.12%
12/31/17	0.12872187%	(3,821,905)	18,853,397	20.27%	102.93%
12/31/18	0.12651447%	4,500,988	18,788,429	23.96%	96.45%

Schedule of Employer Contributions

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	1,244,481	1,244,481	-	18,078,366	6.88%
6/30/16	1,265,048	1,265,048	-	18,803,554	6.73%
6/30/17	1,246,934	1,246,934	-	18,859,094	6.61%
6/30/18	1,282,030	1,282,030	-	18,947,363	6.77%
6/30/19	1,232,847	1,232,847	-	18,562,789	6.64%

See Notes to Required Supplementary Information.

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For the fiscal year ended June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 44,070	\$ 44,070
Interest	104,007	116,621
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other input	(19,222)	-
Benefit payments	(489,482)	(552,718)
Net change in total OPEB liability	(360,627)	(392,027)
Total OPEB liability - beginning	3,194,325	3,586,352
Total OPEB liability - ending	\$ 2,833,698	\$ 3,194,325
Covered-employee payroll	\$ 16,852,508	\$ 16,852,508
District's total OPEB liability as a percentage of covered-employee payroll	16.81%	18.95%

*The amounts presented for each fiscal year were determined as of the prior fiscal year end. Amounts for prior years were not available.

See Notes to Required Supplementary Information.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the fiscal year ended June 30, 2019

(1) Wisconsin Retirement System

- a. There were no changes of benefit terms for any participating employer in WRS.
- b. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total pension liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.
- c. The District is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

(2) Other Postemployment Benefits

- a. The District implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. Information for prior years is not available.
- b. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

SUPPLEMENTARY INFORMATION

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

GENERAL FUND

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2019

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	\$5,907,000	\$5,839,000	\$5,590,205	\$0	\$5,590,205	(\$248,795)
Property tax relief aid	11,878,000	11,878,000	11,877,887	0	11,877,887	(113)
State aids	3,410,000	3,476,000	3,381,904	0	3,381,904	(94,096)
Program fees	6,000,000	6,000,000	5,809,990	0	5,809,990	(190,010)
Material fees	400,000	400,000	368,195	0	368,195	(31,805)
Other student fees	400,000	400,000	477,976	0	477,976	77,976
Institutional revenue	400,000	400,000	253,623	0	253,623	(146,377)
Federal revenue	5,000	5,000	60,898	0	60,898	55,898
Total Revenues	<u>28,400,000</u>	<u>28,398,000</u>	<u>27,820,678</u>	<u>0</u>	<u>27,820,678</u>	<u>(577,322)</u>
Expenditures						
Instruction	16,316,000	16,314,000	16,037,336	647	16,037,983	276,017
Instructional resources	1,189,000	1,189,000	1,151,640	0	1,151,640	37,360
Student services	3,667,000	3,667,000	3,435,492	229	3,435,721	231,279
General institutional	5,102,000	5,102,000	4,972,372	8,558	4,980,930	121,070
Physical plant	2,126,000	2,126,000	2,083,577	790	2,084,367	41,633
Total Expenditures	<u>28,400,000</u>	<u>28,398,000</u>	<u>27,680,417</u>	<u>10,224</u>	<u>27,690,641</u>	<u>707,359</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>140,261</u>	<u>(10,224)</u>	<u>130,037</u>	<u>\$130,037</u>
Fund balance at beginning of year			<u>9,344,315</u>	<u>(1,294)</u>	<u>9,343,021</u>	
Fund balance at end of year			<u>\$9,484,576</u>	<u>(\$11,518)</u>	<u>\$9,473,058</u>	

SPECIAL REVENUE FUNDS

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

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

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

SPECIAL REVENUE FUND - OPERATING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2019

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	\$1,068,000	\$1,068,000	\$988,000	\$0	\$988,000	(\$80,000)
State aids	989,000	989,000	954,616	0	954,616	(34,384)
Other student fees	15,000	15,000	11,601	0	11,601	(3,399)
Institutional revenue	1,695,000	1,695,000	1,390,542	0	1,390,542	(304,458)
Federal revenue	1,238,000	1,238,000	1,146,184	0	1,146,184	(91,816)
Total Revenues	<u>5,005,000</u>	<u>5,005,000</u>	<u>4,490,943</u>	<u>0</u>	<u>4,490,943</u>	<u>(514,057)</u>
Expenditures						
Instruction	3,531,000	3,491,000	2,969,436	0	2,969,436	521,564
Student services	1,104,000	1,127,000	1,126,540	0	1,126,540	460
Physical plant	370,000	387,000	386,677	0	386,677	323
Total Expenditures	<u>5,005,000</u>	<u>5,005,000</u>	<u>4,482,653</u>	<u>0</u>	<u>4,482,653</u>	<u>522,347</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	8,290	0	8,290	<u>\$8,290</u>
Fund balance at beginning of year			<u>164,501</u>	<u>0</u>	<u>164,501</u>	
Fund balance at end of year			<u>\$172,791</u>	<u>\$0</u>	<u>\$172,791</u>	

LAKESHORE TECHNICAL COLLEGE DISTRICT

SPECIAL REVENUE FUND – NON-AIDABLE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2019

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
State aids	\$420,000	\$420,000	\$64,758	\$0	\$64,758	(\$355,242)
Other student fees	300,000	300,000	307,108	0	307,108	7,108
Institutional revenue	211,000	211,000	129,454	0	129,454	(81,546)
Federal revenue	3,719,000	3,719,000	3,353,878	0	3,353,878	(365,122)
Total Revenues	<u>4,650,000</u>	<u>4,650,000</u>	<u>3,855,198</u>	<u>0</u>	<u>3,855,198</u>	<u>(794,802)</u>
Expenditures						
Instruction	600,000	600,000	135,930	0	135,930	464,070
Student services	4,050,000	4,050,000	3,756,658	0	3,756,658	293,342
Total Expenditures	<u>4,650,000</u>	<u>4,650,000</u>	<u>3,892,588</u>	<u>0</u>	<u>3,892,588</u>	<u>757,412</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>(37,390)</u>	<u>0</u>	<u>(37,390)</u>	<u>(\$37,390)</u>
Fund balance at beginning of year			<u>360,803</u>	<u>0</u>	<u>360,803</u>	
Fund balance at end of year			<u>\$323,413</u>	<u>\$0</u>	<u>\$323,413</u>	

CAPITAL PROJECTS FUND

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2019

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	\$0	\$0	\$330,000	\$0	\$330,000	\$330,000
State aids	358,000	358,000	327,300	0	327,300	(30,700)
Institutional revenue	100,000	100,000	450,401	0	450,401	350,401
Federal revenue	137,000	137,000	96,320	0	96,320	(40,680)
Total Revenues	<u>595,000</u>	<u>595,000</u>	<u>1,204,021</u>	<u>0</u>	<u>1,204,021</u>	<u>609,021</u>
Expenditures						
Capital Outlay						
Instruction	1,375,000	1,375,000	1,229,790	0	1,229,790	145,210
Instructional resources	671,000	716,000	715,026	0	715,026	974
Student services	94,000	179,000	177,881	937	178,818	182
General institutional	797,000	667,000	569,979	(103)	569,876	97,124
Physical plant	1,925,000	1,925,000	1,111,376	42,524	1,153,900	771,100
Total Expenditures	<u>4,862,000</u>	<u>4,862,000</u>	<u>3,804,052</u>	<u>43,358</u>	<u>3,847,410</u>	<u>1,014,590</u>
Revenues over (under) expenditures	<u>(4,267,000)</u>	<u>(4,267,000)</u>	<u>(2,600,031)</u>	<u>(43,358)</u>	<u>(2,643,389)</u>	<u>1,623,611</u>
Other financing sources:						
Proceeds from debt	6,000,000	6,000,000	3,300,000	0	3,300,000	2,700,000
Revenues and other financing sources over (under) expenditures	<u>\$1,733,000</u>	<u>\$1,733,000</u>	<u>699,969</u>	<u>(43,358)</u>	<u>656,611</u>	<u>\$4,323,611</u>
Fund balance at beginning of year			<u>8,379,688</u>	<u>(67,790)</u>	<u>8,311,898</u>	
Fund balance at end of year			<u>\$9,079,657</u>	<u>(\$111,148)</u>	<u>\$8,968,509</u>	

DEBT SERVICE FUND

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2019

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	\$4,966,000	\$4,966,000	\$4,966,000	\$0	\$4,966,000	\$0
Institutional revenue	2,000	2,000	38,305	0	38,305	36,305
Total Revenues	<u>4,968,000</u>	<u>4,968,000</u>	<u>5,004,305</u>	<u>0</u>	<u>5,004,305</u>	<u>36,305</u>
Expenditures						
Physical plant	<u>5,017,000</u>	<u>5,121,000</u>	<u>5,120,954</u>	<u>0</u>	<u>5,120,954</u>	<u>46</u>
Total Expenditures	<u>5,017,000</u>	<u>5,121,000</u>	<u>5,120,954</u>	<u>0</u>	<u>5,120,954</u>	<u>46</u>
Revenues over (under) expenditures	(49,000)	(153,000)	(116,649)	0	(116,649)	36,351
Other financing sources:						
Proceeds from debt premium	<u>0</u>	<u>0</u>	<u>241,050</u>	<u>0</u>	<u>241,050</u>	<u>241,050</u>
Revenues and other financing sources over (under) expenditures	<u>(\$49,000)</u>	<u>(\$153,000)</u>	<u>124,401</u>	<u>0</u>	<u>124,401</u>	<u>\$277,401</u>
Fund balance at beginning of year			<u>1,375,830</u>	<u>0</u>	<u>1,375,830</u>	
Fund balance at end of year			<u>\$1,500,231</u>	<u>\$0</u>	<u>\$1,500,231</u>	

ENTERPRISE FUND

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2019

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Institutional revenue	\$1,600,000	\$1,600,000	\$1,848,237	\$0	\$1,848,237	\$248,237
Total Revenues	1,600,000	1,600,000	1,848,237	0	1,848,237	248,237
Expenses						
Auxiliary services	1,600,000	1,600,000	1,217,273	0	1,217,273	382,727
Total Expenses	1,600,000	1,600,000	1,217,273	0	1,217,273	382,727
Revenues over (under) expenses	\$0	\$0	630,964	0	630,964	\$630,964
Net position at beginning of year			2,956,285	0	2,956,285	
Net position at end of year			\$3,587,249	\$0	\$3,587,249	

INTERNAL SERVICE FUND

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

INTERNAL SERVICE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
 For the fiscal year ended June 30, 2019

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Institutional revenue	\$626,000	\$626,000	\$547,093	\$0	\$547,093	(\$78,907)
Total Revenues	626,000	626,000	547,093	0	547,093	(78,907)
Expenses						
Auxiliary services	626,000	626,000	460,871	0	460,871	165,129
Total Expenses	626,000	626,000	460,871	0	460,871	165,129
Revenues over (under) expenses	<u>\$0</u>	<u>\$0</u>	86,222	0	86,222	<u>\$86,222</u>
Net position at beginning of year			346,134	0	346,134	
Net position at end of year			<u>\$432,356</u>	<u>\$0</u>	<u>\$432,356</u>	

LAKESHORE TECHNICAL COLLEGE DISTRICT
 SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED
 FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION
 For the fiscal year ended June 30, 2019

	Governmental Fund Types							Proprietary Fund Types		Reconciling Items	Statement of Revenues, Expenses and Changes in Net Position
	General	Special Revenue Funds		Capital Projects	Debt Service	Enterprise	Internal Service	Total			
		Operating	Non-Aidable								
Revenues											
Local government - tax levy	\$5,590,205	\$988,000	\$0	\$330,000	\$4,966,000	\$0	\$0	\$11,874,205	\$0	\$11,874,205	
Intergovernmental revenue:											
State	15,259,791	954,616	64,758	327,300	0	0	0	16,606,465	0	16,606,465	(1)
Federal	60,898	1,146,184	3,353,878	96,320	0	0	0	4,657,280	0	4,657,280	(2)
Tuition and fees:											
Program fees	5,809,990	0	0	0	0	0	0	5,809,990	(1,283,858)	4,526,132	
Material fees	368,195	0	0	0	0	0	0	368,195	(80,441)	287,754	
Other student fees	477,976	11,601	307,108	0	0	0	0	796,685	(172,568)	624,117	
Institutional revenue	253,623	1,390,542	129,454	450,401	38,305	1,848,237	547,093	4,657,655	(2,065,682)	2,591,973	(3)
Auxiliary revenue	0	0	0	0	0	0	0	0	1,448,237	1,448,237	
Total Revenues	27,820,678	4,490,943	3,855,198	1,204,021	5,004,305	1,848,237	547,093	44,770,475	(2,154,312)	42,616,163	
Expenditures											
Instruction	16,037,983	2,969,436	135,930	0	0	0	0	19,143,349	1,226,079	20,369,428	
Instructional resources	1,151,640	0	0	0	0	0	0	1,151,640	296,447	1,448,087	
Student services	3,435,721	1,126,540	3,756,658	0	0	0	0	8,318,919	(3,050,667)	5,268,252	
General institutional	4,980,930	0	0	0	0	0	0	4,980,930	304,791	5,285,721	
Physical plant	2,084,367	386,677	0	0	5,120,954	0	0	7,591,998	(4,023,259)	3,568,739	(4)
Student aid	0	0	0	0	0	0	0	0	1,843,399	1,843,399	
Capital outlay	0	0	0	3,847,410	0	0	0	3,847,410	(3,847,410)	0	
Depreciation - unallocated	0	0	0	0	0	0	0	0	4,365,529	4,365,529	
Auxiliary enterprise services	0	0	0	0	0	1,217,273	460,871	1,678,144	(479,624)	1,198,520	
Total Expenditures	27,690,641	4,482,653	3,892,588	3,847,410	5,120,954	1,217,273	460,871	46,712,390	(3,364,715)	43,347,675	
Excess (deficiency) of revenues over (under) expenditures	130,037	8,290	(37,390)	(2,643,389)	(116,649)	630,964	86,222	(1,941,915)	1,210,403	(731,512)	
Other financing sources:											
Proceeds from debt	0	0	0	3,300,000	0	0	0	3,300,000	(3,300,000)	0	
Proceeds from debt premium	0	0	0	0	241,050	0	0	241,050	(241,050)	0	
Total other financing sources	0	0	0	3,300,000	241,050	0	0	3,541,050	(3,541,050)	0	
Excess (deficiency) of revenues and other financing sources over (under) expenditures	130,037	8,290	(37,390)	656,611	124,401	630,964	86,222	1,599,135	(2,330,647)	(731,512)	
Fund balance/net position at beginning of year	9,343,021	164,501	360,803	8,311,898	1,375,830	2,956,285	346,134	22,858,472	(2,844,451)	20,014,021	
Fund balance/net position at end of year	\$9,473,058	\$172,791	\$323,413	\$8,968,509	\$1,500,231	\$3,587,249	\$432,356	\$24,457,607	(\$5,175,098)	\$19,282,509	(5)

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)

For the fiscal year ended June 30, 2019

Budgets and Budgetary Accounting

The District's fund structure used in preparing the basic financial statements is different than the fund structure used for budgetary accounting. Annual budgets are adopted for all funds in accordance with the requirements of the Wisconsin Technical College System Board. The District follows the procedures listed below in adopting annual budgets for all funds in accordance with legal requirements.

- Budgets are developed within the established parameters and guidelines.
- Public hearings are conducted on the proposed budget prior to District Board approval.
- Prior to July 1, the budget is legally enacted through approval by the District Board.
- Budget amendments made during the year are legally authorized by the District Board. Budget transfers (between funds and functional areas within funds) and changes in budgeted revenues and expenditures (appropriations) require approval by two-thirds of the entire membership of the Board and require publishing a Class I public notice in the District's official newspaper within 10 days according to Wisconsin Statutes.
- Management exercises control over budgeted expenditures by fund and function as presented in the accompanying financial statements. Expenditures, by fund and function, may not exceed funds available or appropriated. Unused appropriations lapse at year end.

Formal budgetary integration is employed as a planning device for all funds. The District adopts an annual operating budget that is prepared on a different basis from the basic financial statements. The budget differs from GAAP by recognizing encumbrances as expenditures. Also, the budget does not incorporate changes related to GASB Statement Nos. 34, 35, 37, 38, 45, 68, 71 and 75.

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED
FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION (continued)
For the fiscal year ended June 30, 2019

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

Operating	\$ 1,391,242
Non-operating	14,887,923
Capital grants	<u>327,300</u>
Total	<u>\$16,606,465</u>

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

Operating	\$4,560,960
Capital grants	<u>96,320</u>
Total	<u>\$4,657,280</u>

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

Business and industry contract revenue	\$1,332,298
Miscellaneous	427,244
Interest income, net of fees	333,948
Gain on sale of capital assets	15,518
Realized and unrealized loss on investments	139,304
Contributions	<u>343,661</u>
Total	<u>\$2,591,973</u>

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

Physical plant	\$2,878,505
Interest expense	<u>690,234</u>
Total	<u>\$3,568,739</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED
FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION (continued)
For the fiscal year ended June 30, 2019

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

Budgetary basis fund balance	\$24,457,607
Capital assets at cost	83,502,654
Accumulated depreciation on capital assets	(57,297,658)
General obligation debt	(28,735,000)
Other postemployment benefits	(2,833,698)
Deferred outflows of resources related to OPEB	512,718
Deferred inflows of resources related to OPEB	(15,378)
Insurance reserves	(21,590)
Net pension asset	(4,500,988)
Deferred outflows of resources related to pension	11,520,878
Deferred inflows of resources related to pension	(6,208,120)
Book value of proprietary fund assets removed with adoption of capitalization policy	(79,381)
Accrued interest on long-term debt	(228,524)
Summer school tuition	200,777
Summer school instructional expenses	(331,242)
Bond premium	(783,212)
Current year encumbrances	<u>122,666</u>
Net position per basic financial statements	<u>\$19,282,509</u>

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

This page intentionally left blank.

LAKESHORE TECHNICAL COLLEGE DISTRICT

NET POSITION BY COMPONENT For the fiscal years ended June 30, 2010 to 2019 (Accrual Basis of Accounting)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Net Position										
Net investment in capital assets	\$5,811,169	\$6,407,432	\$6,921,296	\$7,075,074	\$7,477,870	\$6,433,052	\$6,372,717	\$6,300,065	\$6,112,865	\$5,817,617
Restricted for pension benefits	0	0	0	0	0	3,313,754	0	0	3,821,905	0
Restricted for capital projects	0	0	0	700,000	423,654	0	0	0	0	0
Restricted for debt service	427,099	555,091	595,270	701,109	786,782	1,041,755	1,194,655	1,313,420	1,151,984	1,271,707
Unrestricted	<u>7,346,719</u>	<u>8,735,550</u>	<u>8,785,086</u>	<u>8,200,542</u>	<u>8,623,962</u>	<u>12,093,543</u>	<u>15,588,495</u>	<u>14,569,399</u>	<u>8,927,267</u>	<u>12,193,185</u>
Total Net Position	<u>\$13,584,987</u>	<u>\$15,698,073</u>	<u>\$16,301,652</u>	<u>\$16,676,725</u>	<u>\$17,312,268</u>	<u>\$22,882,104</u>	<u>\$23,155,867</u>	<u>\$22,182,884</u>	<u>\$20,014,021</u>	<u>\$19,282,509</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

OPERATING EXPENSES, OPERATING REVENUES AND NON-OPERATING REVENUES (EXPENSES) For the fiscal years ended June 30, 2010 to 2019 (Accrual Basis of Accounting)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Expenses										
Instruction	\$ 21,777,488	\$ 22,611,188	\$ 21,342,093	\$ 22,114,622	\$ 20,839,681	\$ 20,751,377	\$ 22,211,711	\$ 22,052,872	\$ 20,311,355	\$ 20,369,428
Instructional resources	1,268,033	1,456,097	1,300,558	1,267,206	1,178,019	1,297,936	1,218,331	1,175,858	1,201,149	1,448,087
Student services	3,335,445	3,412,933	3,268,403	3,377,376	4,125,590	4,305,291	4,662,832	5,119,100	5,222,537	5,268,252
General institutional	4,581,946	4,948,372	4,810,180	4,524,899	4,646,304	4,884,308	5,230,797	5,076,089	4,779,336	5,285,721
Physical plant	1,916,100	2,501,930	2,901,839	2,777,227	3,418,572	2,893,973	3,023,460	2,772,618	2,951,062	2,878,505
Auxiliary enterprise services	1,014,912	968,898	1,024,776	1,476,354	1,639,328	1,410,472	1,414,185	1,407,734	1,429,409	1,198,520
Depreciation - unallocated	2,156,931	2,468,712	2,631,714	2,983,097	3,221,118	3,756,610	3,870,107	4,121,931	4,198,244	4,365,529
Student aid	2,499,059	3,486,097	3,529,081	2,706,886	2,303,114	2,238,847	2,206,841	1,904,457	1,942,304	1,843,399
Total operating expenses	38,549,914	41,854,227	40,808,644	41,227,667	41,371,726	41,538,814	43,838,264	43,630,659	42,035,396	42,657,441
Operating Revenues										
Tuition and fees, net of scholarship allowances	6,242,161	6,680,221	6,950,014	6,135,350	5,822,670	5,651,526	5,632,572	5,657,406	5,745,526	5,438,003
Federal grants	5,433,937	7,308,596	5,346,341	5,335,658	5,165,082	5,005,802	4,864,792	4,637,375	4,602,915	4,560,960
State grants	1,219,210	1,007,638	1,441,612	1,309,717	1,133,099	1,843,833	3,215,351	2,190,012	1,625,043	1,391,242
Business and industry contract revenue	1,138,041	1,129,720	1,055,025	1,196,382	1,297,391	1,360,124	1,825,302	1,697,135	1,516,112	1,332,298
School district contract revenue	6,578	4,089	3,237	2,220	6,547	2,128	0	2,545	0	0
Auxiliary enterprise revenue	1,171,993	1,294,916	1,049,107	1,156,000	1,460,728	1,510,586	1,843,682	1,863,289	1,907,271	1,448,237
Miscellaneous	1,119,050	986,452	720,436	1,030,679	833,423	543,730	499,463	464,265	355,934	427,244
Total operating revenues	16,330,970	18,411,632	16,565,772	16,166,006	15,718,940	15,917,729	17,881,162	16,512,027	15,752,801	14,597,984
Operating loss	\$(22,218,944)	\$(23,442,595)	\$(24,242,872)	\$(25,061,661)	\$(25,652,786)	\$(25,621,085)	\$(25,957,102)	\$(27,118,632)	\$(26,282,595)	\$(28,059,457)
Non-Operating Revenues (Expenses)										
Property taxes	\$ 21,583,690	\$ 21,951,606	\$ 22,031,068	\$ 22,114,352	\$ 22,146,080	\$ 10,569,450	\$ 10,934,545	\$ 10,942,612	\$ 11,743,801	\$ 11,874,205
State operating appropriations	4,296,697	4,065,961	2,881,080	2,916,657	2,744,687	14,864,807	15,264,849	15,385,533	14,992,421	14,887,923
Gain (loss) on disposal of assets	21,808	(1,326)	8,031	32,684	(25,175)	40,692	12,732	(3,586)	13,548	15,518
Investment income	24,903	163,776	379,619	(77,789)	180,406	52,294	154,423	14,050	147,516	473,252
Interest expense	(662,689)	(681,856)	(658,367)	(490,161)	(543,016)	(712,620)	(732,205)	(725,062)	(705,302)	(690,234)
Total non-operating revenues (expenses)	\$ 25,264,409	\$ 25,498,161	\$ 24,641,431	\$ 24,495,743	\$ 24,502,982	\$ 24,814,623	\$ 25,634,344	\$ 25,613,547	\$ 26,191,984	\$ 26,560,664
Capital Contributions										
Contributions	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 1,570,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 343,661
Federal and state capital grants	298,148	57,520	205,020	256,041	215,347	382,701	596,521	532,102	261,897	423,620
Total non-operating revenues (expenses)	\$ 298,148	\$ 57,520	\$ 205,020	\$ 956,041	\$ 1,785,347	\$ 382,701	\$ 596,521	\$ 532,102	\$ 261,897	\$ 767,281
Change in Net Position	\$ 3,343,613	\$ 2,113,086	\$ 603,579	\$ 390,123	\$ 635,543	\$ (423,761)	\$ 273,763	\$ (972,983)	\$ 171,286	\$ (731,512)

LAKESHORE TECHNICAL COLLEGE DISTRICT

EQUALIZED VALUE OF TAXABLE PROPERTY (A)
For the fiscal years ended June 30, 2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MANITOWOC COUNTY										
<u>Equalized valuations including TID</u>										
Real Estate:										
Residential	\$3,962,851,900	\$3,870,930,300	\$3,861,336,900	\$3,709,479,400	\$3,679,189,600	\$3,711,694,600	\$3,711,929,200	\$3,798,653,500	\$3,823,877,700	\$3,963,742,900
Commercial	815,159,600	761,608,000	727,382,400	719,485,200	692,160,200	700,924,700	728,413,300	712,894,000	683,414,900	736,093,400
Manufacturing	230,094,500	235,637,900	237,282,300	228,360,300	230,301,300	227,267,400	226,523,300	238,130,600	242,721,300	244,989,600
Agricultural	42,200,600	40,940,900	39,954,300	38,535,200	37,210,400	36,794,500	36,963,800	37,415,400	38,001,300	38,918,600
Undeveloped	24,117,800	26,220,500	38,273,200	37,418,400	46,718,700	43,773,900	48,605,800	42,367,400	42,588,800	41,865,600
Agriculture Forest	29,794,700	31,061,400	35,092,400	37,196,500	36,086,700	38,681,900	38,105,300	39,913,100	40,927,100	42,354,600
Forest	41,592,100	40,743,300	52,669,200	52,371,600	51,256,700	50,057,500	49,112,700	51,272,300	52,077,500	53,414,700
Other	243,974,000	250,796,000	247,457,100	234,476,600	211,994,300	225,538,600	232,764,000	238,782,800	241,931,900	236,757,200
Total Real Estate	5,389,785,200	5,257,938,300	5,239,447,800	5,057,323,200	4,984,917,900	5,034,733,100	5,072,417,400	5,159,429,100	5,165,540,500	5,358,136,600
Total Personal Property	141,715,800	139,772,500	134,820,400	128,967,100	130,978,300	127,689,800	130,365,100	116,306,700	121,461,700	80,221,300
Total Equalized Value	\$5,531,501,000	\$5,397,710,800	\$5,374,268,200	\$5,186,290,300	\$5,115,896,200	\$5,162,422,900	\$5,202,782,500	\$5,275,735,800	\$5,287,002,200	\$5,438,357,900
Total Assessed Value	\$4,982,122,001	\$5,129,914,552	\$5,173,377,990	\$5,232,412,360	\$5,260,511,585	\$5,284,102,414	\$5,310,848,980	\$5,335,439,526	\$5,366,160,228	\$5,378,917,984
Ratio of Assessed to Equalized Value	90.07%	95.04%	96.26%	100.89%	102.83%	102.36%	102.08%	101.13%	101.50%	98.91%
SHEBOYGAN COUNTY										
<u>Equalized valuations including TID</u>										
Real Estate:										
Residential	\$6,835,667,000	\$6,667,282,500	\$6,600,372,700	\$6,356,373,400	\$6,162,019,800	\$6,220,495,100	\$6,226,857,900	\$6,303,790,800	\$6,620,945,700	\$7,004,274,000
Commercial	1,531,815,800	1,431,334,200	1,384,228,500	1,361,176,300	1,407,669,500	1,398,486,000	1,404,001,900	1,426,483,400	1,540,226,300	1,641,736,100
Manufacturing	397,398,700	400,198,000	397,180,600	406,929,800	416,568,200	447,610,000	457,888,400	464,712,800	485,009,400	500,307,000
Agricultural	29,769,600	28,809,100	28,363,000	27,571,900	26,544,700	26,164,000	26,445,000	26,719,400	27,146,200	27,814,600
Undeveloped	28,894,000	21,809,800	23,711,300	22,575,600	27,644,500	29,789,000	35,484,400	30,345,800	31,927,700	32,409,500
Agriculture Forest	29,350,600	27,854,900	27,665,800	28,952,400	30,132,100	28,046,200	28,443,200	29,778,300	30,791,900	30,567,800
Forest	26,683,900	24,796,300	25,477,700	25,391,400	26,909,000	26,429,200	25,550,100	26,117,800	27,498,000	28,562,700
Other	187,511,200	164,473,300	163,193,300	160,135,400	159,410,000	159,057,300	168,999,200	173,524,900	178,150,300	181,801,700
Total Real Estate	9,067,090,800	8,766,558,100	8,650,192,900	8,389,106,200	8,256,897,800	8,336,076,800	8,373,670,100	8,481,473,200	8,941,695,500	9,447,473,400
Total Personal Property	268,449,200	259,037,400	244,287,700	262,221,600	269,803,300	268,686,100	271,416,100	273,644,300	287,150,600	258,753,800
Total Equalized Value	\$9,335,540,000	\$9,025,595,500	\$8,894,480,600	\$8,651,327,800	\$8,526,701,100	\$8,604,762,900	\$8,645,086,200	\$8,755,117,500	\$9,228,846,100	\$9,706,227,200
Total Assessed Value	\$8,661,581,644	\$8,891,444,386	\$8,880,555,891	\$8,946,154,842	\$8,974,784,621	\$8,711,459,963	\$8,758,982,694	\$8,842,905,531	\$9,008,514,487	\$9,073,493,890
Ratio of Assessed to Equalized Value	92.78%	98.51%	99.84%	103.41%	105.26%	101.24%	101.32%	101.00%	97.61%	93.48%
Total LTC Equalized Value (B)	\$ 14,480,939,422	\$ 14,098,895,295	\$ 14,049,917,159	\$ 13,708,573,547	\$ 13,514,454,019	\$ 13,569,069,801	\$ 13,661,006,238	\$ 13,819,933,389	\$ 14,265,117,910	\$ 14,884,413,603
Total Tax Rate (C)	\$ 1.49	\$ 1.56	\$ 1.56	\$ 1.61	\$ 1.64	\$ 0.78	\$ 0.80	\$ 0.80	\$ 0.82	\$ 0.80

NOTE:

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

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

(C) Property tax rates are shown per \$1,000 of equalized value. In March 2015, Wisconsin Act 145 was enacted that allocated property tax relief aid to the technical colleges and reduced the amount of their taxed levied.

LAKESHORE TECHNICAL COLLEGE DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES For the fiscal years ended June 30, 2010 to 2019 (Rate per \$1,000 of Equalized Value)

(b) Year Ended June 30	LTC			Overlapping Rates (d)				Gross Total	State Tax Relief	Net Tax Rate
	Operational (c)	Debt Service	Total	Other School Districts	Local	County	Other			
2010	1.20	0.29	1.49	8.64	2.69	5.00	0.64	18.46	(1.35)	17.11
2011	1.26	0.30	1.56	9.64	3.12	5.34	0.71	20.37	(1.44)	18.93
2012	1.26	0.30	1.56	9.75	3.51	5.34	0.50	20.66	(1.46)	19.20
2013	1.29	0.32	1.61	10.07	3.34	5.52	0.56	21.10	(1.55)	19.55
2014	1.32	0.32	1.64	10.28	3.64	5.65	0.56	21.77	(1.60)	20.17
2015	0.45	0.33	0.78	10.09	3.73	5.62	0.55	20.77	(1.59)	19.18
2016	0.46	0.34	0.80	9.94	3.72	5.63	0.55	20.64	(1.78)	18.86
2017	0.47	0.34	0.81	9.57	3.86	5.64	0.61	20.49	(1.77)	18.72
2018	0.48	0.34	0.82	9.30	3.88	5.59	0.49	20.08	(1.86)	18.22
2019	0.46	0.33	0.80	9.15	3.83	5.47	0.46	19.71	(1.75)	17.96

Notes:

- (a) Source -Wisconsin Department of Revenue, Division of State and Local Finance reports.
- (b) The fiscal year represents the year that the taxes are collected.
- (c) The operational property tax levies for the governmental-type funds. For taxes levied prior to June 30, 2013, this rate could not exceed \$1.50. In March 2015, Wisconsin Act 145 was enacted that allocated property tax relief aid to the technical colleges and reduced the amount of their taxes levied.
- (d) Overlapping rate are those of local and county governments that apply to property owners with the LTC district. Not all overlapping rates apply to all property owners with the LTC district. For example, the county rate is made up of the rates for Manitowoc, Sheboygan and parts of Ozaukee and Calumet counties. The individual county rates apply only to the property owners within each of these counties. These overlapping rates are an average of the rates for each municipality making up the detail in this column since each governmental unit can have a different rate.

LAKESHORE TECHNICAL COLLEGE DISTRICT

PRINCIPAL TAXPAYERS For the fiscal years ended June 30, 2010 and 2019

Principal Taxpayers	2019			2010		
	Equalized Valuation (a)	% of Total Equalized Value	Rank	Equalized Valuation (a)	% of Total Equalized Value	Rank
Kohler Company	\$ 165,435,406	1.11%	1	\$ 179,241,790	1.24%	1
Acuity	144,231,598	0.97%	2	50,972,660	0.35%	2
Sargento Foods inc.	45,864,799	0.31%	3			
Bemis Manufacturing	36,544,128	0.25%	4	27,133,930	0.19%	7
Johnsonville Sausage	33,217,636	0.22%	5	22,622,460	0.16%	8
Wal-Mart (b)	31,049,016	0.21%	6	49,213,000	0.34%	3
Aurora Medical Group	23,506,656	0.16%	7			
Sargento Cheese	19,483,200	0.13%	8			
Rockline Industries	18,131,814	0.12%	9			
Morrelle Warehousing LLC	17,434,986	0.12%	10			
Manitowoc Cranes, Inc.				33,622,120	0.23%	4
Blue Harbor Resort				32,054,500	0.22%	5
Holy Family Memorial Medical Center				29,041,092	0.20%	6
Menards				18,030,870	0.12%	9
J.L. French Corporation				17,315,100	0.12%	10
Total	\$ 534,899,239	3.59%		\$ 459,247,522	3.17%	
Total District Equalized Value	\$ 14,884,413,603			\$ 14,480,939,422		

Notes:

(a) Sources - Manitowoc County and Sheboygan County

(b) Sheboygan County.

LAKESHORE TECHNICAL COLLEGE DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS (a) For the fiscal years ended June 30, 2010 to 2019

Fiscal Year Ended June 30	Total Tax Levy	As of June 30 of Fiscal Year		Cumulative as of June 30, 2019	
		Amount Collected	Percent Collected	Amount Collected	Percent Collected
2010	21,589,000	15,511,435	72%	21,589,000	100%
2011	21,960,000	15,592,212	71%	21,960,000	100%
2012	21,960,000	15,816,660	72%	21,960,000	100%
2013	22,022,000	16,009,074	73%	22,022,000	100%
2014	22,131,000	16,109,219	73%	22,131,000	100%
2015	10,573,172	7,804,566	74%	10,573,172	100%
2016	10,947,553	8,085,728	74%	10,947,553	100%
2017	11,119,602	8,227,273	74%	11,119,602	100%
2018	11,737,079	8,764,434	75%	11,737,079	100%
2019 (b)	11,873,161	8,859,339	75%	8,859,339	75%

Notes:

- (a) Under Wisconsin law, personal property taxes and certain installment real estate taxes are collected by city, village, and town treasurers or clerks, who then make settlement with the other taxing units, such as the county, LTC, and local schools. Settlements are due from the municipality by the 15th of the month following the due date based on the municipality's payment plan. Certain installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, village and town treasurers and other taxing units before retaining any for county purposes. In practice, any delinquent real estate taxes are withheld from the county's share. Therefore, LTC receives 100% of its levy upon receipt of settlement from the county treasurers, although the taxes collected as a percentage of total tax levy will vary in any given fiscal year due to timing of payments received from municipalities.
- (b) LTC will receive the balance of its tax payments by August 20, 2019.

LAKESHORE TECHNICAL COLLEGE DISTRICT

RATIO OF NET DEBT TO EQUALIZED VALUATION AND DEBT PER CAPITA For the fiscal years ended June 30, 2010 to 2019

Year Ended June 30	Population (a)	Personal Income (000s)(c)	Equalized Valuation (b)	Outstanding Debt	Percent of Total Debt to Equalized Valuation	Percent of Total Debt to Personal Income	Total Debt Per Capita
2010	209,792	7,202	14,480,939,422	19,530,000	0.13%	271%	\$ 93.09
2011	209,896	7,723	14,098,895,295	20,055,000	0.14%	260%	\$ 95.55
2012	203,967	7,715	14,049,917,159	20,970,000	0.15%	272%	\$ 102.81
2013	203,983	8,409	13,708,573,547	20,255,000	0.15%	241%	\$ 99.30
2014	203,736	8,679	13,514,454,019	21,580,000	0.16%	249%	\$ 105.92
2015	203,688	8,749	13,569,069,801	24,056,722	0.18%	275%	\$ 118.11
2016	203,716	8,880	13,661,006,238	26,725,013	0.20%	301%	\$ 131.19
2017	203,514	9,146	13,819,933,389	30,708,282	0.22%	336%	\$ 150.89
2018	202,895	9,400	14,265,117,910	30,412,560	0.21%	324%	\$ 149.89
2019	204,571	N/A	14,884,413,603	29,518,212	0.20%	N/A	\$ 144.29

Notes:

- (a) Source - Wisconsin Department of Revenue, Division of State and Local Finance reports. Includes the entire district as of January 1 of the calendar year.
- (b) Equalized value is reported as of the December 31 of the previous calendar year (i.e. 2018 information is as of December 31, 2017).
- (c) Source - US Department of Commerce, Bureau of Economic Analysis, as of December of prior year.

LAKESHORE TECHNICAL COLLEGE DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT For the fiscal year ended June 30, 2019

Name of Entity	Amount of Debt (Net of 2019 Principal Payments)	Percent Chargeable to District	Outstanding Debt Chargeable to District
OVERLAPPING DEBT			
Calument County	\$30,650,000	1.66%	\$508,790
Manitowoc County*	28,020,000	96.57%	27,058,914
Ozaukee County	25,225,000	3.81%	961,073
Sheboygan County	30,165,000	99.91%	30,137,852
Total Cities	151,240,528	100.00%	151,240,528
Total Villages	37,129,354	100.00%	37,129,354
Total Towns	8,801,046	varies	8,538,057
Total School Districts	308,780,626	varies	205,837,902
Total Sanitary Districts	914,348	varies	914,348
TOTAL OVERLAPPING DEBT	\$620,925,902		\$462,326,817
DIRECT DEBT			
Lakeshore Technical College			
General obligation debt			\$28,735,000
Debt premium			783,212
TOTAL DIRECT DEBT			\$29,518,212
TOTAL DIRECT AND OVERLAPPING DEBT			\$491,845,029

*Manitowoc County anticipates issuing approximately \$8,535,000 General Obligation Refunding Bonds in October 2019. This amount is included in the figure shown above.

Notes:

- (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of LTC. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses located in LTC's boundaries. This process recognizes that, when considering LTC's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.
- (2) The percentage of overlapping debt applicable to LTC is the equalized property value of property of the overlapping government located in LTC's district as a percentage of total equalized value of all property for the overlapping government.
- (3) Source –Wisconsin Department of Revenue. Information provided by each municipal entity through publicly available disclosure documents available on EMMA.msrb.org and the Wisconsin Department of Public Instruction and direct inquiries.

LAKESHORE TECHNICAL COLLEGE DISTRICT

LEGAL DEBT MARGIN INFORMATION For the fiscal years ended June 30, 2010 to 2019 (\$000's)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Equalized valuation	<u>\$14,480,939</u>	<u>\$14,098,895</u>	<u>\$14,049,917</u>	<u>\$13,708,574</u>	<u>\$13,514,454</u>	<u>\$13,569,070</u>	<u>\$13,661,006</u>	<u>\$13,819,933</u>	<u>\$14,265,118</u>	<u>\$14,884,414</u>
Debt limit - 5% of equalized value (Wisconsin statutory limitation)	\$724,047	\$704,945	\$702,496	\$685,429	\$675,723	\$678,454	\$683,050	\$690,997	\$713,256	\$744,221
Gross indebtedness applicable to debt limit:										
General obligation promissory notes and bonds	19,530	20,055	20,970	20,255	21,580	23,745	26,260	30,040	29,755	28,735
Less debt service funds available	<u>(356)</u>	<u>(479)</u>	<u>(512)</u>	<u>(624)</u>	<u>(691)</u>	<u>(936)</u>	<u>(1,080)</u>	<u>(1,182)</u>	<u>(1,019)</u>	<u>(1,138)</u>
Total amount of debt applicable to debt margin	<u>19,174</u>	<u>19,576</u>	<u>20,458</u>	<u>19,631</u>	<u>20,889</u>	<u>22,809</u>	<u>25,180</u>	<u>28,858</u>	<u>28,736</u>	<u>27,597</u>
Legal debt margin (Debt capacity)	<u>\$704,873</u>	<u>\$685,369</u>	<u>\$682,038</u>	<u>\$665,798</u>	<u>\$654,834</u>	<u>\$655,645</u>	<u>\$657,870</u>	<u>\$662,139</u>	<u>\$684,520</u>	<u>\$716,624</u>
Percent of debt capacity used	2.65%	2.78%	2.91%	2.86%	3.09%	3.36%	3.69%	4.18%	4.03%	3.71%
Debt limit - 2% of equalized value (Wisconsin statutory limitation)	\$289,619	\$281,978	\$280,998	\$274,171	\$270,289	\$271,381	\$273,220	\$276,399	\$285,302	\$297,688
Gross bonded indebtedness applicable to debt limit:										
General obligation bonds	-	-	1,990	1,240	620	-	-	-	-	-
Less debt service funds available	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total amount of debt applicable to debt margin	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>1,240</u>	<u>620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin (Debt capacity)	<u>\$289,619</u>	<u>\$281,978</u>	<u>\$279,008</u>	<u>\$272,931</u>	<u>\$269,669</u>	<u>\$271,381</u>	<u>\$273,220</u>	<u>\$276,399</u>	<u>\$285,302</u>	<u>\$297,688</u>
Percent of debt capacity used	0.00%	0.00%	0.71%	0.45%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%
debt service funds available:										
debt service fund equity	612,689	755,762	787,811	869,116	977,543	1,252,386	1,420,591	1,522,930	1,375,830	1,500,231
less: interest due sept 1 of that year	<u>(256,340)</u>	<u>(276,570)</u>	<u>(276,268)</u>	<u>(244,623)</u>	<u>(286,141)</u>	<u>(315,948)</u>	<u>(340,112)</u>	<u>(340,960)</u>	<u>(357,018)</u>	<u>(362,056)</u>
	<u>356,349</u>	<u>479,192</u>	<u>511,543</u>	<u>624,493</u>	<u>691,402</u>	<u>936,438</u>	<u>1,080,479</u>	<u>1,181,970</u>	<u>1,018,812</u>	<u>1,138,175</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS
For the calendar years ended December 31, 2009 to 2018

Calendar Year	Sheboygan County						Manitowoc County					
	Population (a)	Personal Income ('000s) (b)	Per Capita Personal Income (b)	Unemployment Rate (c)	K-12 Public & Private School Enrollment (d)	Senior Class Enrollment (d)	Population (a)	Personal Income ('000s) (b)	Per Capita Personal Income (b)	Unemployment Rate (c)	K-12 Public & Private School Enrollment (d)	Senior Class Enrollment (d)
2009	117,566	4,328,472	37,783	7.4%	22,032	1,761	84,785	2,874,292	35,669	8.0%	13,755	1,191
2010	117,650	4,812,650	41,681	7.7%	21,725	1,737	84,798	2,909,848	35,777	7.9%	13,398	1,163
2011	115,569	4,595,577	39,910	6.8%	21,557	1,666	81,406	3,119,148	38,519	7.8%	13,106	1,073
2012	115,549	5,150,016	44,779	6.0%	21,505	1,710	81,437	3,258,641	40,394	7.1%	12,925	1,008
2013	115,386	5,344,757	46,508	5.6%	21,301	1,723	81,352	3,333,927	41,336	6.6%	12,862	973
2014	115,362	5,341,196	46,328	4.3%	21,120	1,537	81,320	3,408,347	42,519	5.9%	12,675	1,074
2015	115,305	5,304,168	45,896	3.4%	21,231	1,638	81,372	3,575,583	44,803	4.6%	12,466	1,034
2016	115,050	5,532,445	47,930	3.3%	21,160	1,636	81,061	3,613,532	45,433	4.3%	12,398	1,009
2017	114,714	5,776,492	50,081	2.7%	20,723	1,629	80,735	3,623,618	45,767	3.5%	12,330	979
2018	115,924	N/A	N/A	3.0%	20,523	1,532	81,144	N/A	N/A	3.4%	12,271	961

Notes:

- (a) Source - Wisconsin Department of Revenue - Division of State and Local Finance.
- (b) Source - US Department of Commerce, Bureau of Economic Analysis.
- (c) Source - Wisconsin Department of Workforce Development - Office of Economic Advisors.
- (d) Source - Wisconsin Department of Instruction. Enrollment totals for the 2018-19 school year.

LAKESHORE TECHNICAL COLLEGE DISTRICT

TEN LARGEST EMPLOYERS For the fiscal years ended June 30, 2010 and 2019

Employer	Nature of Business	2019			2010		
		Approximate Number of Employees	Rank	% of Total Employment	Approximate Number of Employees	Rank	% of Total Employment
Kohler Company	Plumbing fixtures and fittings, hotel & real estate	7,900	1	4.0%	5,000 +	1	2.5%
Sargento Foods, Inc.**	Cheese manufacturing	1,800	2	0.9%	1,300	6	0.6%
Lakeside Foods Inc.	Food products manufacturer	1,700	3	0.9%			
Bemis Mfg. Company	Toilet seats, lavatories, cutting	1,650	4	0.8%	1,800	2	0.9%
Johnsonville Sausage	Meat processing	1,600	5	0.8%			
Aurora Medical Group	Medical Clinic	1,480	6	0.8%	1,075	8	0.5%
Nemak, formerly J.L. French Corp.	Foundry/automotive parts	1,275	7	0.6%	1,325	5	0.7%
Acuity Mutual Insurance Co.	Insurance	1,259	8	0.6%			
Sheboygan Area School District	Education	1,240	9	0.6%	1,432	4	0.7%
Holy Family Memorial Medical Center	Medical facility	1,065	10	0.5%	870	10	0.4%
Rockline Industries	Manufacturer of coffee filters, baking cups, and baby wipes				1,800	3	0.9%
Hamilton L. Fisher LC (Fisher Scientific) (Formerly Thermo Fisher Scientific)	Laboratory apparatus & furniture mfg				1,200	7	0.6%
Sheboygan County	County employees, nursing care facilities				894	9	0.4%
TOTAL EMPLOYMENT (b)		197,068			202,448		

Notes:

- (a) Sources - Infogroup (www.salesgenie.com), City of Sheboygan Falls official statement dated December 7, 2018, City of Sheboygan official statement dated November 5, 2018, Manitowoc County official statement dated July 17, 2018, Lakeshore Technical College official statement dated June 30, 2010, employer contacts and websites.
- (b) Sources - Wisconsin Department of Revenue - Division of State and Local Finance. Includes total employment for Sheboygan County and Manitowoc County.

** Figures include facilities in Hilbert and Elkhart Lake.

LAKESHORE TECHNICAL COLLEGE DISTRICT

FULL-TIME EQUIVALENT POSITIONS BY CATEGORY For the fiscal years ended June 30, 2010 to 2019

Category	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	Est. <u>2019</u>
Administrators/ Supervisors	33.2	33.0	30.8	33.7	37.2	38.6	44.2	45.6	41.7	41.8
Teachers	151.9	150.6	149.7	151.6	148.2	137.6	142.6	145.0	142.9	152.5
Specialists	5.0	5.0	3.7	2.5	2.4	2.0	1.0	1.0	1.0	1.0
Other Staff	139.5	144.3	150.0	156.0	154.6	153.4	156.2	151.5	147.0	147.7
	<u>329.6</u>	<u>332.9</u>	<u>334.2</u>	<u>343.8</u>	<u>342.4</u>	<u>331.6</u>	<u>344.0</u>	<u>343.2</u>	<u>332.6</u>	<u>343.0</u>

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

ENROLLMENT STATISTICS For the fiscal years ended June 30, 2009 to 2018

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Student Enrollment (a)</u>										
Associate degree	4,034	4,143	3,888	3,776	3,688	3,670	4,192	4,193	3,893	3,631
Vocational:										
Technical Diploma	955	960	885	994	1,085	1,028	933	899	957	891
Apprentices	151	137	123	140	170	194	223	204	209	243
Basic skills	3,019	2,257	1,825	1,653	1,470	1,329	1,281	1,088	915	883
Vocational adult	7,782	6,999	8,202	7,485	8,064	6,097	6,984	5,687	5,528	5,430
District service	102	253	221	201	459	354	153	125	111	176
 Total Students (b)	 14,084	 13,170	 13,774	 12,950	 13,597	 11,355	 12,447	 11,025	 10,550	 10,348
<u>Full-Time Equivalent (c)</u>										
Associate degree	1,796	1,832	1,633	1,540	1,454	1,390	1,428	1,425	1,389	1,344
Vocational:										
Technical Diploma	257	238	219	239	250	243	217	217	218	184
Apprentices	23	20	18	24	30	35	40	39	42	43
Basic skills	483	374	313	281	248	248	199	184	166	147
Vocational adult	121	90	103	87	88	64	72	61	61	52
District service	0	1	1	1	2	2	1	1	0	1
 Total	 2,680	 2,554	 2,288	 2,172	 2,072	 1,982	 1,956	 1,926	 1,877	 1,771
<u>Graduate Follow-Up Statistics (d)</u>										
Number of graduates	1,008	969	974	935	1,006	851	786	853	795	n/a
Responses										
Number	737	669	513	486	700	595	474	613	508	n/a
Percent of graduates	73%	69%	53%	52%	70%	70%	60%	72%	64%	n/a
Percent employed	84%	81%	85%	89%	90%	91%	92%	92%	92%	n/a
Percent in related employment	63%	57%	65%	68%	67%	70%	67%	77%	70%	n/a
Percent employed in district	77%	100%	66%	76%	69%	70%	70%	75%	74%	n/a
Seeking related employment (e)	71	89	70	46	n/a	n/a	n/a	n/a	n/a	n/a
Not seeking related employment (e)	336	208	51	67	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

CAMPUS SITES – SQUARE FOOTAGE

June 30, 2019

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

Cleveland Campus

<u>Building</u>	<u>Date Constructed</u>	<u>Square Footage</u>
Lakeshore	1974	121,044
Addition	1979	78,104
Addition	2011	<u>12,400</u>
		211,548
Nierode	1974	63,893
Addition	1979	2,655
Addition	1982	1,631
Addition	2014	<u>7,755</u>
		75,934
Agriculture & Energy	1976	18,150
Addition	1983	<u>17,014</u>
		35,164
Public Safety	1988	6,280
Addition	1991	13,480
Addition	2005	<u>10,550</u>
		30,310
Plastics Engineering Manufacturing Building	1980	19,000
Addition	2013	<u>14,658</u>
		33,658
Facilities Building	2017	11,600
Scenario City (under construction)	2019	5,584
Burn Simulator Building	1997	2,712
Tactical Skills Lab	2006	1,475
Motorcycle Storage Garage	2009	3,080
LTC School of Agriculture	2017	6,200
Carpentry Lab	2017	<u>1,200</u>

Total Cleveland Campus

418,465

Leased Facilities

<u>Location</u>	<u>Lease Term</u>	<u>Square Footage</u>
LTC Sheboygan	2019-2026	8,910
LTC Manitowoc	2019-2024	8,800
Environmental Campus	2010-2020	5,502
Culinary Institute	2012-2022	9,880
Jake's Café	2013-2017	188
School of Agriculture (Ground Lease)		<u>0</u>

Total Leased Properties

33,280

Total Square Footage

451,745

LAKESHORE TECHNICAL COLLEGE DISTRICT

PROGRAM OFFERINGS

June 30, 2019

Associate Degree Programs

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

Technical Diplomas

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

Apprenticeship Programs

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

This page intentionally left blank.

SINGLE AUDIT SECTION

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

This page intentionally left blank.



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Board of Education
Lakeshore Technical College District
Cleveland, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lakeshore Technical College District, Cleveland, Wisconsin (the "District") and its discretely presented component unit as of and for the year ended June 30, 2019, 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 10, 2019. The financial statements of the Lakeshore Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Lakeshore Technical College Foundation, Inc.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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


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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

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

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
December 10, 2019



Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the District Board
Lakeshore Technical College District
Cleveland, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited Lakeshore Technical College District, Cleveland, Wisconsin's (the "District's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of Lakeshore Technical College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Lakeshore Technical College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, Lakeshore Technical College 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.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Lakeshore Technical College 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 Lakeshore Technical College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lakeshore Technical College's internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
December 10, 2019

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the fiscal year ended June 30, 2019

Grantor Agency/Pass-through Agency/Program/Grant Title	CFDA Number	Pass through Number/ Identification Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
U.S. DEPARTMENT OF AGRICULTURE								
Rural Utilities Service's Distance Learning and Telemedicine Loan and Grant Program Videoconferencing (986)	10.855	WI 733-A16	9/12/16-9/12/19	\$ 724,911	\$ 49,879	\$ 37,724	\$ 87,603	\$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE				724,911	49,879	37,724	87,603	-
U.S. DEPARTMENT OF LABOR								
H-1B Job Training Grants	17.268							
Passed thru Wisconsin Technical College System								
WAGES Systemwide Apprenticeship Curricula (757)		11-757-155-117	10/1/16-12/31/19	518,400	97,200	-	97,200	-
Mechatronics Apprenticeship		11-958-155-119	7/1/18-6/30/19	14,850	14,850	-	14,850	-
Passed thru Bay Area Workforce Development Board								
Business Solutions Specialist (935)		19LTC BUSSOL	7/1/18-6/30/19	82,058	80,813	-	80,813	-
TOTAL U.S. DEPARTMENT OF LABOR				615,308	192,863	-	192,863	-
U.S. DEPARTMENT OF TRANSPORTATION								
Interagency Hazardous Materials Public Sector Training and Planning Grants								
Haz-Mat Interagency Hazardous Materials	20.703	n/a	7/1/18-6/30/19	3,677	3,677	-	3,677	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				3,677	3,677	-	3,677	-
U.S. DEPARTMENT OF EDUCATION								
Adult Education - Basic Grants to States	84.002							
Passed Through Wisconsin Technical College System								
Special Focus - IELCE		11-914-146-169	7/1/18-6/30/19	84,649	84,649	28,216	112,865	-
AEFL-Comprehensive		11-915-146-129	7/1/18-6/30/19	210,856	210,856	463,600	674,456	-
Special Focus - Corrections		11-922-146-119	7/1/18-6/30/19	84,719	84,719	28,239	112,958	-
ELL Course Revision Completion		11-941-146-139	3/29/19-3/28/20	5,040	5,040	-	5,040	-
Total Adult Education - Basic Grants to States				385,264	385,264	520,055	905,319	
<i>Student Financial Assistance Cluster</i>								
SEOG	84.007	P007A184506	7/1/18-6/30/19	83,520	78,300	26,100	104,400	-
Federal Work Study Program	84.033	P033A184506	7/1/18-6/30/19	61,977	60,979	20,326	81,306	-
PELL	84.063	P063P183160	7/1/18-6/30/19	3,119,798	3,119,798	-	3,119,798	-
Federal Direct Student Loans	84.268	P268K193160	7/1/18-6/30/19	2,550,209	2,550,209	-	2,550,209	-
Total Student Financial Assistance Cluster				5,815,504	5,809,286	46,426	5,855,713	-

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued) For the fiscal year ended June 30, 2019

Grantor Agency/Pass-through Agency/Program/Grant Title	CFDA Number	Pass through Number/ Identification Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures	Passed through to Sub- Recipients
TRIO Cluster								
Student Support Services Program	84.042							
TRIO-Student Support Services (991)		P042A150027	9/1/15-8/31/20	1,100,000	216,306	-	216,306	-
Career and Technical Education - Basic Grants to States	84.048							
Passed through Wisconsin Technical College System								
Student Success		11-904-150-239	7/1/18-6/30/19	172,299	172,299	182,600	354,899	-
Strengthening Programs		11-907-150-259	7/1/18-6/30/19	55,153	55,153	-	55,153	-
Non-Traditional Occupations		11-909-150-269	7/1/18-6/30/19	52,730	52,730	-	52,730	-
Career Prep		11-934-150-219	7/1/18-6/30/19	35,258	35,258	-	35,258	-
Total Career and Technical Education - Basic Grants to States	84.048			315,440	315,440	182,600	498,040	-
TOTAL U.S. DEPARTMENT OF EDUCATION				7,616,208	6,726,296	749,081	7,475,378	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>								
116 NIEHS Hazardous Waste Worker Health and Safety Training	93.142							
Passed through University of Cincinnati								
HazMat Worker Health and Safety Training Cooperative Agreement (875)		ES006184-26	8/1/17-7/31/18	160,401	29,593	-	29,593	-
HazMat Worker Health and Safety Training Cooperative Agreement (975)		ES006184-27	8/1/16-7/31/17	142,401	131,585	-	131,585	-
Total NIEHS Hazardous Waste Worker Health and Safety Training				302,802	161,178	-	161,178	-
Medicaid Cluster								
Medical Assistance Program	93.778							
Passed through State of WI Department of Health Services								
WI Caregiver Career Program Training (880)		435600-G18-0680TECHCOL-01	3/1/18-2/29/20	27,090	27,090	(3,216)	23,874	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				329,892	188,268	(3,216)	185,052	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>								
Passed through Wisconsin Technical College System	97.044							
Assistance to Firefighters		11-976-153-119	7/1/18-8/27/19	31,250	31,224	4,682	35,906	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				31,250	31,224	4,682	35,906	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 9,321,246	\$ 7,192,207	\$ 788,271	\$ 7,980,478	\$ -

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued) For the fiscal year ended June 30, 2019

Grantor Agency/Pass-through Agency/Program/Grant Title	CFDA Number	Pass through Number/ Identification Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures	Passed through to Sub- Recipients
Reconciliation of Federal Revenue								
Schedule of Expenditures of Federal Awards					\$ 7,192,207			
DEDUCT:								
Federal Direct Student Loans					2,550,209			
ADD:								
Financial Aid Administration					14,105			
Veterans Administration - Recording Fee					1,447			
Revenue from Prior Year's Projects					<u>(270)</u>			
						<u>\$ 4,657,280</u>		
Federal grants					\$ 4,560,960			
Federal capital grants					<u>96,320</u>			
Basic Financial Statements						<u>\$ 4,657,280</u>		

See Notes to the Schedule of Federal and State Awards.

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS For the fiscal year ended June 30, 2019

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog Number	Pass through Number/ Identification Number	Grant Period	Grant Amount	State Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
WISCONSIN DEPARTMENT OF TRANSPORTATION								
Driver Education	20.395(4)(aq)							
Motorcycle Safety Grant		MG-2019-LTC-51/52	1/1/19-12/31/19	\$ 23,105	\$ 11,552	\$ -	\$ 11,552	\$ -
Total Driver Education & Wisconsin Department of Transportation				<u>23,105</u>	<u>11,552</u>	<u>-</u>	<u>11,552</u>	<u>-</u>
WISCONSIN HIGHER EDUCATION AIDS BOARD								
Wisconsin Higher Education Grant	235.102	N/A	7/1/18-6/30/19	654,392	654,392	-	654,392	-
Remission of Fees for Veterans and Dependents	235.105	N/A	7/1/18-6/30/19	111,376	111,376	-	111,376	-
Wisconsin Covenant Scholars	235.108	N/A	7/1/18-6/30/19	1,375	1,375	-	1,375	-
Talent Incentive Program	235.114	N/A	7/1/18-6/30/19	21,600	21,600	-	21,600	-
Nursing Student Loan	235.117	N/A	7/1/18-6/30/19	6,000	6,000	-	6,000	-
Technical Excellence Scholarship	235.119	N/A	7/1/18-6/30/19	23,627	23,627	-	23,627	-
Wisconsin Indian Assistance Grant	235.132	N/A	7/1/18-6/30/19	5,500	5,500	-	5,500	-
Total Wisconsin Higher Education Aids Board				<u>823,870</u>	<u>823,870</u>	<u>-</u>	<u>823,870</u>	<u>-</u>
WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD								
WTCS Emergency Assistance Grant	292.104							
Student Emergency Fund		11-860-104-118	7/1/17-6/30/18	13,925	15	-	15	-
Student Emergency Fund		11-960-104-119	7/1/18-6/30/19	14,361	14,328	-	14,328	-
Total WTCS Emergency Assistance Grants	292.104			<u>28,286</u>	<u>14,343</u>	<u>-</u>	<u>14,343</u>	<u>-</u>
State Aid for Technical Colleges	292.105	N/A	7/1/18-6/30/19	2,790,060	2,790,060	-	2,790,060	-
Grants to District Boards	292.124							
Career Pathways - Lakeshore Public Safety Consortium		11-908-124-129	7/1/18-6/30/19	157,636	157,636	52,545	210,181	-
Career Pathways - Nursing Associate Degree		11-910-124-129	7/1/18-6/30/19	131,956	131,956	43,985	175,941	-
Student Success Initiative		11-812-124-198	5/4/18-4/1/19	20,000	20,000	-	20,000	-
Professional Growth		11-919-124-159	7/1/18-6/30/19	51,243	51,243	25,621	76,864	-
Completion		11-920-124-169	7/1/18-6/30/19	225,000	225,000	75,000	300,000	-
Developing Markets - Manufacturing IT		11-921-124-149	7/1/18-6/30/19	199,709	199,709	-	199,709	-
Core Industry - Electro-Mechanical Technology		11-924-124-139	7/1/18-6/30/19	499,560	499,560	-	499,560	-
Core Industry - Ophthalmic Medical Assistant		11-926-124-139	7/1/18-6/30/19	217,539	133,750	-	133,750	-
Passed through Northeast Wisconsin Technical College								
Advanced Manufacturing Network (840)		13-440-124-188	7/1/17-11/12/18	10,840	5,473	-	5,473	-
Passed through Moraine Park Technical College								
Advanced Manufacturing Network (940)		10-552-124-189	11/19/18-11/18/19	10,590	1,333	-	1,333	-
ARI Systemwide Curricula		11-956-124-119	7/1/18-6/30/19	27,431	27,431	-	27,431	-
ARI Industrial Electrician		11-957-124-119	7/1/18-6/30/19	10,613	10,613	-	10,613	-
Captioning		11-861-124-198	2/1/18-6/30/19	20,000	20,000	-	20,000	-
Total Grants to District Boards	292.124			<u>1,582,117</u>	<u>1,483,704</u>	<u>197,151</u>	<u>1,680,855</u>	<u>-</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued) For the fiscal year ended June 30, 2019

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog Number	Pass through Number/ Identification Number	Grant Period	Grant Amount	State Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
Promising Practice Mini Grant	292.132	11-912-132-119	10/15/18-4/30/19	4,425	4,425	-	4,425	-
Fire Fighter Training 2%	292.137	N/A	7/1/18-6/30/19	21,188	21,188	-	21,188	-
Property Tax Relief Aid	292.162	N/A	7/1/18-6/30/19	11,877,887	11,877,887	-	11,877,887	-
TOTAL WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD				<u>16,303,963</u>	<u>16,191,607</u>	<u>197,151</u>	<u>16,388,758</u>	<u>-</u>
<u>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</u>								
State Aid in Lieu of Property Taxes	370.503	N/A	7/1/18-6/30/19	13,160	13,160	-	13,160	-
<u>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</u>								
Local Youth Apprenticeship Grants Youth Apprenticeship	445.107	111954	7/1/2018-6/30/19	113,400	112,415	56,401	168,816	-
Wisconsin Fast Forward Dual Credit Training for Teachers	445.109	EF181DE10001	6/1/18-6/30/20	255,000	662	-	662	-
TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT				<u>368,400</u>	<u>113,077</u>	<u>56,401</u>	<u>169,478</u>	<u>-</u>
<u>WISCONSIN DEPARTMENT OF REVENUE</u>								
State Aid-Personal Property Tax	835.103	N/A	7/1/18-6/30/19	66,403	66,403	-	66,403	-
State Aid - Computers	835.109	N/A	7/1/18-6/30/19	75,655	75,655	-	75,655	-
TOTAL EXPENDITURES OF STATE AWARDS				<u>\$ 17,674,555</u>	<u>\$ 17,295,324</u>	<u>\$ 253,552</u>	<u>\$ 17,548,876</u>	<u>\$ -</u>

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued) For the fiscal year ended June 30, 2019

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog Number	Pass through Number/ Identification Number	Grant Period	Grant Amount	State Direct Revenue	Match	Total Expenditures	Passed through to Sub- Recipients
<u>Reconciliation of State Revenue</u>								
Schedule of Expenditures of State Awards					\$ 17,295,324			
ADD:								
Revenue from Prior Year's Projects						9		
DEDUCT:								
Wisconsin Higher Education Grant						654,392		
Talent Incentive Program						21,600		
Wisconsin Covenant Scholars						1,375		
Nursing Student Loan						6,000		
Wisconsin Indian Assistance Grant						<u>5,500</u>		
							<u>\$ 16,606,465</u>	
State Operating Appropriations					\$ 14,887,923			
State Grants						1,391,242		
State Capital Grants						<u>327,300</u>		
Basic Financial Statements							<u>\$ 16,606,465</u>	

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the fiscal year ended June 30, 2019

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards for the District are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the “State Single Audit Guidelines” issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 – Significant Accounting Policies

Revenues and expenditures in the schedule are presented in accordance with the accrual basis of accounting and are in agreement with amounts reported in the District’s basic financial statements. Expenditures are recognized following the cost principles contained in the Uniform guidance and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end includes federal and state program expenditures scheduled for reimbursement to the District in the succeeding year. Match represents District contributions to federal and state programs.

Note 3 – Oversight Agencies

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

Note 4 – Indirect Cost Rate

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

Lakeshore Technical College District

Cleveland, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	None Reported
Noncompliance material to basic financial statements noted?	No

FEDERAL AND STATE AWARDS

Internal control over major program:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No

Identification of major federal programs:

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

Identification of major state programs:

State ID Number	Name of State Program
235.102	Wisconsin Higher Education Grant
235.114	Talent Incentive Program
292.105	State Aid for Tech Colleges
292.162	Property Tax Relief Aid

Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$750,000
State Awards	\$250,000

Auditee qualified as low-risk auditee Yes

Lakeshore Technical College District Cleveland, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

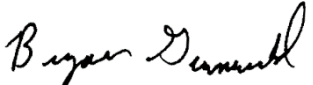
SECTION II - FINANCIAL STATEMENT FINDINGS

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended June 30, 2019.

SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no audit findings and questioned costs required to be reported under the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2019.

SECTION IV - OTHER ISSUES

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Wisconsin Department of Transportation | No |
| Wisconsin Higher Education Aids Board | No |
| Wisconsin Technical College System Board | No |
| Wisconsin Department of Natural Resources | No |
| Wisconsin Department of Workforce Development | No |
| Wisconsin Department of Revenue | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner |  |
| | Bryan Grunewald, CPA |
| 5. Date of report | December 10, 2019 |

LAKESHORE TECHNICAL COLLEGE

gotoltc.edu • 1.888.GO TO LTC • TTY 711

1290 North Avenue • Cleveland WI

HLC Accredited • hlcommission.org

LAKESHORE TECHNICAL COLLEGE DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, NATIONAL ORIGIN, SEX, DISABILITY OR AGE IN EMPLOYMENT, ADMISSIONS OR ITS PROGRAMS OR ACTIVITIES. THE HUMAN RESOURCES DEPARTMENT/AFFIRMATIVE ACTION OFFICER HAS BEEN DESIGNATED TO HANDLE INQUIRIES REGARDING THE COLLEGE'S NONDISCRIMINATION POLICIES.

