



# Comprehensive Annual Financial Report

For the Fiscal Years Ended **June 30, 2014 & 2013**



# LAKESHORE TECHNICAL COLLEGE DISTRICT

1290 North Avenue  
Cleveland, WI 53015  
920.693.1000

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal years ended June 30, 2014 and 2013

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### LTC District Board

Ms. Nancy H. Crowley	Chair
Ms. Sharon Chappy	Vice-Chair
Ms. Cindy Huhn	Secretary/Treasurer
Mr. Christine Adelman	Member
Mr. Lucio Fuentez	Member
Ms. Vicky Hildebrandt	Member
Mr. Roy W. Kluss	Member
Mr. John S. Lukas	Member
Dr. Joseph Sheehan	Member

### Administration

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

### Official Issuing Report

Ms. Cindy Dross	Chief Financial Officer
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### Report Prepared by:

Ms. Molly O'Connell	Business Office Manager
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### Assisted by:

Financial Services staff  
Research and Planning staff

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# LAKESHORE TECHNICAL COLLEGE DISTRICT

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# LAKESHORE TECHNICAL COLLEGE DISTRICT

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## Introductory Section

December 17, 2014

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

The Comprehensive Annual Financial Report (CAFR) of Lakeshore Technical College District (District, College or LTC) for the fiscal year ended June 30, 2014 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data is accurate and reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

Michael A. Lanser, Ed.D., President

## **PROFILE OF THE DISTRICT**

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

Located in east central Wisconsin, LTC serves a district which measures approximately 1,200 square miles, covering Manitowoc and Sheboygan counties as well as parts of Calumet and Ozaukee counties. The main campus, consisting of five buildings on a 154-acre site, as well as an environmental campus, is in the village of Cleveland, Wisconsin, centrally located between the District's two primary city centers, Manitowoc and Sheboygan. The College operates two learning centers strategically located in the Sheboygan and Manitowoc Job Center facilities. LTC also operates community education centers in District high schools with a focus on Mishicot and Two Rivers, Kiel and Plymouth, Cedar Grove-Belgium, Oostburg, and Random Lake.

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

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

In addition to the strategic plan, the College adopts an annual theme each fall and develops corresponding staff development opportunities to advance its commitment to student learning and staff development. Recent annual themes include: "Innovation" in 2011-12, "Keep it Simple" in 2012-13 and "Strive for Five" in 2013-14.

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

### **Scope of Educational Offerings**

LTC's mission is realized with each graduation as students enter the workforce equipped with critical skills and core abilities (common learning objectives) to meet employer needs. The College's educational offerings include degree and diploma programs, apprenticeships, incumbent worker training, and pre-college instruction. Additional student learning opportunities include internships, clinicals, participation in student clubs, and service learning. Thirty-six associate of applied science degrees, twenty-nine technical diplomas, and ten state-indentured apprenticeships are offered through eight instructional divisions. LTC's programs incorporate industry-leading technologies to reflect the employment needs and provide a base for lifetime learning. Students access these technologies for hands-on learning. To increase student



accessibility, programs are shared with other colleges and courses are offered through flexible learning options. Thirteen programs hold professional or specialized accreditation certification from eleven entities.

In addition to meeting the needs of District residents through programs and course offerings, LTC offers courses, workshops, and seminars to meet the needs of business and industry. LTC's Workforce Solutions provides customized training to employers to update employee skills and improve workplace performance. It also provides entrepreneurship services through E-Seed courses and business assistance in plan development to local entrepreneurs.

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

### **Student Base, Needs, Requirements**

LTC's student base is slightly lower than the District's demographics, with 77 percent of students over 25 years of age. The median student age for the College changes with the economy, from a median of 27 in 2000-01 to 36 in 2010-11, and back down to 27 in 2012-13. The District's estimated minority population is nearly 11 percent.

Seventy-nine percent of the College's student base resides in the District. Flexible learning options allow the College to serve a student population outside the commutable geographic area. Another market segment for the College is prior degree holders.

### **Collaboration**

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

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

LTC has many key partnerships: the Wisconsin Indianhead, Lakeshore, and Mid-State Consortium (WILM), the Bay Area Workforce Development Board (BAWDB), Snap-On, the LTC Foundation, LTC-Plymouth Science and Technology Center and the area school districts. WILM provides oversight and leadership for the information systems and data needs for the three collaborating colleges. The BAWDB provides a network of state, regional, and local resources to support the workforce and companies. Part of the network is the Manitowoc and Sheboygan Job Centers which provide strategic learning sites in the District's population centers as well as partnerships with the counties, Great Lakes Training and Development, and the Department of Vocational Rehabilitation. LTC's relationship with Snap-On has provided access to curriculum and tools to enhance students' hands-on learning. The LTC Foundation provides resources to support students, activities, and current learning environments that help students succeed. Additionally, the LTC Foundation works with the College to ensure that private resources are available for student scholarships as well as for initiatives that help achieve College-wide goals.

The College values the importance of strong relationships with K-12 partners as evidenced by the high schools that serve as LTC Community Education centers. The College employs two Career Coaches to assist high school students with their transition to college, a Youth Apprenticeship Coordinator, two Youth Apprenticeship Specialists and a K-12 Relations Manager to build relationships, enhance dual credit opportunities, and increase transition rate. These relationships led LTC to partner with School

District of Mishicot and area manufacturers to expand LTC technical programming into the high school to meet local employment needs through a DWD grant and develop a center to serve the northern region of our district. This center will focus on offerings in high demand occupational areas which lead students to Pathway Certificates. The college also partners with the Sheboygan Area School District to bring certificates to Central High School, including Customer Service, Early Childhood, Welding, Dietary Aide, Nursing Assistant and Health Care Customer Service.

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

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

Within its broad range of technical education, the College has many distinctive teaching/learning facilities that use technology to enhance the students' hands-on learning experiences. The Clinical Skills Lab offers an intravenous (IV) arms, human patient simulators, a planned radiography lab, and other hands-on learning equipment for healthcare students to practice and check off skills before being placed in a clinical site externship. The human patient simulator simulates health conditions for students to practice treating. The Dental Clinic provides students an opportunity to work in a multi-chair dental clinic. Local dentists, hygienists, and assistants volunteer their time to work with students and provide community dental care.

The Public Safety Training Center offers programs and training ranging from Emergency Medical Services (EMS) to Confined Rescue. A fully operational Emergency Operations Center provides a site for hands-on training and an alternate site for emergency responders in case of an event. In fall 2010, a state-of-the-art driving skills course was opened offering training to emergency vehicle operators, motorcyclists, and potentially other drivers. This course provides local agencies opportunities to train more often with the desired outcome of less traffic injuries or fatalities. In 2010-11, a high angle rescue tower was erected to teach proper climbing and fall rescue techniques.

LTC's renewable energy demonstrations include four grid-tied wind turbines and two photovoltaic panels which introduced renewable energy and sustainability education. The College utilizes light tubes to light spaces in place of fluorescent fixtures and lighting controls to turn-off lights in spaces not in use. In 2011, the College developed an Energy Education Center. Future sustainable infrastructure installations are planned as well as additional residential workshops and sustainability offerings. In 2010, the College began leasing property from the LTC Foundation, for our Environmental Campus. The Environmental Campus houses the Sustainable Horticulture and Landscape Horticulture programs.

The Center for Manufacturing Excellence includes the Flexible Training Arena (FTA) and the Nierode Building. The Flexible Training Arena 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. LTC expanded the facilities of the FTA in 2013-14, in order to combine and expand the welding labs, provide space for the fabrication program and increase lab space for Industrial Maintenance and other programs. In addition, space in the Nierode building was remodeled to expand the Machine Tool and CNC, Automation and Food Manufacturing programs throughout the summer of 2014.

LTC has also collaborated with Plymouth High School to create a LTC Plymouth Science and Technology Center. The labs and classrooms are used by the high school students during the day and by LTC students in the evenings. In 2012, LTC in collaboration with the Department of Corrections and Bay Area Workforce Development Board purchased a truck and trailer to be used as a Mobile Manufacturing Lab. The lab contains equipment that is used for training in basic mechanics and

industrial automation. The lab provides training to the Department of Corrections as well as to local high schools.

In 2010, the College began leasing property from the LTC Foundation for the Environmental Campus. The Environmental Campus houses the Sustainable Horticulture and Landscape Horticulture programs. LTC also leased a former restaurant in Sheboygan to house the Culinary Program in May 2012. The facility includes a high performance kitchen, demonstration kitchen and classroom, and a full service restaurant. Besides culinary classes, the students will also gain hands-on experience through managing the restaurant. Internships at various restaurants and resorts in the area will provide additional learning opportunities for the students. Students in the Hotel and Hospitality, Graphic and Web Design, and Accounting programs are involved in various aspects of the program and restaurant.

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

### **Faculty and Staff Base**

LTC employs 293 full and part-time people within three organizational groups: 117 support staff, 60 management staff, 116 faculty. The Lakeshore Educational Association (Local 3201 of the National Education Association), represents 51% bargaining unit faculty. Management and support staff are not represented by a union. LTC also employs 498 part time (adjunct) faculty, students, temporary help, dentists and child care workers. The staff are aligned to ten functional areas which make up the systems of the College.

## **ECONOMIC CONDITIONS**

### **Competitive Environment**

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

There is increased competition globally from institutions offering on-line courses. For-profit institutions have increased their local presence through information nights, newspaper, radio, and television advertisements. Institutions such as Rasmussen, University of Phoenix, Upper Iowa, Globe University, Kaplan University, Bryant & Stratton College, and ITT Tech have invested in facilities within the region offering niche programs that are in direct competition with LTC. Some local employers have on-site training facilities as well as UW Colleges/Extension offering continuing education that compete with LTC's Workforce Solutions' offerings.

## **PLANNING PROCESS**

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

The strategic plan spans four years and is reviewed annually with broad input from business, community, educators, staff, and students. The feedback is analyzed and prioritized to develop the annual priorities. Current performance is analyzed using the College monitor, key results, and year-end report.

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

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

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

## **VISION, MISSION AND ENDS POLICY**

### **Vision**

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

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

### **Mission**

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

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

### **District Board Ends Policies**

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

#### **Community**

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

#### **Learning Opportunities**

Learning opportunities are affordable and accessible, within available resources.

## **MANAGEMENT SYSTEMS AND CONTROLS**

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

## **Internal Controls**

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

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

## **Budgetary System**

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

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

## **Independent Audit**

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

**Certificate**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lakeshore Technical College for its comprehensive annual financial report for the fiscal year ended June 30, 2013. 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.

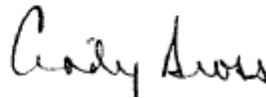
**Acknowledgment**

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 District's independent auditors, Schenck SC. We express our appreciation to our staff for their hours in preparing this report.

Respectfully submitted,



Michael Lanser, Ed.D.  
President



Cindy Dross, CPA  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**Lakeshore Technical College District**

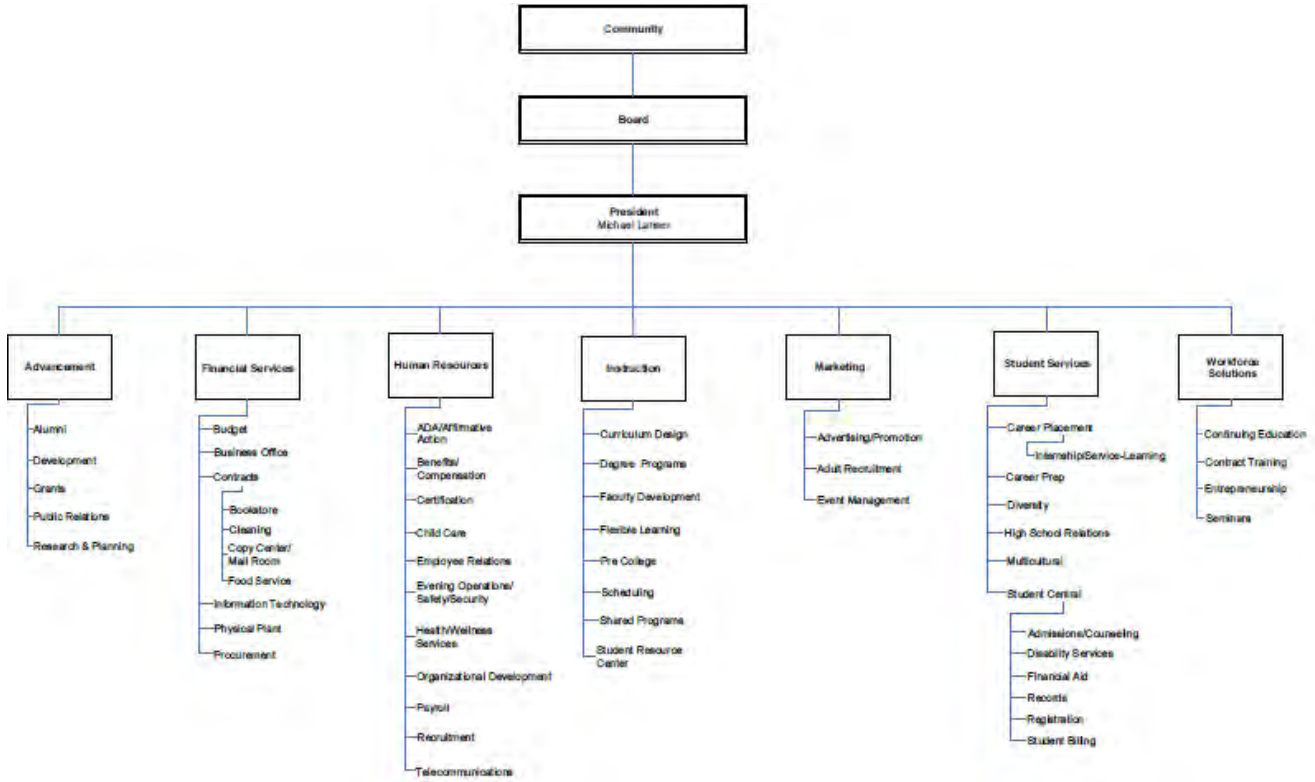
**Wisconsin**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# Lakeshore Technical College Organizational Chart



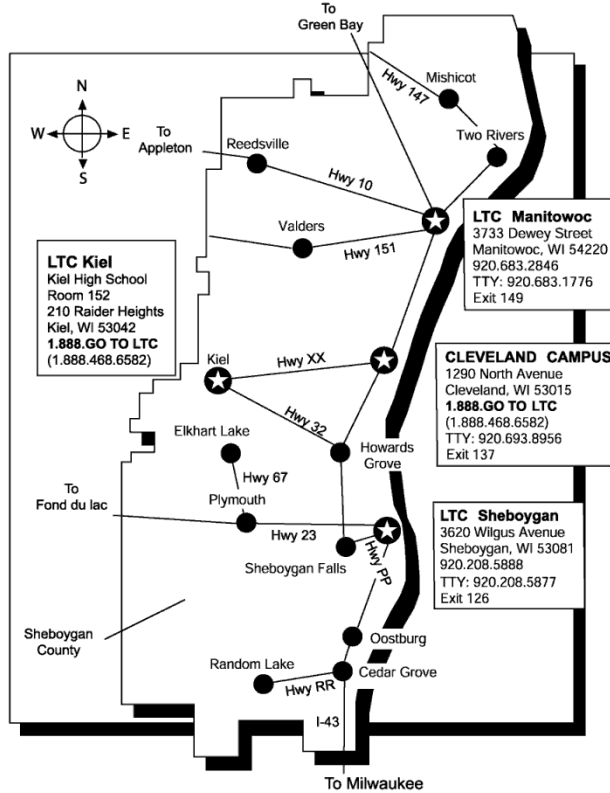


**Lakeshore Technical College  
District Board**

<b>Officers</b>	<b>Name</b>	<b>Membership Type</b>
Chair	Nancy H. Crowley	Additional Member
Vice-Chair	Sharon Chappy	Additional Member
Secretary/Treasurer	Cindy Huhn	Elected Official Member
Member	Christine Adelman	Employee Member
Member	Lucio Fuentez	Employer Member
Member	Vicky Hildebrandt	Additional Member
Member	John Lukas	Employer Member
Member	Roy W. Kluss	Employee Member
Member	Dr. Joseph Sheehan	School District Administrator Member

**Lakeshore Technical College District**

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



## Financial Section

## INDEPENDENT AUDITORS' REPORT

To the District Board  
Lakeshore Technical College District  
Cleveland, Wisconsin

### ***Report on the Financial Statements***

We have audited the accompanying basic financial statements of the Lakeshore Technical College District (the District) and the discretely component unit as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Lakeshore Technical College District as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 1A, the District has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

As described in Note 1J, the District has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 29, and the schedule of funding progress and the schedule of employer contributions on page 61 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 audits 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 audits were 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 and the other information, such as the introductory and statistical section, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants

Sheboygan, Wisconsin  
November 12, 2014

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

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

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

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

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

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

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

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

The College implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2013. This regulation requires the College to expense debt issuance costs in the year they are incurred instead of amortizing those costs over the life of the debt. The portion of debt issuance costs that were incurred in years prior to 2013 and not yet expensed are reported on the Statement of Revenues, Expenses and Changes in Net Position as a cumulative change in accounting principle in the amount of \$15,050.



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

	2014	2013	Increase/(Decrease)		2012
			\$	%	
<b>Operating Revenues</b>					
Program fees	\$ 4,871,487	\$ 5,212,340	\$ (340,853)	-6.5%	\$ 5,941,546
Material fees	317,475	330,519	(13,044)	-3.9%	339,445
Other student fees	633,708	592,491	41,217	7.0%	669,023
Federal grants	5,165,082	5,335,658	(170,576)	-3.2%	5,346,341
State grants	1,133,099	1,309,717	(176,618)	-13.5%	1,441,612
Business & school contracts	1,303,938	1,198,602	105,336	8.8%	1,058,262
Auxiliary enterprise revenue	1,460,728	1,156,000	304,728	26.4%	1,049,107
Miscellaneous revenue	833,423	1,030,679	(197,256)	-19.1%	720,436
Total operating revenues	<u>15,718,940</u>	<u>16,166,006</u>	<u>(447,066)</u>	<u>-2.8%</u>	<u>16,565,772</u>
<b>Non-operating Revenues</b>					
Property taxes	22,146,080	22,114,352	31,728	0.1%	22,031,068
State operating appropriations	2,744,687	2,916,657	(171,970)	-5.9%	2,881,080
Gain on sale of capital assets	0	32,684	(32,684)	-100.0%	8,031
Interest income	177,832	199,221	(21,389)	-10.7%	148,355
Realized and unrealized gain (loss) on investments	2,574	(277,010)	279,584	-100.9%	231,264
Total non-operating revenues	<u>25,071,173</u>	<u>24,985,904</u>	<u>85,269</u>	<u>0.3%</u>	<u>25,299,798</u>
Total revenues	<u>40,790,113</u>	<u>41,151,910</u>	<u>(361,797)</u>	<u>-0.9%</u>	<u>41,865,570</u>
<b>Operating Expenses</b>					
Instruction	20,839,681	22,114,622	(1,274,941)	-5.8%	21,342,093
Instructional resources	1,178,019	1,267,206	(89,187)	-7.0%	1,300,558
Student services	4,125,590	3,377,376	748,214	22.2%	3,268,403
General institutional	4,646,304	4,524,899	121,405	2.7%	4,810,180
Physical plant	3,418,572	2,777,227	641,345	23.1%	2,901,839
Auxiliary enterprise services	1,639,328	1,476,354	162,974	11.0%	1,024,776
Depreciation	3,221,118	2,983,097	238,021	8.0%	2,631,714
Student aid	2,303,114	2,706,886	(403,772)	-14.9%	3,529,081
Total operating expenses	<u>41,371,726</u>	<u>41,227,667</u>	<u>144,059</u>	<u>0.3%</u>	<u>40,808,644</u>
<b>Non-operating Expenses</b>					
Loss on sale of capital assets	25,175	0	25,175	0.0%	0
Interest expense	543,016	490,161	52,855	10.8%	658,367
Total non-operating expenses	<u>568,191</u>	<u>490,161</u>	<u>78,030</u>	<u>15.9%</u>	<u>658,367</u>
Total expenses	<u>41,939,917</u>	<u>41,717,828</u>	<u>222,089</u>	<u>0.5%</u>	<u>41,467,011</u>
Change in net position before capital contributions	(1,149,804)	(565,918)	(583,886)	103.2%	398,559
Contributions	1,570,000	700,000	870,000		0
Federal and state capital grants	215,347	256,041	(40,694)	-15.9%	205,020
Change in net position after capital contributions	<u>635,543</u>	<u>390,123</u>	<u>\$ 245,420</u>	<u>62.9%</u>	<u>603,579</u>
Cumulative effect of change in accounting principle	<u>0</u>	<u>(15,050)</u>			<u>0</u>
Net position - beginning of the year	<u>16,676,725</u>	<u>16,301,652</u>			<u>15,698,073</u>
Net position - end of the year	<u>\$ 17,312,268</u>	<u>\$ 16,676,725</u>			<u>\$ 16,301,652</u>

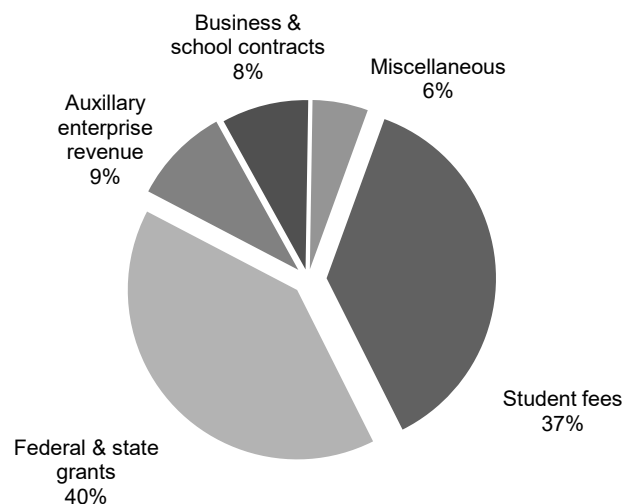
**Operating revenues** are the charges for services offered by the College. During 2014, the College generated \$15.7 million of operating revenue. This is a decrease of \$447,000 from 2013, or 2.8%, compared with a decrease of \$400,000, or 2.4% in 2013.

Significant changes in operating revenue for the years ended June 30, 2014 and 2013 are as follows:

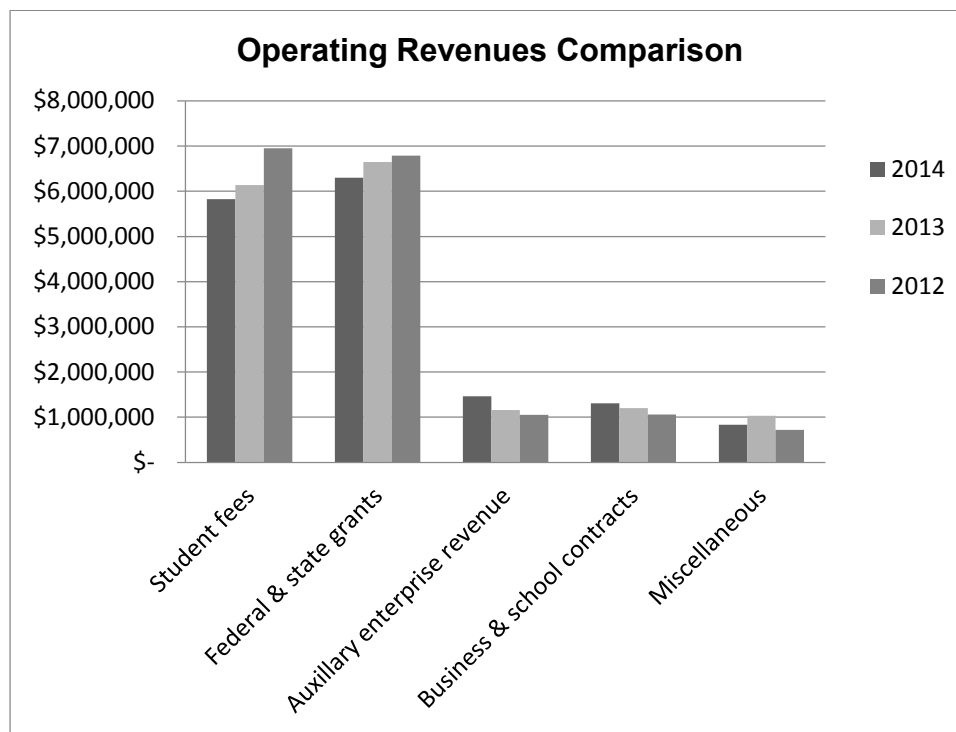
- Program, material and other fees charged to students for attending courses decreased by \$313,000 or 5% in 2014 compared to a decrease of \$815,000, or 12% in 2013. LTC experienced a 6% decrease in student FTE's (full-time equivalent) for 2014 and a 5% decrease in 2013. During tough economic times, LTC historically has seen an increase in FTEs. Individuals who have been laid off or terminated from their employment come to LTC to be re-trained. Student FTEs decreased for 2014 and 2013 as the dislocated workers completed their programs and federal and state agency funding for dislocated workers came to an end. Increased program fee rates, which are set by the state, offset the decrease in enrollments. The state increased the program fee rates by 4.5% for 2014 and 2013, and 5.5% for 2012.
- Federal and state grants for specific purposes, including financial aid payments to students, totaled \$6.3 million for 2014, a decrease of \$347,000, or 5%. State grant revenue decreased \$177,000 due to a decrease in health care education and curriculum development grants, while federal grant revenue decreased \$171,000 due to a decrease in PELL grant revenue. In 2013, federal and state grant operating revenue was \$6.6 million, a decrease of \$143,000 or 2%. This decrease was due to a decrease in workforce advancement grants.
- Auxiliary enterprise revenues, including revenues generated by the bookstore, food service, child care, culinary restaurant and other instructional related activities, increased \$305,000, or 26%, in 2014 while 2013 showed an increase of \$107,000 or 10%. The increase in 2014 is due to an increase in instructional related revenue, shuttle revenue and other miscellaneous revenue. The increase in 2013 is due to the opening of the Culinary Institute in September 2012.
- Contract revenues result from customized training to business and industry as well as local school districts. Contract revenues increased by \$105,000 or 9% in 2014 and increased \$140,000 or 13% in 2013. The increase in both years was due to an increase in high school contracts for dual enrollment courses.

The following is a graphical illustration of operating revenues by source for the fiscal year ended June 30, 2014.

### 2014 Operating Revenues



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



**Non-operating revenues** are revenue items not directly related to providing instruction. Non-operating revenues were \$25.0 million for 2014 and 2013 and \$25.3 million for 2012.

The most significant components of non-operating revenues for the years ended June 30, 2014 and 2013 include the following:

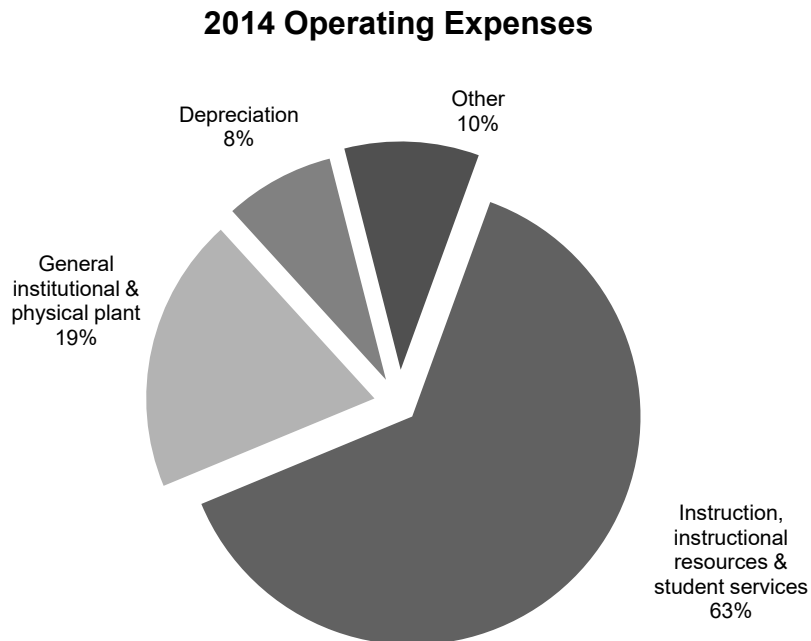
- Property taxes are the biggest source of revenue for the College. Property taxes levied by the College for 2014 and 2013 were \$22.1 million and were \$22.0 million for 2012. Property tax revenue for 2014 increased \$32,000 or 0.1%. In 2013, property tax revenue increased \$83,000, or 0.4%. Equalized values of property in the District decreased by 1% from 2013.
- State operating appropriations decreased \$172,000 or 6% in 2014 compared to an increase of \$36,000 or 1% in 2013. General state aids decreased \$162,000 or 8% in 2014 and decreased \$18,000 or 0.8% in 2013. Final state aid payments are not received until November following the fiscal year end. The amount of state aids received is based on a complicated formula that takes into consideration activities of the other fifteen technical colleges in Wisconsin, including actual expenditures, student FTE's, and equalized property valuations of each district.
- Interest income decreased \$21,000 or 10% in 2014, compared with an increase of \$51,000 or 34% in 2013. The weighted average interest rate on investments fell from 0.17% to 0.11%.
- For 2014, the realized and unrealized gain on investments was \$3,000. This compares to the realized and unrealized loss on investments of \$277,000 for 2013 and the realized and unrealized gain of \$231,000 for 2012. The year over year fluctuation is largely due to changes in the fair value of bonds and bond mutual funds held. It is the intention of the College to hold its bonds to maturity and to keep its investment in the bond mutual funds until the fair value of the funds improve.

**Operating expenses** are costs related to offering the programs of the College. During 2014, operating expenses totaled approximately \$41.4 million. This represents an increase of \$144,000 or 0.3%, compared to an increase of \$419,000 or 1% in 2013. The majority of these expenses, about 66%, are for salary and benefits. Other major types of expenses include supplies, printing and minor equipment (7%), contract services (4%), student aid (6%) and depreciation (8%). Expenses such as travel, insurance, utilities and other expenses account for the remaining 9% of total operating expenses.

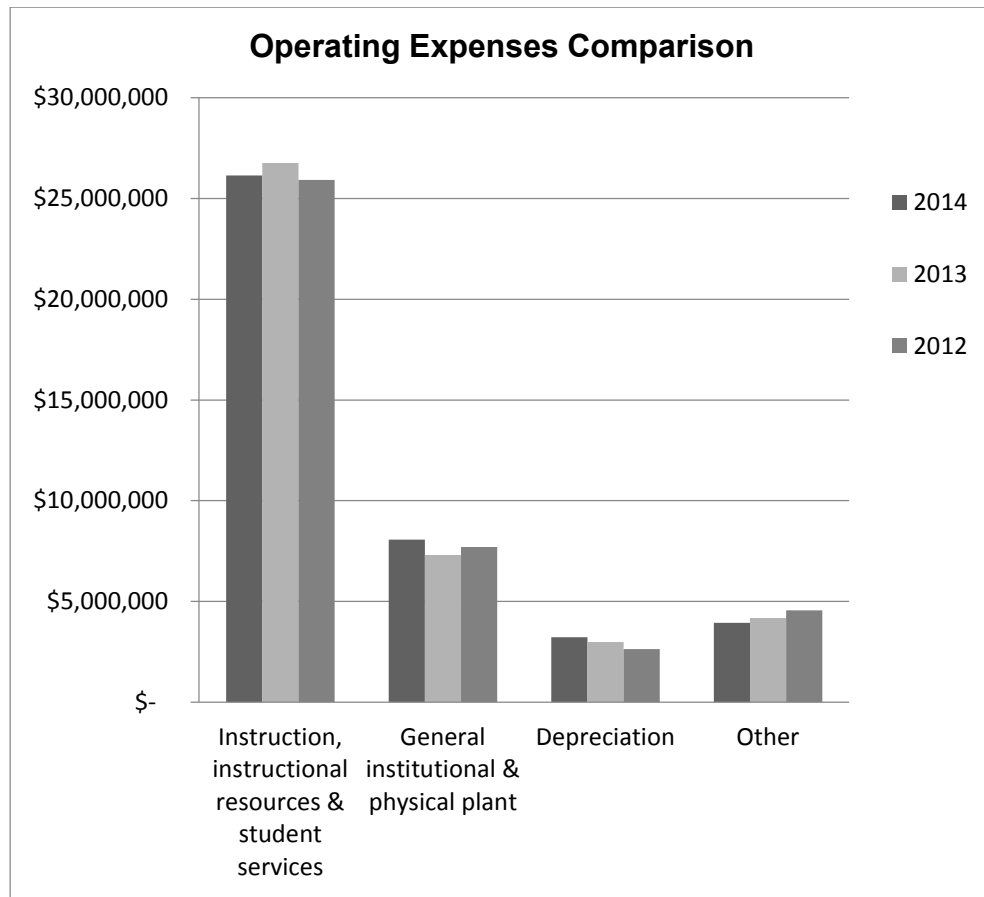
Significant changes in operating expenses for the years ended June 30, 2014 and 2013 are as follows:

- Direct costs (instruction, instructional resources and student services) decreased \$616,000 or 2% in 2014 due to a decrease in wages and benefits for summer school instruction and a decrease in minor equipment costs. In 2013, direct costs increased \$848,000 or 3% due to wage and benefit increases.
- General institutional and physical plant expenses increased \$763,000 or 10% to \$8.0 million for 2014, compared to \$7.3 million in 2013 and \$7.7 million for 2012. The year-over-year fluctuations are largely due to minor equipment purchases related to construction activity on campus.
- Auxiliary enterprise services expenses increased \$163,000 or 11% in 2014 and increased \$452,000 or 44% in 2013. The increase in 2014 was due to the outsourcing of a shuttle program for students and additional staffing for the Culinary Institute. The increase in 2013 was due to the opening of the Culinary Institute and expenses incurred for the in-house WILM data center.
- Student aid decreased by \$404,000 or 15% in 2014 and decreased \$822,000 or 23% in 2013. The decrease in 2014 is due to decreases in both direct lending and PELL grants. The decrease in 2013 is due to a decrease in direct lending.

The following is a graphical illustration of operating expenses by function for the fiscal year ended June 30, 2014.



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



**Non-operating expenses** are expense items not directly related to providing instruction. Non-operating expenses increased \$78,000 or 16% in 2014, compared to a decrease of \$168,000 or 26% in 2013. Interest expense of \$543,000, \$490,000 and \$658,000 was the main component of non-operating expenses for 2014, 2013 and 2012, 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:

	2014	2013	Increase/(Decrease)		2012
			\$	%	
Cash flows from operating activities	\$ (22,238,177)	\$ (21,390,577)	\$ (847,600)	-4.0%	\$ (21,468,141)
Cash flows from non-capital financing activities	24,095,975	24,241,989	(146,014)	-0.6%	24,869,330
Cash flows from capital & related financing activities	(3,271,846)	(3,346,561)	74,715	2.2%	(4,441,769)
Cash flows from investing activities	(3,695,621)	(838,450)	(2,857,171)	-340.8%	(188,239)
Net decrease in cash & cash equivalents	<u>\$ (5,109,669)</u>	<u>\$ (1,333,599)</u>	<u>\$ (3,776,070)</u>	<u>-283.1%</u>	<u>\$ (1,228,819)</u>

- **Cash flows from operating activities** decreased \$848,000 or 4% in 2014, compared to an increase of \$78,000 or 0.4% in 2013, due to the following:
  - ✓ Payments to employees of \$27.3 million in 2014, \$27.2 million in 2013, and \$26.1 million in 2012 made up the largest portion of the cash flows from operating activities. Salaries and wages for 2014 decreased \$197,000 or 1% due to decreased staffing levels and slight wage increases. Fringe benefit costs for active employees increased \$25,000 or 0.4%.
  - ✓ Payments to suppliers for 2014 decreased \$65,000 or 0.6%, due to increases in supplies and contracted services. This compares to a decrease of \$1.2 million or 10% in 2013 due to a decrease in contracted services and student financial aid activity.
  - ✓ Tuition and fees received from students for services were approximately \$5.7 million in 2014, \$5.8 million in 2013, and \$7.2 million in 2012. The year over year decreases are due to declining FTEs combined with an increase in student accounts receivable.
  - ✓ Federal and state grants received decreased \$522,000 or 7% in 2014 due to fewer federal and state grants. This compares to an increase of \$270,000 or 4% in 2013 due to a payment received for an EDA grant awarded in 2011.
  - ✓ Auxiliary enterprise revenues received increased \$233,000 or 19% in 2014 mainly due to revenue received from instructional related activities and the shuttle program. This compares with an increase of \$151,000 or 14% in 2013 due to revenue received from the culinary restaurant.
  - ✓ Business, industry and school district contract revenues received increased \$240,000 or 22% due to an increase in high school contracts. Contract revenues remained relatively flat at \$1.1 million for 2013 and 2012.
- **Cash flows from non-capital financing activities** decreased \$146,000 or 0.6% in 2014 and decreased \$627,000 or 2.5% in 2013. These cash flows consist primarily of property taxes and state appropriations received. Cash flows from property taxes were \$22.1 million in 2014, \$22.2 million in 2013, and \$22.3 million in 2012. State appropriations were \$2.7 million in 2014 and \$2.9 million in 2013 and 2012.
- **Cash flows from capital and related financing activities** is primarily made up of two categories of cash flows, including purchases of capital assets and capital related debt activity (debt proceeds

and principal and interest payments). For 2014 and 2013 there were cash outflows of \$3.3 million and for 2012 there were cash outflows of \$4.4 million.

- ✓ Debt proceeds were \$5.0 million in 2014, \$3.0 million in 2013, and \$4.5 million in 2012. Principal payments were \$2.9 million in 2014 and \$2.8 million in 2013 and \$3.5 million in 2012.
- ✓ Purchases of capital assets for 2014 amounted to \$6.5 million, compared to \$3.3 million in 2013 and \$5.2 million in 2012. Major projects for 2014 include the remodeling and addition to the Flexible Training Arena (\$3.2 million), remodeling and addition to the Nierode Building (\$2.5 million), network upgrade (\$102,000) and air handling units (\$175,000). Expenditures for 2013 included \$1.7 million for equipment and technology replacement, \$181,000 for building infrastructure improvements and \$113,000 in restroom remodeling for ADA compliance.

LTC had a net decrease in total cash & investments of approximately \$5.1 million for 2014 compared to a net decrease of \$1.3 million for 2013 and a net decrease of \$1.2 million in 2012.

### Statement of Net Position

The Statement of Net Position presents information on all of the College's assets and liabilities, and its deferred inflows/outflows of resources, with the difference between the two 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:

	2014	2013	Increase/(Decrease)		2012
			\$	%	
<b>Assets</b>					
Cash and investments	\$ 9,222,506	\$ 10,456,148	\$ (1,233,642)	-11.8%	\$ 11,029,086
Receivables	10,968,216	11,054,924	(86,708)	-0.8%	11,115,139
Net capital assets	24,169,638	19,881,844	4,287,794	21.6%	19,820,587
Other	552,990	527,047	25,943	4.9%	578,615
<b>Total assets</b>	<b>44,913,350</b>	<b>41,919,963</b>	<b>2,993,387</b>	<b>7.1%</b>	<b>42,543,427</b>
<b>Liabilities</b>					
Current liabilities	9,485,437	7,696,383	1,789,054	23.2%	8,850,412
Non-current liabilities	18,115,645	17,546,855	568,790	3.2%	17,391,363
<b>Total liabilities</b>	<b>27,601,082</b>	<b>25,243,238</b>	<b>2,357,844</b>	<b>9.3%</b>	<b>26,241,775</b>
<b>Net Position</b>					
Net investment in capital assets	7,477,870	7,075,074	402,796	5.7%	6,921,296
Restricted for capital projects	423,654	700,000	(276,346)		0
Restricted for debt service	786,782	701,109	85,673	12.2%	595,270
Unrestricted	8,623,962	8,200,542	423,420	5.2%	8,785,086
<b>Total net position</b>	<b>\$ 17,312,268</b>	<b>\$ 16,676,725</b>	<b>\$ 635,543</b>	<b>3.8%</b>	<b>\$ 16,301,652</b>

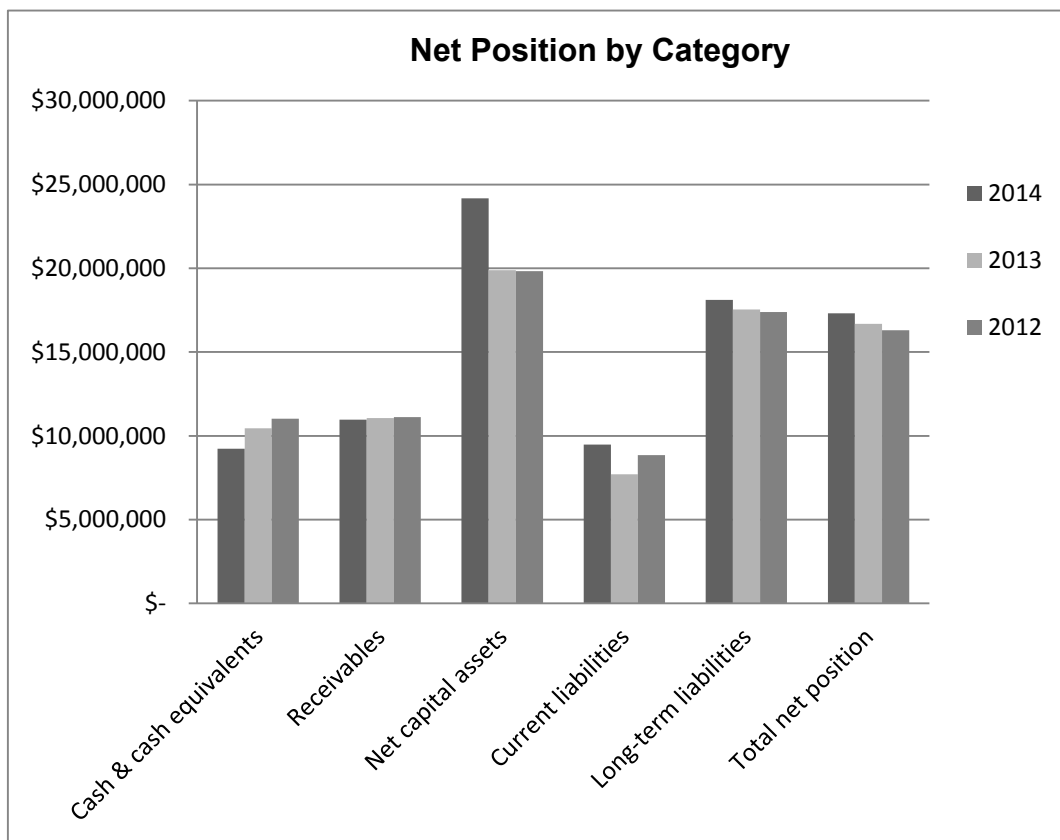
Total assets increased \$3.0 million or 7% in 2014 and decreased \$1.3 million or 3% in 2013.

- Capital assets are the largest component of the College's assets. For 2014, net capital assets increased \$4.3 million or 22%, compared to an increase of \$61,000 or 0.3% in 2013. During 2014 the College completed the addition and remodeling of the Flexible Training Arena and started the addition and remodeling of the Nierode Building.

- Receivables include property taxes of \$6.0 million in 2014 and 2013, and \$6.1 million for 2012. Payment on the balance of property tax receivable is typically received by the end of August for that year. Other receivables for 2014 include \$3.3 million for accounts receivable, \$774,000 for federal and state receivables and \$873,000 due from the Foundation. Student accounts receivable decreased during 2014 by approximately \$174,000, or 5%. Federal and state aid receivable is down \$277,000, or 26% due to a payment being received from the EDA for grant expenditures made in 2011.
- Cash and investments decreased \$1.2 million in 2014 and decreased \$573,000 in 2013. Borrowings for capital projects had the biggest impact on the change in cash and investment balances.
- Current liabilities include accounts payable, payroll and related liabilities, unearned revenue and the current portion of long-term debt.
  - ✓ The current portion of long-term debt makes up the largest portion of current liabilities and increased \$890,000 or 30% in 2014 and decreased \$770,000 or 21% in 2013.
  - ✓ Unearned student fees decreased \$85,000 or 3% in 2014 due to decreased enrollments for summer and fall courses offset by a 3% increase in program fees. This compares to an increase of \$104,000, or 4%, in 2013. Other unearned revenue for 2014 decreased \$48,000, or 58%, compared to a decrease of \$249,000 or 75% in 2013. The decrease in 2013 was due to agency funding in 2012 for a mobile lab project completed in 2013.
  - ✓ Accounts payable increased \$1.2 million or 249% in 2014 and decreased \$337,000 or 41% in 2013. The year-over-year changes fluctuate with the scope and timing of construction projects that are in process as of year-end.
  - ✓ Accrued payroll decreased \$209,000 or 35% in 2014 and increased \$75,000 or 14% in 2013. The fluctuations are due to changes in wages and teacher hours for summer school.
- Long-term liabilities of \$18.1 million for 2014, \$17.5 million for 2013, and \$17.4 million for 2012 consist mainly of the long-term debt due after the next fiscal year. LTC issued \$5.0 million, \$3.0 million and \$4.5 million in debt in 2014, 2013 and 2012, respectively, to finance equipment, general remodeling, additions and site improvements as laid out in its master facility plan completed in 2013. Payments on this debt were \$3.7 million in 2014 and \$3.7 million in 2013 and \$3.5 million in 2012. In addition, LTC issued \$2.0 million in refunding bonds in 2012 for refinancing prior debt.
- During 2014, net position increased \$636,000 or 3.8%. Net position increased \$375,000 or 2.3% in 2013, including the \$15,000 change in accounting principle with the adoption of GASB Statement No. 65.
  - ✓ Net investment in capital assets increased \$403,000 or 5.7% in 2014. This compares to an increase of \$154,000 or 2.2% in 2013. Unexpended debt proceeds were \$4.1 million in 2014 and \$5.9 million in 2013. Purchase orders outstanding to be financed from unexpended debt proceeds amount to \$1.2 million in 2014 and \$583,000 in 2013.
  - ✓ Net position restricted for capital projects of \$424,000 and \$700,000 at June 30, 2014 and 2013, respectively, consists of the unspent portion of the contribution from the Foundation.
  - ✓ Net position restricted for debt service increased \$86,000 or 12.2% in 2014 and increased \$106,000 or 18% in 2013 due to increased debt levels.

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





### Capital Assets and Debt Administration

LTC's investment in capital assets, net of depreciation, as of June 30, 2014 was \$24,169,638 and as of June 30, 2013 and 2012 amounted to \$19,881,844 and \$19,820,587, respectively. This investment includes land, land improvements, buildings, building improvements, leasehold improvements and fixed and moveable equipment. The capital asset additions for 2014 were \$7.9 million and include \$3.2 million and \$2.5 million for the addition and remodel of the Flexible Training Arena and Nierode Building, respectively, \$1.3 million for equipment and technology replacement, \$109,000 for a network infrastructure upgrade, \$215,000 for HVAC upgrades, and \$113,000 for site improvements. Capital asset additions totaled \$3.7 million and \$5.9 million for 2013 and 2012, respectively. During 2013, the College spent \$1.6 million for equipment and technology replacement, \$116,000 for a network infrastructure upgrade, \$161,000 to complete the remodeling of the Student Central area, \$131,000 to remodel the Cafeteria and kitchen, \$156,000 for HVAC upgrades, \$113,000 for restroom remodeling to meet ADA standards, \$158,000 to replace carpeting and other flooring, and \$89,000 for parking lot improvements. In order to better meet today's educational needs, the College is continually replacing and updating assets when their useful lives have expired in order to keep current with technology and to have well-maintained facilities. Additional information about the College's capital assets can be found in Note 3 of the Notes to Financial Statements.

As of June 30, 2014, LTC had total general obligation debt outstanding of \$21,580,000, compared to \$20,255,000 as of the end of 2013 and \$20,970,000 at the end of 2012. The College's notes are assigned Moody's Investor Service Aa1 rating and the College continues to meet all of its debt service requirements, including timely repayment of its debt. All debt issuances for equipment, building and land improvements are repaid in seven to ten years. State statutes limit the amount of general obligation debt that the College can have to 5% of the equalized value of property in the District. This limit was \$675,722,701 as of June 30, 2014. The current debt level is adequate to meet the equipment replacement and facility needs of the College. Additional information about the District's debt can be found in Note 4 of the Notes to Financial Statements.

## Financial Position

LTC saw an increase of \$636,000 in its net position during the year ended June 30, 2014. This includes a \$1.6 million contribution from the Foundation for the addition of the Nierode Building. Cash and investments as of June 30, 2014 remained strong at \$9.2 million compared to \$10.5 million as of June 30, 2013 and \$11.0 million as of June 30, 2012. Total liabilities were \$27.6 million in 2014, \$25.2 million in 2013, and \$26.2 million in 2012.

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.

LTC's major revenue source is local property taxes. Property taxes accounted for 54% of the revenues received by LTC in 2014 and 2013 and 53% for 2012. During 2014, the College increased its tax levy by 0.49%. However, the equalized value of property within the district decreased by 1.42% resulting in a tax mill rate increase of 1.94%. During 2013, the College increased its tax levy by 0.28%. However, the equalized value of property within the district decreased by 2.43% resulting in a tax mill rate increase of 2.78%. The average increase in valuations over the past ten years has been 2.4%, while the average increase in the tax levy has been 2.25%. The Board is very aware of taxpayers' desire to reduce its tax levy and the needs of the community to be educated. As a result, it controls the budget by controlling the increase in property tax levy.

## Economic Factors

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

- As the economy continues its upturn, laid off workers are returning to work after completing retraining or when job training dollars expire. The College has seen enrollment decreases of 6% and 5% in the past two years after a significant 19% increase to 2,660 FTEs during the recession peak in 2010. The College is striving to stabilize enrollments and is working on plans to improve retention and grow enrollments.
- The District continues to work to navigate its way through changes based on legislation recently passed in Wisconsin:
  - Wisconsin Act 20, the 2013-15 Biennial Budget Bill, replaced the previous freeze on the operating tax levy with a new restriction that limits operating levies at current year levels with two exceptions. First, operating levies can be increased to capture district-wide valuation changes due to "net new construction." Net new construction can be a positive number even when overall district values decline. Districts may also capture net new growth even if doing so lifts the levy rate above the previous 1.5 mill rate cap. For 2013, the increase due to net new construction for the District was 0.74652% and for 2014 the increase was 0.69536%. Second, levies can be increased for operations by any amount subject to district-wide referendum approval.
  - General state aids were increased by 6% beginning in 2013, the second year of the biennium, after being cut by about 30% in the 2011-13 state budget. Beginning in 2014, 10% of the total general aid will be distributed by new performance driven formula measures instead of by the longstanding formula driven by factors such as a district's property values, enrollment and costs relative to other districts. This percentage will increase by 10% each year to a maximum of 30%. For 2014-15, an additional \$5 million will be allocated to the technical college system as general state aids.
  - Eligibility for veterans' tuition remissions was expanded to include veterans who have resided in Wisconsin for at least 5 years immediately preceding college enrollment. Previously, a veteran must have enlisted in military service as a Wisconsin resident to qualify for the

remission. State funding for the veterans program is fixed and covers less than 20% of remission costs. That proportion continues to fall as more veterans enroll and eligibility is expanded.

- In March 2014, Wisconsin Act 145 was enacted that allocated \$406 million in property tax relief aid to the technical colleges. Tax levies will be reduced by the amount of the property tax relief aid that each college receives. This shift significantly changes the colleges funding. Among the top three funding streams, local property tax funding is expected to decrease from approximately 54% to 25% of total revenues, state funding is expected to increase from 10% to 39%, and student fees are expected to remain relatively the same at 14%. Included in the bill is a mechanism to restore levy authority to the extent that the state funding is reduced in subsequent years.
- Wisconsin Act 10, known as the Budget Repair Bill and Act 32, the 2011-13 Biennial Budget Bill, were passed in legislature in 2011. These two bills significantly changed the collective bargaining parameters for the state of Wisconsin and the District. The District's collective bargaining agreements were in effect before the law became effective and therefore the changes did not take effect until the current contracts expired on June 30, 2014. The legislative changes allow for bargaining of base wage increases only and these increases cannot exceed CPI-U without a referendum. All other employment aspects fall to management to decide. The law also required the creation of an Employee Handbook, a grievance procedure, and civil service rules. These changes should allow the College the flexibility to better control its costs and to balance the budget, however, there are concerns over increased employee retirements and turnover.
- In order to reduce the impact of recognizing and funding the other post-employment benefits liability, the College modified its benefit package for new hires. This change in the benefit package could result in increased competition for new hires.
- High fuel costs will not only increase utility costs for the College but may adversely affect the decision of potential students to drive to LTC to attend classes.
- The economy continues to impact the market value of investments and investment revenue which restricts the opportunity to use investment income as an alternative revenue stream.

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

- As employers continually change technology and processes to remain competitive, the College responds with new programs and customized training options that are essential in preparing the local workforce. These and other partnerships are key to understanding needs, building capacity, and delivering training. Additionally, to continue to grow with declining resources, the College is focusing on process improvement to improve quality and reduce expenditures.
- In support of Wisconsin's drive to address the skilled workers shortage in the state, the College recently remodeled and expanded its Center for Manufacturing Excellence. The Center for Manufacturing Excellence includes the Flexible Training Arena and the Nierode Building. The Flexible Training Arena is a simulated modern manufacturing site that provides welding, industrial maintenance, and sheet metal trades instruction. The facility was designed to flex with the training demands of industry. The Nierode building showcases robotics, programmable logic controllers, computer aided drafting, computer numerical controlled machine tools, and other hands-on learning equipment used in modern manufacturing facilities.

- In staying true to its mission and values, the College continues to focus on student success through increased access to services and education, coordinated services, and continued efforts to implement strategies to improve retention and transition.
- LTC has a beautiful campus that is located centrally within its district. The College is well respected in the community for its educational offering. As a result, it is attractive as an educational resource for people looking for training.

### **Contacting the District's Financial Management**

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## STATEMENTS OF NET POSITION June 30, 2014 and 2013

	2014		2013	
	District	Foundation	District	Foundation
<b>Assets</b>				
<b>Current Assets</b>				
Cash & investments	\$3,589,353	\$63,981	\$3,742,578	\$66,226
Property taxes receivable	6,021,781	0	6,012,926	0
Accounts receivable, net of allowance of \$60,000	3,298,902	0	3,291,297	0
State aid receivable	544,000	0	457,487	0
Federal aid receivable	230,171	0	593,214	0
Unconditional promises to give	0	717,124	0	397,510
Other receivables	873,362	4,411	700,000	2,889
Inventories	49,183	3,165	48,524	3,130
Prepaid expenses	503,807	0	478,523	0
<b>Total current assets</b>	<b>15,110,559</b>	<b>788,681</b>	<b>15,324,549</b>	<b>469,755</b>
<b>Non-current Assets</b>				
Restricted cash & investments	\$5,633,153	\$196,420	\$6,713,570	\$486,309
Unconditional promises to give	0	755,207	0	239,996
Investments	0	1,153,087	0	1,412,754
Land	50,000	71,000	50,000	71,000
Construction in progress	2,456,203	0	384,623	0
Other capital assets, net of depreciation	21,663,435	376,504	19,447,221	386,675
<b>Total non-current assets</b>	<b>29,802,791</b>	<b>2,552,218</b>	<b>26,595,414</b>	<b>2,596,734</b>
<b>Total Assets</b>	<b>44,913,350</b>	<b>3,340,899</b>	<b>41,919,963</b>	<b>3,066,489</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	1,686,641	39,438	482,933	12,070
Accrued payroll	393,522	0	602,567	0
Payroll related liabilities	844,087	0	829,052	0
Accrued interest	190,761	4,142	168,007	4,687
Unearned student fees	2,499,949	0	2,585,197	0
Other unearned revenue	35,477	18,750	83,627	18,750
Contributions payable	0	873,362	0	700,000
Current portion of long-term liabilities	3,835,000	23,000	2,945,000	22,000
<b>Total current liabilities</b>	<b>9,485,437</b>	<b>958,692</b>	<b>7,696,383</b>	<b>757,507</b>
<b>Non-current liabilities</b>				
Other postemployment benefits, net	370,645	0	236,855	0
General obligation bonds and notes payable	17,745,000	144,095	17,310,000	167,060
<b>Total non-current liabilities</b>	<b>18,115,645</b>	<b>144,095</b>	<b>17,546,855</b>	<b>167,060</b>
<b>Total Liabilities</b>	<b>27,601,082</b>	<b>1,102,787</b>	<b>25,243,238</b>	<b>924,567</b>
<b>Net Position</b>				
Net investment in capital assets	7,477,870	280,409	7,075,074	268,615
Restricted for:				
Nonexpendable:				
Endowment	0	855,283	0	845,283
Expendable:				
Capital projects	423,654	0	700,000	0
Debt service	786,782	0	701,109	0
Support of student scholarships	0	579,671	0	452,530
College program support	0	309,924	0	362,021
Unrestricted	8,623,962	212,825	8,200,542	213,473
<b>Total Net Position</b>	<b>\$17,312,268</b>	<b>\$2,238,112</b>	<b>\$16,676,725</b>	<b>\$2,141,922</b>

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, 2014 and 2013

	2014		2013	
	District	Foundation	District	Foundation
<b>Operating Revenues</b>				
Student program fees, net of scholarship allowances of \$1,014,275 and \$829,783	\$4,871,487	\$0	\$5,212,340	\$0
Student material fees, net of scholarship allowances of \$66,202 and \$52,125	317,475	0	330,519	0
Other student fees, net of scholarship allowances of \$128,952 and \$94,735	633,708	0	592,491	0
Federal grants	5,165,082	0	5,335,658	0
State grants	1,133,099	0	1,309,717	0
Business and industry contract revenue	1,297,391	0	1,196,382	0
School district contract revenue	6,547	0	2,220	0
Auxiliary enterprise revenues	1,460,728	0	1,156,000	0
Miscellaneous	833,423	0	1,030,679	0
<b>Total operating revenues</b>	<b>15,718,940</b>	<b>0</b>	<b>16,166,006</b>	<b>0</b>
<b>Operating Expenses</b>				
Instruction	20,839,681	0	22,114,622	0
Instructional resources	1,178,019	0	1,267,206	0
Student services	4,125,590	0	3,377,376	0
General institutional	4,646,304	71,484	4,524,899	108,203
Physical plant	3,418,572	0	2,777,227	0
Auxiliary enterprise services	1,639,328	0	1,476,354	0
Depreciation - unallocated	3,221,118	0	2,983,097	0
Student aid	2,303,114	0	2,706,886	0
College and student support	0	1,957,694	0	845,768
<b>Total operating expenses</b>	<b>41,371,726</b>	<b>2,029,178</b>	<b>41,227,667</b>	<b>953,971</b>
<b>Operating loss</b>	<b>(25,652,786)</b>	<b>(2,029,178)</b>	<b>(25,061,661)</b>	<b>(953,971)</b>
<b>Non-operating Revenues (Expenses)</b>				
Property taxes	22,146,080	0	22,114,352	0
State operating appropriations	2,744,687	0	2,916,657	0
Contributions	0	1,975,360	0	1,121,414
Rental income	0	45,000	0	45,000
Gain (loss) on sale of capital assets	(25,175)	0	32,684	0
Interest income, net of fees	177,832	9,849	199,221	23,061
Realized and unrealized gain (loss) on investments	2,574	95,159	(277,010)	61,232
Interest expense	(543,016)	0	(490,161)	0
<b>Total non-operating revenues (expenses)</b>	<b>24,502,982</b>	<b>2,125,368</b>	<b>24,495,743</b>	<b>1,250,707</b>
<b>Change in net position before capital contributions</b>	<b>(1,149,804)</b>	<b>96,190</b>	<b>(565,918)</b>	<b>296,736</b>
Contributions	1,570,000	0	700,000	0
State capital grant contributions	124,616	0	24,527	0
Federal capital grant contributions	90,731	0	231,514	0
<b>Change in net position</b>	<b>635,543</b>	<b>96,190</b>	<b>390,123</b>	<b>296,736</b>
<b>Cumulative effect of change in accounting principle (Note 11)</b>	<b>0</b>	<b>0</b>	<b>(15,050)</b>	<b>0</b>
<b>Net position - beginning of the year</b>	<b>16,676,725</b>	<b>2,141,922</b>	<b>16,301,652</b>	<b>1,845,186</b>
<b>Net position - end of the year</b>	<b>\$17,312,268</b>	<b>\$2,238,112</b>	<b>\$16,676,725</b>	<b>\$2,141,922</b>

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, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Tuition and fees received	\$5,698,381	\$5,771,335
Federal and state grants received	6,579,680	7,101,448
Business, industry & school district contract revenues received	1,342,984	1,102,677
Payments to employees	(27,325,434)	(27,214,034)
Payments to suppliers	(10,772,182)	(10,837,563)
Auxiliary enterprise revenues received	1,434,117	1,201,470
Other receipts	804,277	1,484,090
	<u>(22,238,177)</u>	<u>(21,390,577)</u>
Net cash used for operating activities		
Cash flows from noncapital financing activities:		
Local property taxes received	22,137,225	22,244,767
State appropriations received	2,744,687	2,916,657
Principal paid on non-capital debt	(765,000)	(890,000)
Interest paid on non-capital debt	(20,937)	(29,435)
	<u>24,095,975</u>	<u>24,241,989</u>
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
State and federal appropriations received for capital assets	210,378	247,053
Contributions received for capital assets	1,396,638	0
Purchase of capital assets	(6,495,968)	(3,317,513)
Proceeds from sale of capital assets	26,431	34,160
Proceeds from issuance of capital debt	5,000,000	3,000,000
Principal paid on capital debt	(2,910,000)	(2,825,000)
Interest paid on capital debt	(499,325)	(485,261)
	<u>(3,271,846)</u>	<u>(3,346,561)</u>
Net cash used for capital and related financing activities		
Cash flows from investing activities		
Investment income received	180,406	(77,789)
Change in long-term investments	(3,876,027)	(760,661)
	<u>(3,695,621)</u>	<u>(838,450)</u>
Net cash used for investing activities		
Net decrease in cash and cash equivalents	(5,109,669)	(1,333,599)
Cash and cash equivalents at beginning of year	<u>9,127,629</u>	<u>10,461,228</u>
Cash and cash equivalents at end of year	<u>\$4,017,960</u>	<u>\$9,127,629</u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and investments in current assets	\$3,589,353	\$3,742,578
Cash and investments in restricted assets	\$5,633,153	\$6,713,570
Less: Long-term investments	(5,204,546)	(1,328,519)
Cash and cash equivalents at end of year	<u>\$4,017,960</u>	<u>\$9,127,629</u>

(continued on following page)

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### STATEMENTS OF CASH FLOWS (continued) For the Years Ended June 30, 2014 and 2013

	2014	2013
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	(\$25,652,786)	(\$25,061,661)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	3,221,118	2,983,097
Changes in assets and liabilities:		
Decrease (increase):		
Accounts receivable	(7,605)	184,796
Federal and state aid receivable	281,499	453,991
Inventories	(659)	(16,115)
Prepaid expenses	(25,285)	52,635
Increase (decrease):		
Accounts payable	139,159	(65,152)
Accrued payroll	(209,045)	74,706
Payroll related liabilities	15,035	47,958
Unearned student fees	(133,398)	(145,324)
Other post-employment benefits, net	133,790	100,492
Net cash used for operating activities	(\$22,238,177)	(\$21,390,577)

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



# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

#### A. REPORTING ENTITY

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

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

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

#### C. ACCOUNTING ESTIMATES

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

#### D. CASH AND INVESTMENTS

Cash and investments of the District are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with an initial maturity of three months or less from date of acquisition are considered to be cash equivalents.

#### E. PROPERTY TAX LEVY AND TAXES RECEIVABLE

The District's property taxes are levied on or before October 31 on the equalized valuation as of the prior January 1. Property taxes are recognized as revenue in the year they are levied. Under Wisconsin law, personal property taxes and certain installment real estate taxes are collected by city, village, and town treasurers or clerks who then make settlements with other taxing units, such as the county, the technical college districts and local schools. Settlements are due from the municipality by the 15<sup>th</sup> 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.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. PROPERTY TAX LEVY AND TAXES RECEIVABLE (continued)

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

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

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

For taxes levied during the fiscal year ended June 30, 2014, the increase in the District's operating levy was limited by state law to the percent increase in district-wide net new construction for the previous calendar year, or 0.74652%. For taxes levied during the fiscal year ending June 30, 2013, the District was limited by state law to a property tax rate of \$1.50 per equalized valuations (excluding tax incremental financing districts) for operations as determined by the State of Wisconsin Department of Revenue. For both years there was no cap on the debt service mill rate. During the fiscal years ended June 30, 2014 and 2013, the District levied and collected taxes as follows:

	2014			2013		
	Mill Rate	Levy Amount	% Change in Levy	Mill Rate	Levy Amount	% Change in Levy
Operating levy	\$ 1.32014	\$ 17,841,000	0.73%	\$ 1.29197	\$ 17,711,000	0.00%
Debt service levy	0.31744	4,290,000	-0.49%	0.31447	4,311,000	1.46%
<b>Total property tax levy</b>	<b><u>\$ 1.63758</u></b>	<b><u>\$ 22,131,000</u></b>	<b><u>0.49%</u></b>	<b><u>\$ 1.60644</u></b>	<b><u>\$ 22,022,000</u></b>	<b><u>0.28%</u></b>

#### F. RECEIVABLES

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

#### G. INVENTORIES

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### H. PREPAID EXPENSES

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

#### I. CAPITAL ASSETS

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

#### J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Revenues, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2013. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently does not have any items that qualify for reporting in this category.

#### K. COMPENSATED ABSENCES

District employees are granted vacation in varying amounts, based on length of service. Vacation pay and related social security taxes are accrued when earned. District employees are allowed to accumulate only the amount of vacation they earn in a year. In the event of retirement or termination, the College is obligated to pay all unused vacation pay. The District's accrued vacation liability as of June 30, 2014 was \$400,000 compared with \$385,000 as of June 30, 2013.

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 or termination. Accumulated unpaid amounts are not accrued.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### L. RETIREMENT PLAN AND POST-EMPLOYMENT BENEFITS

District employees participate in the Wisconsin Retirement System. All contributions made by the College on behalf of its employees are reported as expenses when incurred. As provided in the applicable contracts, District employees meeting a minimum age and length of service requirements may participate in the College's health, dental and life insurance plans. The District bears the cost of the employee's participation up to the maximum amount it pays for active employees. Substantially all full-time employees are eligible for these benefits. The District accounts for post-employment benefits on a pay-as-you-go basis.

#### M. RISK MANAGEMENT

##### District Mutual Insurance Company (DMI)

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

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure in its layer of insurance is limited to \$2,500 to \$100,000 per occurrence depending on the type of coverage and DMI purchases reinsurance for losses in excess of its retained layer of coverage.

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 assessed an annual premium that included a contribution component to establish reserves for the company. Future premiums will be 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, 2014 and 2013, the District paid insurance premiums of \$175,478 and \$166,386 respectively, to DMI.

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

##### Supplemental Insurance

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

*Crime/employee dishonesty:* \$750,000 coverage for employee dishonesty, theft, forgery, computer fraud and funds transfer fraud; \$500,000 coverage for theft, robbery, burglary, disappearance and destruction of money and securities; \$100,000 for computer program and electronic data restoration; \$25,000 for identity fraud expense reimbursement and claim expense.

*Foreign travel liability:* \$2,000,000 aggregate; \$1,000,000 auto per accident; \$1,000,000 employee benefits liability with \$1,000 deductible.

*Business travel accident:* Coverage for local board of director members. \$1,000,000 aggregate, \$100,000 for scheduled losses, assistance services, medical evaluation, and repatriation.

The District paid insurance premiums of \$4,410 and \$5,334 for the years ended June 30, 2014 and 2013, respectively, to the WTCS Insurance Trust.

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

#### N. FEES AND TUITION

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

#### O. STATE AND FEDERAL REVENUE

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

#### P. UNEARNED REVENUES

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

#### Q. SCHOLARSHIP ALLOWANCE AND STUDENT AID

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### 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:** This represents the amount of capital assets (land, buildings and equipment), net of depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### T. SUBSEQUENT EVENTS

On September 3, 2014, the District issued \$6 million of General Obligation Promissory Notes at an average interest rate of 2.946%. Proceeds of the notes are to be used for remodeling and equipment.

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### NOTE 2 – CASH AND INVESTMENTS

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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>2014</u>	<u>2013</u>
Cash on hand	\$ 2,880	\$ 2,880
Deposits with financial institutions	734,781	(450,172)
Investments		
Repurchase agreements	400,232	1,302,509
Wisconsin local government investment pool	368,868	397,732
Certificate of deposit	1,372,617	222,107
Money market mutual funds	19,721	2,675,838
Municipal bonds	1,433,770	1,020,062
Mutual funds	2,415,655	5,198,842
U.S. agency securities	<u>2,473,982</u>	<u>86,350</u>
Total cash and investments	<u>\$9,222,506</u>	<u>\$10,456,148</u>

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

	<u>2014</u>	<u>2013</u>
Cash and investments	\$3,589,353	\$3,742,578
Restricted cash and investments		
Capital Projects	4,941,752	6,089,077
Debt Service	<u>691,401</u>	<u>624,493</u>
Total cash and investments	<u>\$9,222,506</u>	<u>\$10,456,148</u>



# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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### NOTE 2 – CASH AND INVESTMENTS (continued)

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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. Deposits with financial institutions over \$500,000 are covered under the Board policy which requires additional collateral for funds placed in excess of \$500,000.

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, 2014 and 2013, none of the District's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name).

On June 30, 2014 and 2013, the District held repurchase agreement investments of \$400,232 and \$1,302,509, respectively. The underlying securities are held by the investment's counterparty, not in the name of the District.

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

### NOTE 2 – CASH AND INVESTMENTS (continued)

	2014								
	Amount	Exempt from Disclosure	AAA	AA+	AA	AA-	A+	A	Not Rated
Certificates of deposit	\$ 1,372,617	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,372,617
Money market funds	19,721	0	0	0	0	0	0	0	19,721
Mutual funds	2,415,655	0	2,160,118	0	249,194	0	0	1,283	5,060
Municipal bonds	1,433,770	0	0	531,848	593,352	26,940	226,760	54,870	0
U.S. agency securities	2,473,982	0	2,384,160	89,822	0	0	0	0	0
Wisconsin local government investment pool	368,868	0	0	0	0	0	0	0	368,868
	<u>\$ 8,084,613</u>	<u>\$ 0</u>	<u>\$ 4,544,278</u>	<u>\$ 621,670</u>	<u>\$ 842,546</u>	<u>\$ 26,940</u>	<u>\$ 226,760</u>	<u>\$ 56,153</u>	<u>\$ 1,766,266</u>

	2013								
	Amount	Exempt from Disclosure	AAA	AA+	AA	AA-	A+	A	Not Rated
Certificates of deposit	\$ 222,107	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 222,107
Money market funds	2,675,838	0	0	0	0	0	0	0	2,675,838
Mutual funds	5,198,842	0	5,198,842	0	0	0	0	0	0
Municipal bonds	1,020,062	0	0	31,380	245,888	128,623	0	286,321	327,850
U.S. agency securities	86,350	0	0	86,350	0	0	0	0	0
Wisconsin local government investment pool	397,732	0	0	0	0	0	0	0	397,732
	<u>\$ 9,600,931</u>	<u>\$ 0</u>	<u>\$ 5,198,842</u>	<u>\$ 117,730</u>	<u>\$ 245,888</u>	<u>\$ 128,623</u>	<u>\$ 0</u>	<u>\$ 286,321</u>	<u>\$ 3,623,527</u>

**Concentration of Credit Risk:** Is the risk of loss attributed to the amount invested in any one issuer. The District's investment policy minimizes credit risk by limiting investments to the low risk investments where the main objective is safety or preservation of capital. As of June 30, 2014 and June 30, 2013, the District had no investments in any one issuer (excluding U.S. Treasury securities, mutual funds and external investment pools) that represent greater than 5% of the total investment portfolio.

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

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

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

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

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

#### NOTE 2 – CASH AND INVESTMENTS (continued)

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

	2014				
	Fair Value	Investment Maturities (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Certificates of deposit	\$ 1,372,617	\$ 0	\$ 350,628	\$ 771,749	\$ 250,240
Money market funds	19,721	19,721	0	0	0
Mutual funds	2,415,655	2,415,655	0	0	0
Municipal bonds	1,433,770	75,823	30,004	643,409	684,534
U.S. agency securities	2,473,982	0	0	1,994,059	479,923
Wisconsin local government investment pool	368,868	368,868	0	0	0
	<u>\$ 8,084,613</u>	<u>\$ 2,880,067</u>	<u>\$ 380,632</u>	<u>\$ 3,409,217</u>	<u>\$ 1,414,697</u>

	2013				
	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	\$ 222,107	\$ 0	\$ 0	\$ 222,107	\$ 0
Money market funds	2,675,838	2,675,838	0	0	0
Mutual funds	5,198,842	5,198,842	0	0	0
Municipal bonds	1,020,062	0	0	302,908	717,154
U.S. agency securities	86,350	0	0	0	86,350
Wisconsin local government investment pool	397,732	397,732	0	0	0
	<u>\$ 9,600,931</u>	<u>\$ 8,272,412</u>	<u>\$ 0</u>	<u>\$ 525,015</u>	<u>\$ 803,504</u>

The District had realized losses on investments of \$226,256 for 2014 and realized gains of \$8,749 for 2013. Unrealized gains on investments amounted to \$228,830 in 2014 and unrealized losses were \$285,759 for 2013. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from the prior period.

#### Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$368,868 and \$397,732 as of June 30, 2014 and 2013, respectively. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF report the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2014 and 2013, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 3 – CAPITAL ASSETS

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

	Balance 6/30/2013	Additions	Disposals	Balance 6/30/2014
<b>Capital assets, not being depreciated</b>				
Land	\$50,000	\$0	\$0	\$50,000
Construction in progress	384,623	2,456,203	(384,623)	2,456,203
Total cost of capital assets not being depreciated	<u>434,623</u>	<u>2,456,203</u>	<u>(384,623)</u>	<u>2,506,203</u>
<b>Capital assets, being depreciated</b>				
Site improvements	3,571,451	154,297	0	3,725,748
Buildings	12,794,739	2,330,393	0	15,125,132
Building improvements	14,464,949	1,593,229	0	16,058,178
Leasehold improvements	392,453	0	0	392,453
Equipment	24,135,989	1,411,019	(516,783)	25,030,225
Total cost of capital assets being depreciated	<u>55,359,581</u>	<u>5,488,938</u>	<u>(516,783)</u>	<u>60,331,736</u>
<b>Less accumulated depreciation for:</b>				
Site improvements	(1,765,726)	(157,505)	0	(1,923,231)
Buildings	(7,885,971)	(281,544)	0	(8,167,515)
Building improvements	(7,696,676)	(986,395)	0	(8,683,071)
Leasehold improvements	(60,299)	(30,149)	0	(90,448)
Equipment	(18,503,688)	(1,765,525)	465,177	(19,804,036)
Total	<u>(35,912,360)</u>	<u>(3,221,118)</u>	<u>465,177</u>	<u>(38,668,301)</u>
Total capital assets being depreciated, net	<u>19,447,221</u>	<u>2,267,820</u>	<u>(51,606)</u>	<u>21,663,435</u>
Total capital assets, net	<u>19,881,844</u>	<u>\$4,724,023</u>	<u>(\$436,229)</u>	<u>24,169,638</u>
Less general obligation debt	18,715,000			20,805,000
Plus unexpended debt proceeds	<u>5,908,230</u>			<u>4,113,232</u>
Net investment in capital assets	<u>\$7,075,074</u>			<u>\$7,477,870</u>

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 3 – CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the year ended June 30, 2013:

	Balance 6/30/2012	Additions	Disposals	Balance 6/30/2013
<b>Capital assets, not being depreciated</b>				
Land	\$50,000	\$0	\$0	\$50,000
Construction in progress	617,800	384,623	(617,800)	384,623
Total cost of capital assets not being depreciated	<u>667,800</u>	<u>384,623</u>	<u>(617,800)</u>	<u>434,623</u>
<b>Capital assets, being depreciated</b>				
Site improvements	3,432,729	138,722	0	3,571,451
Buildings	12,784,999	9,740	0	12,794,739
Building improvements	13,213,651	1,251,298	0	14,464,949
Leasehold improvements	392,453	0	0	392,453
Equipment	22,458,378	1,884,983	(207,372)	24,135,989
Total cost of capital assets being depreciated	<u>52,282,210</u>	<u>3,284,743</u>	<u>(207,372)</u>	<u>55,359,581</u>
<b>Less accumulated depreciation for:</b>				
Site improvements	(1,614,645)	(151,081)	0	(1,765,726)
Buildings	(7,629,752)	(256,219)	0	(7,885,971)
Building improvements	(6,784,832)	(911,844)	0	(7,696,676)
Leasehold improvements	(30,149)	(30,150)	0	(60,299)
Equipment	(17,070,045)	(1,633,803)	200,160	(18,503,688)
Total	<u>(33,129,423)</u>	<u>(2,983,097)</u>	<u>200,160</u>	<u>(35,912,360)</u>
Total capital assets being depreciated, net	<u>19,152,787</u>	<u>301,646</u>	<u>(7,212)</u>	<u>19,447,221</u>
Total capital assets, net	<u>19,820,587</u>	<u>\$686,269</u>	<u>(\$625,012)</u>	<u>19,881,844</u>
Less general obligation debt	18,540,000			18,715,000
Plus unexpended debt proceeds	<u>5,640,709</u>			<u>5,908,230</u>
Net investment in capital assets	<u>\$6,921,296</u>			<u>\$7,075,074</u>

Construction in progress as of June 30, 2013 of \$384,623 included costs incurred for the addition and remodeling of the Flexible Training Arena which was completed in January 2014, costs associated with an HVAC project which was completed in July 2013 and costs related to restroom remodeling completed in August 2013. Depreciation commenced upon completion of the projects.

As of June 30, 2013 the College had a commitment with a contractor for the remodeling and addition of the Flexible Training Arena in the amount of \$2.9 million. Construction costs incurred on this project as of June 30, 2013 were \$86,066.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 4 – LONG TERM OBLIGATIONS

Long-term liabilities of the District consist of general obligation promissory notes, refunding bonds, state trust fund loans and retiree health insurance premiums.

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

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

Interest paid on long-term obligations totaled \$551,846 for the year ended June 30, 2014.

The changes in long-term liabilities for the year ended June 30, 2013 are as follows:

Description	6/30/2012 Balance	Additions	Payments	6/30/2013 Balance	Due within one year
Promissory Notes of December 2004 at 3.206%	\$300,000	\$0	\$300,000	\$0	\$0
Promissory Notes of April 2005 at 4.625%	440,000	0	140,000	300,000	145,000
Promissory Notes of April 2005 at 3.513%	965,000	0	300,000	665,000	315,000
Promissory Notes of February 2007 at 3.99%	1,300,000	0	260,000	1,040,000	260,000
Promissory Notes of July 2007 at 4.5%	550,000	0	100,000	450,000	105,000
Promissory Notes of June 2008 at 3.55%	1,855,000	0	755,000	1,100,000	220,000
Promissory Notes of June 2009 at 3.28%	1,600,000	0	210,000	1,390,000	215,000
Promissory Notes of June 2010 at 2.93%	3,825,000	0	435,000	3,390,000	445,000
Promissory Notes of May 2011 at 2.92%	3,645,000	0	365,000	3,280,000	375,000
Promissory Notes of April 2012 at 2.22%	4,500,000	0	100,000	4,400,000	100,000
Refunding Bond of April 2012 at .77%	1,990,000	0	750,000	1,240,000	620,000
Promissory Notes of May 2013 at 2%	0	3,000,000	0	3,000,000	145,000
<b>Total</b>	<b><u>\$20,970,000</u></b>	<b><u>\$3,000,000</u></b>	<b><u>\$3,715,000</u></b>	<b><u>\$20,255,000</u></b>	<b><u>\$2,945,000</u></b>

Interest paid on long-term obligations totaled \$575,504 for the year ended June 30, 2013.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 4 – LONG TERM OBLIGATIONS (continued)

General obligation debt consisted of the following as of June 30, 2014 and 2013:

	2014	2013
<p>2005 \$1,000,000 promissory notes issued April, 2005 at an average rate of 4.625% to finance the repayment of the WRS unfunded pension liability. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2015. The notes are payable to Depository Trust Company.</p>	155,000	300,000
<p>2005 \$2,000,000 promissory notes issued April 2005 at an average rate of 3.513% to finance remodeling and the addition to the Public Safety building. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2015. The notes are payable to Depository Trust Company.</p>	350,000	665,000
<p>2007 \$5,000,000 promissory notes issued February 2007 at an average rate of 3.99% to finance equipment, general remodeling, and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2017. The notes are payable to Depository Trust Company.</p>	780,000	1,040,000
<p>2007 \$1,000,000 promissory notes issued July 2007 at an average rate of 4.50% to finance remodeling projects. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2017. The notes are payable to Depository Trust Company.</p>	345,000	450,000
<p>2008 \$4,300,000 promissory notes issued June 2008 at an average rate of 3.55% to finance equipment, general remodeling, addition and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2018. The notes are payable to Depository Trust Company.</p>	880,000	1,100,000
<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>	1,175,000	1,390,000
<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>	2,945,000	3,390,000

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

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#### NOTE 4 – LONG TERM OBLIGATIONS (continued)

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	2014	2013
2011 \$4,000,000 promissory notes issued April 2011 at an average rate of 2.92% to finance building addition, remodeling, and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2021. The notes are payable to Depository Trust Company.	2,905,000	3,280,000
2012 \$4,500,000 promissory notes issued April 2012 at an average rate of 2.22% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2022. The notes are payable to Depository Trust Company.	4,300,000	4,400,000
2012 \$1,990,000 refunding bonds issued April 2012 at an average rate of 0.77% to refinance the State Trust Fund loans of 2005. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2015. The bonds are payable to Depository Trust Company.	620,000	1,240,000
2013 \$3,000,000 promissory notes issued May 2013 at an average rate of 2.00% to finance an addition, remodeling and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2023. The bonds are payable to Depository Trust Company.	2,855,000	3,000,000
2014 \$5,000,000 promissory notes issued September 2013 at an average rate of 2.53% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2023. The bonds are payable to Depository Trust Company.	4,270,000	0
<b>Total</b>	<b>\$21,580,000</b>	<b>\$20,255,000</b>

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

Fiscal Year	Principal	Interest	Total
2014-15	3,835,000	572,279	4,407,279
2015-16	3,185,000	472,345	3,657,345
2016-17	3,255,000	387,258	3,642,258
2017-18	2,965,000	297,233	3,262,233
2018-19	2,415,000	219,520	2,634,520
2019-23	5,925,000	315,963	6,240,963
<b>Total</b>	<b>\$21,580,000</b>	<b>\$2,264,597</b>	<b>\$23,844,597</b>

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



# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 4 – LONG TERM OBLIGATIONS (continued)

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 \$675,722,701 as of June 30, 2014 and the District's outstanding general obligation debt (net of \$786,782 available to pay principal and interest) was \$20,793,218. For June 30, 2013, this limit was \$685,428,677 and the District's outstanding general obligation debt (net of \$701,108 of available funds) was \$19,553,892. 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 \$270,289,080 as of June 30, 2014, and the District had outstanding bonds of \$620,000. For June 30, 2013 this limit was \$274,171,471 and the District had outstanding bonds of \$1,240,000.

### NOTE 5 – RETIREMENT PLAN

All eligible District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. 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.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, including Teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates are as follows:

	2014		2013	
	Employee	Employer	Employee	Employer
General (including Teachers)	7.0%	7.0%	6.65%	6.65%
Executives & Elected Officials	7.75%	7.75%	7.0%	7.0%
Protective with Social Security	7.0%	10.10%	6.65%	9.75%
Protective without Social Security	7.0%	13.7%	6.65%	12.35%

The payroll for District employees covered by the WRS for the year ended December 31, 2013, was \$18,742,609; the employer's total payroll was \$20,059,800. The total required contribution for the year ended December 31, 2013, was \$2,492,767, which consisted of \$1,246,384 or 6.6% of payroll from the employer and \$1,246,384, or 6.6% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$2,166,787 and \$2,050,511, respectively, equal to the required contributions for each year.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 5 – RETIREMENT PLAN (continued)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

### NOTE 6 – OTHER POSTRETIREMENT BENEFITS

#### Plan Description

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

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

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

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

Some retired participants have higher college premium payment rates.

Membership of the plan at June 30, 2014, the most recent actuarial valuation, was:

Active	255
Retirees	37
Surviving spouses	<u>0</u>
Total participants	292

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

#### Funding Policy

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

#### Annual OPEB Cost and Net OPEB Obligation

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

	2014	2013
Annual required contribution	\$616,148	\$616,148
Interest on net OPEB obligation	9,474	5,455
Adjustments to annual required contribution	<u>(13,697)</u>	<u>(7,583)</u>
Annual OPEB cost (expense)	611,925	614,020
Contributions made	<u>478,135</u>	<u>513,528</u>
Change in net OPEB obligation	133,790	100,492
Net OPEB obligation – beginning of year	<u>236,855</u>	<u>136,363</u>
Net OPEB obligation – end of year	<u><u>\$370,645</u></u>	<u><u>\$236,855</u></u>

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

#### NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
6/30/2014	\$611,925	78%	\$370,645
6/30/2013	\$614,020	84%	\$236,855
6/30/2012	\$585,750	90%	\$136,363

#### Funded Status and Funding Progress

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

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

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

#### Actuarial Methods and Assumptions

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

### NOTE 6 – OTHER POSTRETIREMENT BENEFITS (continued)

In the June 30, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The attribution period used was from date of hire to the date the participant is fully eligible to retire and begin receiving benefits. All eligible employees are assumed to be covered in the plan at retirement if they satisfy the necessary age and service requirements for payment of premiums by the College. Ten percent of all other eligible employees are assumed to be covered in the plan at retirement. The actuarial assumptions include an underlying inflation assumption of 3%, a 4% investment rate of return and a salary scale of 5% per annum (used for life insurance only). Deductibles, out-of-pocket maximums, and employee contributions are assumed to increase annually at the medical care cost trend rate. The following table shows the annual health care cost trend rates, reduced by decrements to a rate of 6% after ten years.

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

The UAAL is being amortized as a level dollar over an open 30-year period. Any prior year (gain) or loss is being amortized over an open 30-year period. The remaining amortization period at June 30, 2014 was 30 years. The actuarial value of the plan assets was not determined because there were no plan assets as of the date of the actuarial valuation.

### NOTE 7 – OPERATING LEASES

#### Operating Lease – Lessee

The District leases property and equipment under operating leases. Following is a schedule by years of future minimum rental payments required under the operating leases as of June 30, 2014:

<u>Year ending June 30,</u>	<u>Amount</u>
2015	\$ 530,544
2016	515,224
2017	453,292
2018	395,000
2019	45,000
2020-2021	63,750
Total	\$ 2,002,810

Rent expenditures under all operating leases amounted to approximately \$556,538 and \$585,580 for the years ended June 30, 2014 and 2013, respectively.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

### NOTE 7 – OPERATING LEASES (continued)

#### Operating Lease – Lessor

The District is the lessor of excess capacity on its educational broadband services channels under an operating lease expiring in 2017, renewable for 2 additional ten-year terms. Minimum future rentals to be received under the non-cancellable leases at June 30, 2014 for each of the next three years are as follows:

Year ending June 30,	Agreement	Service Credits to Cash	Total
2015	178,115	11,400	189,515
2016	184,350	11,400	195,750
2017	190,802	11,400	202,202
Total	<u>\$553,267</u>	<u>\$34,200</u>	<u>\$587,467</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 \$183,491 and \$177,671 for the years ended June 30, 2014 and 2013, respectively.

### NOTE 8 – EXPENSE CLASSIFICATION

Operating expenses on the Statements of Revenues, Expenses and Changes in Net Position are classified by function. Alternatively, the expenses could also be shown by type of expense, as follows for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Salaries and wages	\$19,893,584	\$20,090,931
Fringe benefits	7,371,627	7,346,259
Travel, memberships and subscriptions	697,245	770,901
Supplies, printing and minor equipment	2,776,362	2,525,313
Contract services	1,554,353	1,380,780
Rentals	563,852	578,997
Repairs and maintenance	96,227	62,463
Insurance	201,263	204,741
Utilities	687,433	617,095
Depreciation	3,221,118	2,983,097
Resale	101,912	102,681
Student aid	2,303,114	2,706,886
Fiscal agent pass-throughs	866,450	804,851
Other	1,037,186	1,052,672
Total operating expenses	<u>\$41,371,726</u>	<u>\$41,227,667</u>

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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#### NOTE 9 – JOINT VENTURE - WISPALS

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

The District accounts for its share of the operating costs, which amounted to \$41,004 and \$30,231 for the years ended June 30, 2014 and 2013, respectively, in the general fund. LTC's investment in capital assets was \$108,155 and \$106,881 as of June 30, 2014 and 2013, respectively.

As the operating costs of WisPALS are funded in full by the participating colleges, there is no change in fund balance for the joint venture for the year ended June 30, 2014. WisPALS has no joint venture debt outstanding.

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

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#### NOTE 10 – JOINT VENTURE - WILM

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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 \$441,266 and \$403,882 for the years ended June 30, 2014 and 2013, respectively, in the general fund. LTC's share of the capital costs for the year ended June 30, 2014 and 2013 were \$51,108 and \$12,615, 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.

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#### NOTE 11 – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

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The College implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2013. This regulation requires the College to expense debt issuance costs in the year they are incurred instead of amortizing those costs over the life of the debt. With the adoption of this statement the College wrote-down \$15,050 in unamortized debt issuance costs. This is shown as a cumulative effect of change in accounting principle on the Statements of Revenues, Expenses and Changes in Net Position.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

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### NOTE 12 – RELATED PARTY

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



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## **REQUIRED SUPPLEMENTARY INFORMATION**

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# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFIT PLAN For the fiscal year ended June 30, 2014

### Schedule of Employer Contributions

Year Ended June 30,	Employer Contributions	Annual Required Contribution	Percentage of ARC Contributed	Net OPEB Liability
2012	\$ 525,690	\$ 586,662	90%	\$ 136,363
2013	\$ 513,528	\$ 616,148	83%	\$ 236,855
2014	\$ 478,135	\$ 616,148	78%	\$ 370,645

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a/c)
6/30/2010	\$ -	\$ 5,904,345	\$ 5,904,345	0%	\$ 17,138,894	34%
6/30/2012	\$ -	\$ 6,383,341	\$ 6,383,341	0%	\$ 17,676,819	36%
6/30/2014	\$ -	\$ 6,072,632	\$ 6,072,632	0%	\$ 17,725,505	34%

There have been no changes in actuarial assumptions that have a significant effect on the amounts presented in the schedule of funding progress for one year compared to the information presented for prior years.

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## **SUPPLEMENTARY INFORMATION**

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

## **GENERAL FUND**

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2014

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
<b>Revenues</b>						
Local government - tax levy	\$16,371,000	\$16,371,000	\$16,386,080	\$0	\$16,386,080	\$15,080
State aids	2,488,000	2,488,000	2,553,169	0	2,553,169	65,169
Program fees	6,650,000	6,650,000	5,996,551	0	5,996,551	(653,449)
Material fees	385,000	385,000	391,394	0	391,394	6,394
Other student fees	550,000	550,000	443,580	0	443,580	(106,420)
Institutional revenue	707,000	707,000	798,498	0	798,498	91,498
Federal revenue	123,000	123,000	206,752	0	206,752	83,752
<b>Total Revenues</b>	<u>27,274,000</u>	<u>27,274,000</u>	<u>26,776,024</u>	<u>0</u>	<u>26,776,024</u>	<u>(497,976)</u>
<b>Expenditures</b>						
Instruction	16,480,000	16,513,000	16,155,447	(4,050)	16,151,397	361,603
Instructional resources	1,167,000	1,167,000	1,112,615	0	1,112,615	54,385
Student services	3,104,000	3,065,000	3,001,981	0	3,001,981	63,019
General institutional	4,536,000	4,477,000	4,412,851	0	4,412,851	64,149
Physical plant	1,987,000	2,052,000	2,037,051	0	2,037,051	14,949
<b>Total Expenditures</b>	<u>27,274,000</u>	<u>27,274,000</u>	<u>26,719,945</u>	<u>(4,050)</u>	<u>26,715,895</u>	<u>558,105</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>56,079</u>	<u>4,050</u>	<u>60,129</u>	<u>\$60,129</u>
Fund balance at beginning of year			<u>8,168,656</u>	<u>(9,925)</u>	<u>8,158,731</u>	
Fund balance at end of year			<u>\$8,224,735</u>	<u>(\$5,875)</u>	<u>\$8,218,860</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, 2014

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
<b>Revenues</b>						
Local government - tax levy	\$1,470,000	\$1,470,000	\$1,470,000	\$0	\$1,470,000	\$0
State aids	962,000	962,000	645,377	0	645,377	(316,623)
Other student fees	30,000	30,000	19,850	0	19,850	(10,150)
Institutional revenue	1,558,000	1,558,000	1,338,602	0	1,338,602	(219,398)
Federal revenue	1,593,000	1,593,000	1,260,877	0	1,260,877	(332,123)
<b>Total Revenues</b>	<u>5,613,000</u>	<u>5,613,000</u>	<u>4,734,706</u>	<u>0</u>	<u>4,734,706</u>	<u>(878,294)</u>
<b>Expenditures</b>						
Instruction	4,547,000	4,542,000	3,865,506	0	3,865,506	676,494
Student services	716,000	716,000	690,752	0	690,752	25,248
Physical plant	350,000	355,000	354,126	0	354,126	874
<b>Total Expenditures</b>	<u>5,613,000</u>	<u>5,613,000</u>	<u>4,910,384</u>	<u>0</u>	<u>4,910,384</u>	<u>702,616</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>(175,678)</u>	<u>0</u>	<u>(175,678)</u>	<u>(\$175,678)</u>
Fund balance at beginning of year			<u>206,679</u>	<u>0</u>	<u>206,679</u>	
Fund balance at end of year			<u>\$31,001</u>	<u>\$0</u>	<u>\$31,001</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, 2014

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
<b>Revenues</b>						
State aids	\$200,000	\$725,000	\$679,240	\$0	\$679,240	(\$45,760)
Other student fees	300,000	300,000	298,956	0	298,956	(1,044)
Institutional revenue	153,000	153,000	150,019	0	150,019	(2,981)
Federal revenue	4,413,000	4,413,000	3,697,453	0	3,697,453	(715,547)
<b>Total Revenues</b>	<u>5,066,000</u>	<u>5,591,000</u>	<u>4,825,668</u>	<u>0</u>	<u>4,825,668</u>	<u>(765,332)</u>
<b>Expenditures</b>						
Instruction	500,000	1,025,000	866,475	0	866,475	158,525
Student services	4,566,000	4,566,000	3,946,629	0	3,946,629	619,371
<b>Total Expenditures</b>	<u>5,066,000</u>	<u>5,591,000</u>	<u>4,813,104</u>	<u>0</u>	<u>4,813,104</u>	<u>777,896</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	<u>12,564</u>	<u>0</u>	<u>12,564</u>	<u>\$12,564</u>
Fund balance at beginning of year			<u>327,238</u>	<u>0</u>	<u>327,238</u>	
Fund balance at end of year			<u>\$339,802</u>	<u>\$0</u>	<u>\$339,802</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, 2014

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
<b>Revenues</b>						
State aids	\$138,000	\$138,000	\$124,616	\$0	\$124,616	(\$13,384)
Institutional revenue	2,222,000	2,222,000	1,957,527	0	1,957,527	(264,473)
Federal revenue	101,000	101,000	90,731	0	90,731	(10,269)
<b>Total Revenues</b>	<u>2,461,000</u>	<u>2,461,000</u>	<u>2,172,874</u>	<u>0</u>	<u>2,172,874</u>	<u>(288,126)</u>
<b>Expenditures</b>						
<b>Capital Outlay</b>						
Instruction	2,186,000	2,186,000	1,099,001	613,285	1,712,286	473,714
Instructional resources	435,000	435,000	429,335	0	429,335	5,665
Student services	4,000	5,000	4,987	0	4,987	13
General institutional	764,000	763,000	660,723	(6,534)	654,189	108,811
Physical plant	5,595,000	7,095,000	6,773,826	38,527	6,812,353	282,647
<b>Total Expenditures</b>	<u>8,984,000</u>	<u>10,484,000</u>	<u>8,967,872</u>	<u>645,278</u>	<u>9,613,150</u>	<u>870,850</u>
Revenues over (under) expenditures	<u>(6,523,000)</u>	<u>(8,023,000)</u>	<u>(6,794,998)</u>	<u>(645,278)</u>	<u>(7,440,276)</u>	<u>582,724</u>
<b>Other financing sources:</b>						
Proceeds from debt	5,000,000	5,000,000	5,000,000	0	5,000,000	0
<b>Total other financing sources</b>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>	<u>5,000,000</u>	<u>0</u>
Revenues and other financing sources over (under) expenditures	<u><u>(\$1,523,000)</u></u>	<u><u>(\$3,023,000)</u></u>	<u><u>(1,794,998)</u></u>	<u><u>(645,278)</u></u>	<u><u>(2,440,276)</u></u>	<u><u>\$582,724</u></u>
Fund balance at beginning of year			5,908,230	(583,485)	5,324,745	
Fund balance at end of year			<u><u>\$4,113,232</u></u>	<u><u>(\$1,228,763)</u></u>	<u><u>\$2,884,469</u></u>	

## **DEBT SERVICE FUND**

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

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2014

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
<b>Revenues</b>						
Local government - tax levy	\$4,353,000	\$4,290,000	\$4,290,000	\$0	\$4,290,000	\$0
Institutional revenue	10,000	5,000	13,689	0	13,689	8,689
<b>Total Revenues</b>	<u>4,363,000</u>	<u>4,295,000</u>	<u>4,303,689</u>	<u>0</u>	<u>4,303,689</u>	<u>8,689</u>
<b>Expenditures</b>						
Physical plant	4,325,000	4,254,000	4,253,446	0	4,253,446	554
<b>Total Expenditures</b>	<u>4,325,000</u>	<u>4,254,000</u>	<u>4,253,446</u>	<u>0</u>	<u>4,253,446</u>	<u>554</u>
Revenues over (under) expenditures	38,000	41,000	50,243	0	50,243	9,243
Other financing sources:						
Proceeds from debt premium	0	0	58,184	0	58,184	58,184
<b>Total other financing sources</b>	<u>0</u>	<u>0</u>	<u>58,184</u>	<u>0</u>	<u>58,184</u>	<u>58,184</u>
Revenues and other financing sources over (under) expenditures	<u>\$38,000</u>	<u>\$41,000</u>	108,427	0	108,427	<u>\$67,427</u>
Fund balance at beginning of year			869,116	0	869,116	
Fund balance at end of year			<u>\$977,543</u>	<u>\$0</u>	<u>\$977,543</u>	

## **ENTERPRISE FUND**

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



# LAKESHORE TECHNICAL COLLEGE DISTRICT

## ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS) For the fiscal year ended June 30, 2014

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
<b>Revenues</b>						
Institutional revenue	\$1,350,000	\$1,711,000	\$1,460,728	\$0	\$1,460,728	(\$250,272)
Total Revenues	1,350,000	1,711,000	1,460,728	0	1,460,728	(250,272)
<b>Expenses</b>						
Auxiliary services	1,350,000	1,711,000	1,710,073	0	1,710,073	927
Total Expenses	1,350,000	1,711,000	1,710,073	0	1,710,073	927
Revenues over (under) expenses	<u>\$0</u>	<u>\$0</u>	<u>(249,345)</u>	<u>0</u>	<u>(249,345)</u>	<u>(\$249,345)</u>
Net position at beginning of year			<u>1,814,103</u>	<u>0</u>	<u>1,814,103</u>	
Net position at end of year			<u>\$1,564,758</u>	<u>\$0</u>	<u>\$1,564,758</u>	

## **INTERNAL SERVICE FUND**

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

## LAKESHORE TECHNICAL COLLEGE DISTRICT

INTERNAL SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)  
 For the fiscal year ended June 30, 2014

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals on a GAAP Basis</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actuals on a Budgetary Basis</u>	<u>Variance</u>
<b>Revenues</b>						
Institutional revenue	\$350,000	\$350,000	\$246,213	\$0	\$246,213	(\$103,787)
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>246,213</u>	<u>0</u>	<u>246,213</u>	<u>(103,787)</u>
<b>Expenses</b>						
Auxiliary services	<u>350,000</u>	<u>350,000</u>	<u>238,032</u>	<u>0</u>	<u>238,032</u>	<u>111,968</u>
Total Expenses	<u>350,000</u>	<u>350,000</u>	<u>238,032</u>	<u>0</u>	<u>238,032</u>	<u>111,968</u>
Revenues over (under) expenses	<u>\$0</u>	<u>\$0</u>	8,181	0	8,181	<u>\$8,181</u>
Net position (deficit) at beginning of year			<u>(1,677)</u>	<u>0</u>	<u>(1,677)</u>	
Net position at end of year			<u>\$6,504</u>	<u>\$0</u>	<u>\$6,504</u>	

**LAKESHORE TECHNICAL COLLEGE DISTRICT**  
**SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL**  
**STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**  
For the fiscal year ended June 30, 2014

	Governmental Fund Types					Proprietary Fund Types		Total	Reconciling Items	Statement of Revenues, Expenses and Changes in Net Position
	General	Special Revenue Funds		Capital Projects	Debt Service	Enterprise	Internal Service			
		Operating	Non-Aidable							
<b>Revenues</b>										
Local government - tax levy	\$16,386,080	\$1,470,000	\$0	\$0	\$4,290,000	\$0	\$0	\$22,146,080	\$0	\$22,146,080
Intergovernmental revenue:										
State	2,553,169	645,377	679,240	124,616	0	0	0	4,002,402	0	4,002,402 (1)
Federal	206,752	1,260,877	3,697,453	90,731	0	0	0	5,255,813	0	5,255,813 (2)
Tuition and fees:										
Program fees	5,996,551	0	0	0	0	0	0	5,996,551	(1,125,064)	4,871,487
Material fees	391,394	0	0	0	0	0	0	391,394	(73,919)	317,475
Other student fees	443,580	19,850	298,956	0	0	0	0	762,386	(128,678)	633,708
Institutional revenue	798,498	1,338,602	150,019	1,957,527	13,689	1,460,728	246,213	5,965,276	(2,077,509)	3,887,767 (3)
Auxiliary enterprise revenue	0	0	0	0	0	0	0	0	1,460,728	1,460,728
<b>Total Revenues</b>	<b>26,776,024</b>	<b>4,734,706</b>	<b>4,825,668</b>	<b>2,172,874</b>	<b>4,303,689</b>	<b>1,460,728</b>	<b>246,213</b>	<b>44,519,902</b>	<b>(1,944,442)</b>	<b>42,575,460</b>
<b>Expenditures</b>										
Instruction	16,151,397	3,865,506	866,475	0	0	0	0	20,883,378	(43,697)	20,839,681
Instructional resources	1,112,615	0	0	0	0	0	0	1,112,615	65,404	1,178,019
Student services	3,001,981	690,752	3,946,629	0	0	0	0	7,639,362	(3,513,772)	4,125,590
General institutional	4,412,851	0	0	0	0	0	0	4,412,851	233,453	4,646,304
Physical plant	2,037,051	354,126	0	0	4,253,446	0	0	6,644,623	(2,683,035)	3,961,588 (4)
Student aid	0	0	0	0	0	0	0	0	2,303,114	2,303,114
Capital outlay	0	0	0	9,613,150	0	0	0	9,613,150	(9,613,150)	0
Depreciation - unallocated	0	0	0	0	0	0	0	0	3,221,118	3,221,118
Loss on sale of capital assets	0	0	0	0	0	0	0	0	25,175	25,175
Auxiliary enterprise services	0	0	0	0	0	1,710,073	238,032	1,948,105	(308,777)	1,639,328
<b>Total Expenditures</b>	<b>26,715,895</b>	<b>4,910,384</b>	<b>4,813,104</b>	<b>9,613,150</b>	<b>4,253,446</b>	<b>1,710,073</b>	<b>238,032</b>	<b>52,254,084</b>	<b>(10,314,167)</b>	<b>41,939,917</b>
Excess (deficiency) of revenues over (under) expenditures	60,129	(175,678)	12,564	(7,440,276)	50,243	(249,345)	8,181	(7,734,182)	8,369,725	635,543
Other financing sources (uses):										
Proceeds from debt	0	0	0	5,000,000	0	0	0	5,000,000	(5,000,000)	0
Proceeds from debt premium	0	0	0	0	58,184	0	0	58,184	(58,184)	0
Total other financing sources (uses)	0	0	0	5,000,000	58,184	0	0	5,058,184	(5,058,184)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	60,129	(175,678)	12,564	(2,440,276)	108,427	(249,345)	8,181	(2,675,998)	3,311,541	635,543
Fund balance at beginning of year	8,158,731	206,679	327,238	5,324,745	869,116	1,814,103	(1,677)	16,698,935	(22,210)	16,676,725
Fund balance (deficit) at end of year	<u>\$8,218,860</u>	<u>\$31,001</u>	<u>\$339,802</u>	<u>\$2,884,469</u>	<u>\$977,543</u>	<u>\$1,564,758</u>	<u>\$6,504</u>	<u>\$14,022,937</u>	<u>\$3,289,331</u>	<u>\$17,312,268 (5)</u>

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued) For the fiscal year ended June 30, 2014

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#### 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 and 45.

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued) For the fiscal year ended June 30, 2014

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

Operating	\$1,133,099
Non-operating	2,744,687
Capital grants	<u>124,616</u>
Total	<u>\$4,002,402</u>

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

Operating	\$5,165,082
Capital grants	<u>90,731</u>
Total	<u>\$5,255,813</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	\$1,297,391
School district contract revenue	6,547
Contributions	1,570,000
Miscellaneous	833,423
Interest income	177,832
Realized and unrealized gain on investments	<u>2,574</u>
Total	<u>\$3,887,767</u>

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

Physical plant	\$3,418,572
Interest expense	<u>543,016</u>
Total	<u>\$3,961,588</u>

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

Budgetary basis fund balance	\$14,022,937
Capital assets at cost	62,393,798
Accumulated depreciation on capital assets	(38,438,558)
General obligation debt	(21,580,000)
Other postemployment benefits, net	(370,645)
Book value of proprietary fund assets removed with adoption of capitalization policy	(85,948)
Accrued interest on long-term debt	(190,761)
Summer school tuition	202,930
Summer school instructional expenses	(299,777)
Current year encumbrances	1,234,638
Unavailable revenue – capital contribution	<u>423,654</u>
Net position per basic financial statements	<u>\$17,312,268</u>

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## Statistical Section



## STATISTICAL SECTION

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

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

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## LAKESHORE TECHNICAL COLLEGE DISTRICT

### NET POSITION BY COMPONENT For the fiscal years ended June 30, 2005 to 2014 (Accrual Basis of Accounting)

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	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Net Position										
Net investment in capital assets	\$1,968,311	\$2,780,222	\$3,011,760	\$2,831,320	\$3,557,156	\$5,811,169	\$6,407,432	\$6,921,296	\$7,075,074	\$7,477,870
Restricted for capital projects	0	0	0	0	0	0	0	0	700,000	423,654
Restricted for debt service	54,747	108,777	250,106	355,449	328,971	427,099	555,091	595,270	701,109	786,782
Unrestricted	2,642,134	2,091,986	2,314,932	3,567,943	6,355,247	7,346,719	8,735,550	8,785,086	8,200,542	8,623,962
Total Net Position	\$4,665,192	\$4,980,985	\$5,576,798	\$6,754,712	\$10,241,374	\$13,584,987	\$15,698,073	\$16,301,652	\$16,676,725	\$17,312,268

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### OPERATING EXPENSES, OPERATING REVENUES AND NON-OPERATING REVENUES (EXPENSES) For the fiscal years ended June 30, 2005 to 2014 (Accrual Basis of Accounting)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Operating Expenses</b>										
Instruction	\$ 18,274,534	\$ 19,432,647	\$ 21,057,746	\$ 19,869,587	\$ 20,248,335	\$ 21,777,488	\$ 22,611,188	\$ 21,342,093	\$ 22,114,622	\$ 20,839,681
Instructional resources	1,238,732	1,201,033	1,302,407	1,405,751	1,337,240	1,268,033	1,456,097	1,300,558	1,267,206	1,178,019
Student services	2,805,243	2,888,417	2,815,990	3,109,793	3,341,416	3,335,445	3,412,933	3,268,403	3,377,376	4,125,590
General institutional	4,042,798	4,308,262	4,262,322	4,043,720	4,389,012	4,581,946	4,948,372	4,810,180	4,524,899	4,646,304
Physical plant	1,942,892	2,182,845	2,226,149	2,473,210	2,314,386	1,916,100	2,501,930	2,901,839	2,777,227	3,418,572
Auxiliary enterprise services	853,458	1,128,047	1,135,996	829,977	877,667	1,014,912	968,898	1,024,776	1,476,354	1,639,328
Depreciation - unallocated	2,114,980	2,023,898	1,965,223	2,029,808	1,993,321	2,156,931	2,468,712	2,631,714	2,983,097	3,221,118
Student aid	755,604	427,979	341,230	554,979	776,469	2,499,059	3,486,097	3,529,081	2,706,886	2,303,114
<b>Total operating expenses</b>	<b>32,028,241</b>	<b>33,593,128</b>	<b>35,107,063</b>	<b>34,316,825</b>	<b>35,277,846</b>	<b>38,549,914</b>	<b>41,854,227</b>	<b>40,808,644</b>	<b>41,227,667</b>	<b>41,371,726</b>
<b>Operating Revenues</b>										
Tuition and fees, net of scholarship allowances	4,072,796	3,931,816	3,964,413	4,471,017	5,271,962	6,242,161	6,680,221	6,950,014	6,135,350	5,822,670
Federal grants	3,193,383	3,255,626	4,407,956	2,962,569	3,243,928	5,433,937	7,308,596	5,346,341	5,335,658	5,165,082
State grants	1,269,006	1,062,333	948,800	898,711	953,142	1,219,210	1,007,638	1,441,612	1,309,717	1,133,099
Business and industry contract revenue	931,199	982,883	1,020,874	1,020,035	824,204	1,138,041	1,129,720	1,055,025	1,196,382	1,297,391
School district contract revenue	9,135	10,455	16,351	10,416	13,455	6,578	4,089	3,237	2,220	6,547
Auxiliary enterprise revenue	895,552	1,183,599	1,183,895	1,594,403	994,305	1,171,993	1,294,916	1,049,107	1,156,000	1,460,728
Miscellaneous	648,072	612,150	590,027	499,155	550,331	1,119,050	986,452	720,436	1,030,679	833,423
<b>Total operating revenues</b>	<b>11,019,143</b>	<b>11,038,862</b>	<b>12,132,316</b>	<b>11,456,306</b>	<b>11,851,327</b>	<b>16,330,970</b>	<b>18,411,632</b>	<b>16,565,772</b>	<b>16,166,006</b>	<b>15,718,940</b>
Operating loss	<u>\$(21,009,098)</u>	<u>\$(22,554,266)</u>	<u>\$(22,974,747)</u>	<u>\$(22,860,519)</u>	<u>\$(23,426,519)</u>	<u>\$(22,218,944)</u>	<u>\$(23,442,595)</u>	<u>\$(24,242,872)</u>	<u>\$(25,061,661)</u>	<u>\$(25,652,786)</u>
<b>Non-Operating Revenues (Expenses)</b>										
Property taxes	\$ 18,301,498	\$ 18,928,977	\$ 19,558,141	\$ 20,244,210	\$ 20,990,984	\$ 21,583,690	\$ 21,951,606	\$ 22,031,068	\$ 22,114,352	\$ 22,146,080
State operating appropriations	4,329,195	3,946,918	4,310,191	3,995,777	4,266,077	4,296,697	4,065,961	2,881,080	2,916,657	2,744,687
Gain (loss) on disposal of assets	(8,078)	7,927	20,221	(24,484)	(14,148)	21,808	(1,326)	8,031	32,684	(25,175)
Investment income	154,764	291,843	269,515	415,554	180,744	24,903	163,776	379,619	(77,789)	180,406
Interest expense	(452,917)	(657,524)	(618,193)	(698,245)	(734,088)	(662,689)	(681,856)	(658,367)	(490,161)	(543,016)
<b>Total non-operating revenues (expenses)</b>	<b>\$ 22,324,462</b>	<b>\$ 22,518,141</b>	<b>\$ 23,539,875</b>	<b>\$ 23,932,812</b>	<b>\$ 24,689,569</b>	<b>\$ 25,264,409</b>	<b>\$ 25,498,161</b>	<b>\$ 24,641,431</b>	<b>\$ 24,495,743</b>	<b>\$ 24,502,982</b>
<b>Capital Contributions</b>										
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 1,570,000
Federal and state capital grants	823	351,918	30,685	105,621	118,800	298,148	57,520	205,020	256,041	215,347
<b>Total non-operating revenues (expenses)</b>	<b>\$ 823</b>	<b>\$ 351,918</b>	<b>\$ 30,685</b>	<b>\$ 105,621</b>	<b>\$ 118,800</b>	<b>\$ 298,148</b>	<b>\$ 57,520</b>	<b>\$ 205,020</b>	<b>\$ 956,041</b>	<b>\$ 1,785,347</b>
<b>Change in Net Position</b>	<b>\$ 1,316,187</b>	<b>\$ 315,793</b>	<b>\$ 595,813</b>	<b>\$ 1,177,914</b>	<b>\$ 1,381,850</b>	<b>\$ 3,343,613</b>	<b>\$ 2,113,086</b>	<b>\$ 603,579</b>	<b>\$ 390,123</b>	<b>\$ 635,543</b>

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## EQUALIZED VALUE OF TAXABLE PROPERTY (A)

For the fiscal years ended June 30, 2005 to 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>MANITOWOC COUNTY</b>										
<u>Equalized valuations including TID</u>										
Real Estate:										
Residential	\$3,289,647,900	\$3,410,523,100	\$3,591,192,800	\$3,754,251,700	\$3,908,288,300	\$3,962,851,900	\$3,870,930,300	\$3,861,336,900	\$3,709,479,400	\$3,679,189,600
Commercial	584,768,900	602,068,500	662,208,600	678,303,400	705,430,100	815,159,600	761,608,000	727,382,400	719,485,200	692,160,200
Manufacturing	207,178,800	215,134,300	218,319,600	223,330,700	226,160,500	230,094,500	235,637,900	237,282,300	228,360,300	230,301,300
Agricultural	36,003,000	35,908,000	37,448,800	39,991,600	41,837,700	42,200,600	40,940,900	39,954,300	38,535,200	37,210,400
Undeveloped	12,885,800	12,734,500	16,073,000	17,606,100	24,177,300	24,117,800	26,220,500	38,273,200	37,418,400	46,718,700
Agriculture Forest	626,700	7,995,100	19,108,200	17,949,300	29,239,800	29,794,700	31,061,400	35,092,400	37,196,500	36,086,700
Forest	44,307,700	32,170,700	30,557,200	32,502,900	42,265,600	41,592,100	40,743,300	52,669,200	52,371,600	51,256,700
Other	174,767,900	184,781,800	183,962,500	195,091,100	192,546,400	243,974,000	250,796,000	247,457,100	234,476,600	211,994,300
<b>Total Real Estate</b>	<b>4,350,186,700</b>	<b>4,501,316,000</b>	<b>4,758,870,700</b>	<b>4,959,026,800</b>	<b>5,169,945,700</b>	<b>5,389,785,200</b>	<b>5,257,938,300</b>	<b>5,239,447,800</b>	<b>5,057,323,200</b>	<b>4,984,917,900</b>
<b>Total Personal Property</b>	<b>97,273,300</b>	<b>98,695,700</b>	<b>108,540,400</b>	<b>120,393,700</b>	<b>119,637,200</b>	<b>141,715,800</b>	<b>139,772,500</b>	<b>134,820,400</b>	<b>128,967,100</b>	<b>130,978,300</b>
<b>Total Equalized Value</b>	<b>\$4,447,460,000</b>	<b>\$4,600,011,700</b>	<b>\$4,867,411,100</b>	<b>\$5,079,420,500</b>	<b>\$5,289,582,900</b>	<b>\$5,531,501,000</b>	<b>\$5,397,710,800</b>	<b>\$5,374,268,200</b>	<b>\$5,186,290,300</b>	<b>\$5,115,896,200</b>
<b>Total Assessed Value</b>	<b>\$3,766,554,313</b>	<b>\$4,008,806,632</b>	<b>\$4,178,243,067</b>	<b>\$4,794,821,391</b>	<b>\$4,864,640,798</b>	<b>\$4,982,122,001</b>	<b>\$5,129,914,552</b>	<b>\$5,173,377,990</b>	<b>\$5,232,412,360</b>	<b>\$5,260,511,585</b>
<b>Ratio of Assessed to Equalized Value</b>	<b>84.69%</b>	<b>87.15%</b>	<b>85.84%</b>	<b>94.40%</b>	<b>91.97%</b>	<b>90.07%</b>	<b>95.04%</b>	<b>96.26%</b>	<b>100.89%</b>	<b>102.83%</b>
<b>SHEBOYGAN COUNTY</b>										
<u>Equalized valuations including TID</u>										
Real Estate:										
Residential	\$5,190,443,400	\$5,689,964,000	\$6,205,058,400	\$6,638,643,100	\$6,858,239,200	\$6,835,667,000	\$6,667,282,500	\$6,600,372,700	\$6,356,373,400	\$6,162,019,800
Commercial	1,083,292,700	1,218,882,700	1,299,440,800	1,365,391,900	1,418,934,000	1,531,815,800	1,431,334,200	1,384,228,500	1,361,176,300	1,407,669,500
Manufacturing	370,499,800	378,605,900	382,320,100	390,240,900	388,954,600	397,398,700	400,198,000	397,180,600	406,929,800	416,568,200
Agricultural	24,953,300	24,861,300	26,634,800	28,108,900	29,158,100	29,769,600	28,809,100	28,363,000	27,571,900	26,544,700
Undeveloped	20,081,000	24,729,600	30,431,300	30,558,500	34,487,100	28,894,000	21,809,800	23,711,300	22,575,600	27,644,500
Agriculture Forest	1,112,400	16,657,100	24,381,100	24,379,100	27,509,800	29,350,600	27,854,900	27,665,800	28,952,400	30,132,100
Forest	52,487,500	28,895,900	22,915,400	24,952,900	29,654,800	26,683,900	24,796,300	25,477,700	25,391,400	26,909,000
Other	156,710,200	168,087,000	173,224,900	180,517,000	185,155,700	187,511,200	164,473,300	163,193,300	160,135,400	159,410,000
<b>Total Real Estate</b>	<b>6,899,580,300</b>	<b>7,550,683,500</b>	<b>8,164,406,800</b>	<b>8,682,792,300</b>	<b>8,972,093,300</b>	<b>9,067,090,800</b>	<b>8,766,558,100</b>	<b>8,650,192,900</b>	<b>8,389,106,200</b>	<b>8,256,897,800</b>
<b>Total Personal Property</b>	<b>205,906,600</b>	<b>209,210,400</b>	<b>217,350,400</b>	<b>234,908,300</b>	<b>271,308,300</b>	<b>268,449,200</b>	<b>259,037,400</b>	<b>244,287,700</b>	<b>262,221,600</b>	<b>269,803,300</b>
<b>Total Equalized Value</b>	<b>\$7,105,486,900</b>	<b>\$7,759,893,900</b>	<b>\$8,381,757,200</b>	<b>\$8,917,700,600</b>	<b>\$9,243,401,600</b>	<b>\$9,335,540,000</b>	<b>\$9,025,595,500</b>	<b>\$8,894,480,600</b>	<b>\$8,651,327,800</b>	<b>\$8,526,701,100</b>
<b>Total Assessed Value</b>	<b>\$6,204,194,671</b>	<b>\$6,720,125,133</b>	<b>\$7,621,118,580</b>	<b>\$7,891,187,582</b>	<b>\$8,543,473,819</b>	<b>\$8,661,581,644</b>	<b>\$8,891,444,386</b>	<b>\$8,880,555,891</b>	<b>\$8,946,154,842</b>	<b>\$8,974,784,621</b>
<b>Ratio of Assessed to Equalized Value</b>	<b>87.32%</b>	<b>86.60%</b>	<b>90.93%</b>	<b>88.49%</b>	<b>92.43%</b>	<b>92.78%</b>	<b>98.51%</b>	<b>99.84%</b>	<b>103.41%</b>	<b>105.26%</b>
<b>Total LTC Equalized Value (B )</b>	<b>\$ 11,348,129,963</b>	<b>\$ 12,136,053,740</b>	<b>\$ 13,000,513,350</b>	<b>\$ 13,720,365,222</b>	<b>\$ 14,239,835,631</b>	<b>\$ 14,480,939,422</b>	<b>\$ 14,098,895,295</b>	<b>\$ 14,049,917,159</b>	<b>\$ 13,708,573,547</b>	<b>\$ 13,514,454,019</b>
<b>Total Tax Rate (C )</b>	<b>\$ 1.61</b>	<b>\$ 1.56</b>	<b>\$ 1.51</b>	<b>\$ 1.48</b>	<b>\$ 1.47</b>	<b>\$ 1.49</b>	<b>\$ 1.56</b>	<b>\$ 1.56</b>	<b>\$ 1.61</b>	<b>\$ 1.64</b>

**NOTE:**

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

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

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

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### DIRECT AND OVERLAPPING PROPERTY TAX RATES For the fiscal years ended June 30, 2005 to 2014 (Rate per \$1,000 of Equalized Value)

(b) Year Ended June 30	LTC			Other School Districts	Overlapping Rates (d)				State Tax Relief	Net Tax Rate
	Operational (c)	Debt Service	Total		Local	County	Other	Gross Total		
2005	1.30	0.31	1.61	9.40	3.07	6.05	0.74	20.87	(1.20)	19.67
2006	1.23	0.33	1.56	8.49	2.93	5.88	0.68	19.54	(1.12)	18.42
2007	1.20	0.31	1.51	8.01	2.77	5.58	0.60	18.47	(1.29)	17.18
2008	1.18	0.30	1.48	8.25	2.80	5.38	0.65	18.56	(1.37)	17.19
2009	1.18	0.29	1.47	8.14	2.70	5.07	0.60	17.98	(1.40)	16.58
2010	1.20	0.29	1.49	8.64	2.69	5.00	0.64	18.46	(1.35)	17.11
2011	1.26	0.30	1.56	9.64	3.12	5.34	0.71	20.37	(1.44)	18.93
2012	1.26	0.30	1.56	9.75	3.51	5.34	0.50	20.66	(1.46)	19.20
2013	1.29	0.32	1.61	10.07	3.34	5.52	0.56	21.10	(1.55)	19.55
2014	1.32	0.32	1.64	10.28	3.64	5.65	0.56	21.77	(1.60)	20.17

Notes:

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## PRINCIPAL TAXPAYERS For the fiscal years ended June 30, 2005 and 2014

Principal Taxpayers	2014			2005		
	Equalized Valuation (a)	% of Total Equalized Value	Rank	Assessed Valuation (a)	% of Total Equalized Value	Rank
Kohler Company	\$ 156,925,600	1.16%	1	121,816,980	1.07%	1
Acuity (Mutual Insurance)	43,298,300	0.32%	2	26,002,730	0.23%	2
Wal-Mart (b)	40,070,100	0.30%	3			
Sargento Foods	34,589,500	0.26%	4	22,590,900	0.20%	7
Manitowoc Company, Inc.	31,255,040	0.23%	5			
Bemis Manufacturing	25,024,500	0.19%	6	22,360,300	0.20%	3
SNH Medical Office	20,415,700	0.15%	7			
Holy Family Memorial, Inc.	19,734,870	0.15%	8			
JL French Corp.	17,465,800	0.13%	9	15,321,600	0.14%	9
ARHC Amtrw01 LLC	16,528,700	0.12%	10			
Plastics Engineering				15,500,000	0.14%	6
Fresh Brands Distributing				16,221,210	0.14%	4
Aurora Medical Group/Sheboygan Clinic				14,834,310	0.13%	5
Bayview Malls LLC				15,382,220	0.14%	8
Development 3000 LLC				15,076,300	0.13%	10
<b>Total</b>	<b>\$ 405,308,110</b>	<b>3.00%</b>		<b>\$ 285,106,550</b>	<b>2.51%</b>	
<b>Total District Equalized Value</b>	<b>\$ 13,514,454,019</b>			<b>\$ 11,348,129,963</b>		

Note:

(a) Sources - Manitowoc County 2013 CAFR, Sheboygan County 2013 CAFR and Lakeshore Technical College District 2004-05 CAFR.

(b) Sheboygan County

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### PROPERTY TAX LEVIES AND COLLECTIONS (a) For the fiscal years ended June 30, 2005 to 2014

Fiscal Year Ended June 30	Total Tax Levy	As of June 30 of Fiscal Year		Cumulative as of June 30, 2014	
		Amount Collected	Percent Collected	Amount Collected	Percent Collected
2005	18,294,816	13,632,913	75%	18,294,816	100%
2006	18,897,000	14,079,748	75%	18,897,000	100%
2007	19,559,000	14,391,194	74%	19,559,000	100%
2008	20,244,500	14,823,046	73%	20,244,500	100%
2009	20,967,414	15,043,671	72%	20,967,414	100%
2010	21,589,000	15,511,435	72%	21,589,000	100%
2011	21,960,000	15,592,212	71%	21,960,000	100%
2012	21,960,000	15,816,660	72%	21,960,000	100%
2013	22,022,000	16,009,074	73%	22,022,000	100%
2014 (b)	22,131,000	16,109,219	73%	16,109,219	73%

**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, 2014.



## LAKESHORE TECHNICAL COLLEGE DISTRICT

### RATIO OF NET DEBT TO EQUALIZED VALUATION AND DEBT PER CAPITA For the fiscal years ended June 30, 2005 to 2014

Year Ended June 30	Population (a)	Personal Income (000s)(c)	Equalized Valuation (b)	Outstanding Debt	Less Amounts Available	Net Debt Outstanding	Percent of Net Debt to Equalized Valuation	Percent of Total Debt to Personal Income	Debt Per Capita
2005	206,793	6,248	11,348,129,963	19,120,000	54,747	19,065,253	0.17%	306%	\$ 92.19
2006	207,767	6,424	12,136,053,740	15,820,000	108,777	15,711,223	0.13%	246%	\$ 75.62
2007	208,009	6,597	13,000,513,350	17,550,000	250,106	17,299,894	0.13%	266%	\$ 83.17
2008	208,735	6,993	13,720,365,222	19,515,000	355,449	19,159,551	0.14%	279%	\$ 91.79
2009	209,415	7,308	14,239,835,631	18,025,000	328,971	17,696,029	0.12%	247%	\$ 84.50
2010	209,792	7,202	14,480,939,422	19,530,000	427,099	19,102,901	0.13%	271%	\$ 91.06
2011	209,896	7,723	14,098,895,295	20,055,000	555,091	19,499,909	0.14%	260%	\$ 92.90
2012	203,967	7,715	14,049,917,159	20,970,000	595,270	20,374,730	0.15%	272%	\$ 99.89
2013	203,983	8,409	13,708,573,547	20,255,000	701,109	19,553,891	0.14%	241%	\$ 95.86
2014	203,736	N/A	13,514,454,019	21,580,000	786,782	20,793,218	0.15%	N/A	\$ 102.06

**Notes:**

- (a) Source - Wisconsin Department of Revenue, Division of State and Local Finance reports. Includes the entire district as of January 1, 2013.
- (b) Equalized value is reported as of the December 31 of the previous calendar year (i.e. 2014 information is as of December 31, 2013).
- (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, 2014

Municipality/District	Outstanding Principal	Principle Payments Scheduled over next 12 months	Anticipated New Debt	Percentage Applicable to LTC	Amount Applicable to LTC
<b>OVERLAPPING DEBT</b>					
County of:					
Calumet	\$7,035,000	\$1,200,000	\$3,200,000	1.63%	\$ 147,271
Manitowoc	26,205,000	2,020,000	0	96.76%	23,401,406
Ozaukee	33,910,000	1,935,000	0	4.43%	1,416,493
Sheboygan	23,795,000	5,690,000	0	99.90%	18,086,895
Total all counties					<u>43,052,064</u>
City of:					
Kiel	7,877,267	587,672	1,000,000	100.00%	8,289,595
Manitowoc	57,155,000	8,165,000	2,909,000	100.00%	51,899,000
Plymouth	20,007,847	1,966,121	0	100.00%	18,041,726
Sheboygan	39,110,441	5,385,182	3,000,000	100.00%	36,725,259
Sheboygan Falls	11,950,000	1,425,000	2,000,000	100.00%	12,525,000
Two Rivers	18,477,810	2,093,859	1,162,400	100.00%	17,546,351
Total all cities					<u>145,026,931</u>
Town of:					
Fredonia	688,425	97,087	0	100.00%	591,338
Greenbush	254,552	32,479	0	99.06%	219,986
Holland	65,442	40,929	0	100.00%	24,513
Lima	299,210	68,215	0	100.00%	230,995
Lyndon	65,442	40,929	0	100.00%	24,513
Mishicot	0	0	193,722	100.00%	193,722
Rhine	800,414	74,580	0	100.00%	725,834
Rockland	0	0	225,000	68.07%	153,158
Sheboygan	3,724,281	1,213,486	0	100.00%	2,510,795
Sheboygan Falls	268,869	132,291	560,284	100.00%	696,862
Two Rivers	41,931	20,631	0	100.00%	21,300
Total all towns					<u>5,393,015</u>
Village of:					
Adell	600,000	70,000	0	100.00%	530,000
Belgium	4,291,435	702,155	0	100.00%	3,589,280
Cedar Grove	1,882,768	243,358	0	100.00%	1,639,410
Cleveland	3,232,202	570,823	0	100.00%	2,661,379
Elkhart Lake	5,154,169	204,034	1,345,000	100.00%	6,295,135
Francis Creek	1,000,000	95,000	0	100.00%	905,000
Glenbeulah	312,032	32,825	0	100.00%	279,207
Howards Grove	289,475	42,609	0	100.00%	246,866
Kellnersville	30,552	8,136	35,000	100.00%	57,416
Kohler	6,575,000	363,000	0	100.00%	6,212,000
Mishicot	400,116	89,140	7,000	100.00%	317,976
Oostburg	5,925,705	775,864	1,200,000	100.00%	6,349,841
Random Lake	1,139,437	175,298	1,200,000	100.00%	2,164,139
Reedsville	2,928,184	272,196	1,235,000	100.00%	3,890,988
Saint Nazianz	1,465,682	59,103	0	100.00%	1,406,579
Valders	1,346,115	140,988	380,000	100.00%	1,585,127
Waldo	2,423,072	142,270	0	100.00%	2,280,802
Whitelaw	459,704	33,300	0	100.00%	426,404
Total all villages					<u>40,837,549</u>

(continued on following page)

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### COMPUTATION OF DIRECT AND OVERLAPPING DEBT (continued) For the fiscal year ended June 30, 2014

Municipality/District	Outstanding Principal	Principle Payments Scheduled over next 12 months	Anticipated New Debt	Percentage Applicable to LTC	Amount Applicable to LTC
School District of:					
Campbellsport	10,275,000	1,220,000	0	1.08%	97,794
Cedar Grove-Belgium	8,680,000	1,005,000	0	100.00%	7,675,000
Elkhart Lake-Glenbeulah	106,778	106,778	0	100.00%	0
Howards Grove	8,485,670	496,895	0	100.00%	7,988,775
Kewaskum	6,800,000	1,165,000	0	100.00%	5,635,000
Kewaunee	1,865,000	915,000	0	3.77%	35,815
Kiel	8,925,000	1,115,000	0	100.00%	7,810,000
Kohler	7,902,506	819,719	1,000,000	100.00%	8,082,787
Manitowoc	5,335,000	1,040,000	5,000,000	100.00%	9,295,000
Mishicot	2,095,000	715,000	0	100.00%	1,380,000
New Holstein	11,735,000	825,000	0	1.63%	177,833
Oostburg	8,800,000	750,000	0	100.00%	8,050,000
Plymouth	13,590,000	1,105,000	0	100.00%	12,485,000
Random Lake	1,275,000	640,000	8,500,000	100.00%	9,135,000
Reedsville	10,525,000	1,260,000	0	100.00%	9,265,000
Sheboygan	38,738,000	3,005,000	0	100.00%	35,733,000
Sheboygan Falls	5,680,000	1,832,914	0	100.00%	3,847,086
Two Rivers	13,555,000	1,915,000	0	100.00%	11,640,000
Valders	4,385,000	475,000	0	100.00%	3,910,000
Total all school districts					<u>142,243,090</u>
TOTAL OVERLAPPING DEBT					<u>\$ 376,552,649</u>
DIRECT DEBT					
Lakeshore Technical College					<u>\$ 21,580,000</u>
TOTAL DIRECT DEBT					<u>\$ 21,580,000</u>
TOTAL DIRECT AND OVERLAPPING DEBT					<u><u>\$ 398,132,649</u></u>

Notes:

- (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of LTC. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses located in LTC's boundaries. This process recognizes that, when considering LTC's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.
- (2) The percentage of overlapping debt applicable to LTC is the equalized property value of property of the overlapping government located in LTC's district as a percentage of total equalized value of all property for the overlapping government.
- (3) Sources - Survey of municipalities, Sheboygan County 2013 annual report and Wisconsin Department of Revenue – Bureau of Information Systems.

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## LEGAL DEBT MARGIN INFORMATION For the fiscal years ended June 30, 2005 to 2014 (\$000's)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Equalized valuation</b>	\$11,348,130	\$12,136,054	\$13,000,513	\$13,720,365	\$14,239,836	\$14,480,939	\$14,098,895	\$14,049,917	\$13,708,574	\$13,514,454
<b>Debt limit - 5% of equalized value</b> (Wisconsin statutory limitation)	\$567,406	\$606,803	\$650,026	\$686,018	\$711,992	\$724,047	\$704,945	\$702,496	\$685,429	\$675,723
Gross indebtedness applicable to debt limit:										
General obligation promissory notes and bonds	19,120	15,820	17,550	19,515	18,025	19,530	20,055	20,970	20,255	21,580
Less debt service funds available	(37)	(60)	(179)	(272)	(260)	(356)	(479)	(512)	(624)	(691)
Total amount of debt applicable to debt margin	19,083	15,760	17,371	19,243	17,765	19,174	19,576	20,458	19,631	20,889
Legal debt margin (Debt capacity)	\$548,323	\$591,043	\$632,655	\$666,775	\$694,227	\$704,873	\$685,369	\$682,038	\$665,798	\$654,834
Percent of debt capacity used	3.36%	2.60%	2.67%	2.80%	2.50%	2.65%	2.78%	2.91%	2.86%	3.09%
<b>Debt limit - 2% of equalized value</b> (Wisconsin statutory limitation)	\$226,963	\$242,721	\$260,010	\$274,407	\$284,797	\$289,619	\$281,978	\$280,998	\$274,171	\$270,289
Gross bonded indebtedness applicable to debt limit:										
General obligation bonds	750	-	-	-	-	-	-	1,990	1,240	620
Less debt service funds available	-	-	-	-	-	-	-	-	-	-
Total amount of debt applicable to debt margin	750	-	-	-	-	-	-	1,990	1,240	620
Legal debt margin (Debt capacity)	\$226,213	\$242,721	\$260,010	\$274,407	\$284,797	\$289,619	\$281,978	\$279,008	\$272,931	\$269,669
Percent of debt capacity used	0.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.71%	0.45%	0.23%
<hr/>										
<i>debt service funds available:</i>										
<i>debt service fund equity</i>	304,726	298,717	463,941	556,852	539,065	612,689	755,762	787,811	869,116	977,543
<i>less: interest due sept 1 of that year</i>	(267,455)	(238,973)	(285,070)	(284,623)	(279,423)	(256,340)	(276,570)	(276,268)	(244,623)	(286,141)
	37,271	59,744	178,871	272,229	259,642	356,349	479,192	511,543	624,493	691,402

# LAKESHORE TECHNICAL COLLEGE DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS  
For the calendar years ended December 31, 2004 to 2013

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)
2004	115,447	3,792,730	33,299	3.6%	22,169	1,662	84,264	2,455,074	30,005	5.1%	14,800	1,177
2005	116,075	3,936,587	34,409	3.7%	22,107	1,742	84,480	2,487,182	30,395	4.6%	14,525	1,160
2006	116,348	4,036,238	35,419	3.6%	22,015	1,727	84,357	2,561,309	31,624	4.3%	14,336	1,188
2007	117,045	4,309,677	37,736	4.1%	22,386	1,778	84,324	2,683,305	33,222	4.9%	14,183	1,169
2008	117,472	4,435,849	38,755	8.9%	22,155	1,866	84,553	2,871,694	35,598	9.6%	14,034	1,135
2009	117,566	4,328,472	37,783	7.4%	22,032	1,761	84,785	2,874,292	35,669	8.0%	13,755	1,191
2010	117,650	4,812,650	41,681	7.7%	21,725	1,737	84,798	2,909,848	35,777	7.9%	13,398	1,163
2011	115,569	4,595,577	39,910	6.8%	21,557	1,666	81,406	3,119,148	38,519	7.8%	13,106	1,073
2012	115,549	5,150,016	44,779	6.0%	21,505	1,710	81,437	3,258,641	40,394	7.1%	12,925	1,008
2013	115,386	N/A	N/A	5.6%	21,301	1,723	81,352	N/A	N/A	6.6%	12,862	973

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Notes:

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

## LAKESHORE TECHNICAL COLLEGE DISTRICT

TEN LARGEST EMPLOYERS (a)  
For the fiscal years ended June 30, 2005 to 2014

Employer	Nature of Business	2014			2005		
		Approximate Number of Employees	Rank	% of Total Employment	Approximate Number of Employees	Rank	% of Total Employment
Kohler Company	Plumbing fixtures and fittings, hotel & real estate	3,000	1	2.6%	8,000	1	6.6%
Lakeside Foods	Supplier of frozen and canned vegetable	1,700	2	1.5%			0.0%
Sargento Foods, Inc.	Cheese manufacturing	1,500 *	3	1.3%	1,111	8	0.9%
Sheboygan Area School District	Education	1,274	4	1.1%	2,064	3	1.7%
Bemis Mfg. Company	Toilet seats, lavatories, cutting	1,269	5	1.1%	2,300	2	1.9%
Holy Family Memorial Medical Center	Medical facility	1,150	6	1.0%	1,319	4	1.1%
Nemak, formerly J.L. French Corp.	Foundry/automotive parts	950	7	0.8%	1,250	6	1.0%
Manitowoc School District	Education	936 **	8	0.8%	1,116	10	0.9%
Johnsonville Sausage	Meat processing	930	9	0.8%			
The Vollrath Company	Service machinery manufacturer	850	10	0.7%			
Hamilton L. Fisher LC (Fisher Scientific) (Formerly Thermo Fisher Scientific)	Laboratory apparatus & furniture mfg				1,300	5	1.1%
Sheboygan County	County employees, nursing care facilities				1,288	7	1.1%
The Manitowoc Co., Inc.	Crane & ice machine manufacturing				1,075	9	0.9%
<b>TOTAL EMPLOYMENT (b)</b>		<b>116,464</b>			<b>121,622</b>		

Notes:

(a) Sources - Infogroup (www.salesgenie.com), Wisconsin WORKNET, Employer contacts and websites and Lakeshore Technical College District 2004-05 CAFR

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

\* Figure includes facilities in Hilbert and Elkhart Lake.

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

## LAKESHORE TECHNICAL COLLEGE DISTRICT

### FULL-TIME EQUIVALENT POSITIONS BY CATEGORY For the fiscal years ended June 30, 2005 to 2014

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Category	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Est. 2014</u>
Administrators/ Supervisors	34.4	28.7	30.0	27.8	32.5	33.2	33.0	30.8	33.7	36.0
Teachers	157.1	138.8	137.3	143.9	143.9	151.9	150.6	149.7	151.6	150.0
Specialists	n/a	n/a	4.6	5.1	5.1	5.0	5.0	3.7	2.5	2.3
Other Staff	142.8	147.0	137.7	136.0	134.4	139.5	144.3	150.0	156.0	151.0
	<u>334.3</u>	<u>314.5</u>	<u>309.6</u>	<u>312.8</u>	<u>315.9</u>	<u>329.6</u>	<u>332.9</u>	<u>334.2</u>	<u>343.8</u>	<u>339.3</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, 2005 to 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Student Enrollment (a)</b>										
Associate degree	3,788	3,611	3,343	3,401	3,502	4,103	4,190	3,942	3,825	3,730
Vocational:										
Short-term										
One year										
Technical Diploma	1,135	1,101	1,061	1,099	1,027	1,023	996	898	1003	1109
Basic skills	2,775	2,577	2,828	2,631	2,765	3,020	2,259	1,829	1,658	1,889
Apprentices	154	172	180	193	175	152	137	123	140	170
Basic skills adult	0	0	0	0	0	0	0	0	0	0
Vocational adult	7,970	9,346	9,922	9,755	8,559	7,935	7,263	8,404	7,685	8,386
District service	0	69	134	176	118	102	253	221	201	459
<b>Total</b>	<b>15,822</b>	<b>16,876</b>	<b>17,468</b>	<b>17,255</b>	<b>16,146</b>	<b>16,335</b>	<b>15,098</b>	<b>15,417</b>	<b>14,512</b>	<b>15,743</b>
<b>Full-Time Equivalent (b)</b>										
Associate degree	1,439	1,304	1,255	1,278	1,444	1,776	1,794	1,598	1,508	1,397
Vocational:										
Technical Diploma	243	224	219	233	222	257	238	219	238	243
Basic skills	412	412	410	410	442	483	374	314	281	248
Apprentices	22	23	25	27	25	23	20	18	24	30
Vocational adult	109	133	120	125	109	121	90	103	88	88
District service	0	0	0	0	0	0	1	1	1	2
<b>Total</b>	<b>2,225</b>	<b>2,096</b>	<b>2,029</b>	<b>2,073</b>	<b>2,242</b>	<b>2,660</b>	<b>2,517</b>	<b>2,253</b>	<b>2,140</b>	<b>2,008</b>
<b>Graduate Follow-Up Statistics (c)</b>										
Number of graduates	1,066	984	940	865	924	1,032	968	975	926	n/a
Responses										
Number	859	791	748	526	655	752	679	533	486	n/a
Percent of graduates	81%	80%	80%	61%	72%	73%	70%	55%	53%	n/a
Employed related occupations	644	585	451	342	221	258	270	311	283	n/a
Seeking related employment	49	56	44	36	74	71	89	70	46	n/a
Not seeking related employment	99	127	145	128	240	336	208	51	67	n/a

### Notes:

- (a) Student enrollment represents the duplicated count of citizens enrolled in district courses.
- (b) A full-time equivalent (FTE) is basically equal to 30 annual student credits based on a mathematical calculation which varies somewhat by program and which is subject to state approval and audit of students and course data.
- (c) Graduate follow-up statistics are based on the surveys of district graduates approximately six months after graduation, therefore current fiscal year data is not yet available.



# LAKESHORE TECHNICAL COLLEGE DISTRICT

## CAMPUS SITES – SQUARE FOOTAGE

June 30, 2014

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

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## PROGRAM OFFERINGS

June 30, 2014

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### Associate Degree Programs

Accounting	IT - Computer Support Specialist
Administrative Professional	IT - Network Specialist
Broadcast Captioning	IT - Web & Software Developer
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	Paramedic Technician
Environmental Waste & Water Technician	Pharmacy Services Management
Fire Medic	Quality Assurance Technician
Golf Course Management	Radiography
Graphic and Web Design	Supervisory Management
Health Information Management	Supply Chain Management
Hotel/Hospitality Management	Sustainable Landscape Horticulture
Human Resources	Technical Studies – Journeyworker
Individualized Technical Studies	Wind Energy Technology

### Technical Diplomas

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

### Apprenticeship Programs

Carpentry – Construction	Maintenance Technician
Child Care Development Specialist	Sheet Metal – Construction
Industrial Electrician	Sheet Metal - Industrial
Machinist	Tech. Plumbing
Maintenance Mechanic/Millwright	Tool and Die

## Single Audit Section

## **SINGLE AUDIT SECTION**

The Single Audit Act Amendments of 1996 mandates independent financial and compliance audits of the federal awards programs. The State of Wisconsin also stipulates that grantees who are required to have a federal single audit completed must include selected state award programs in the scope of the single audit. In addition to the required auditors' reports, the schedule of expenditures of federal and state awards and accompanying notes and schedule of findings and questioned costs are provided to support the requirements for compliance with OMB Circular A-133 and State of Wisconsin Single Audit Guidelines. The schedules provide more detailed financial information related to grant activity and other revenue.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the District Board  
Lakeshore Technical College District  
Cleveland, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lakeshore Technical College District (the District) as of and for the year ended June 30, 2014 and have issued our report thereon dated November 12, 2014. The financial statements of the Lakeshore Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

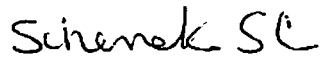
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Certified Public Accountants

Sheboygan, Wisconsin  
November 12, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the District Board  
Lakeshore Technical College District  
Cleveland, Wisconsin

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

We have audited the Lakeshore Technical College District (the District)'s compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2014. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.



## Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Sheboygan, Wisconsin  
November 12, 2014

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the fiscal year ended June 30, 2014

Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>						
Bay Area Workforce Development Board						
Workforce Investment Act (WIA) National Emergency Grants	17.277					
BAWD-Thermo Fisher	111464	7/1/13-6/30/14	63,650	48,967	-	48,967
Total	17.277		63,650	48,967	-	48,967
Trade Adjustment Assistance Community College and Career Training						
Northeast Wisconsin Technical College						
MAKING THE FUTURE: The Wisconsin Strategy (477)	TC-23775-12-60-A-55	10/1/12-9/30/16	534,786	206,647	-	206,647
INTERFACE Project (487)	TC-25118-13-60-1-55	10/1/13-9/30/17	897,039	75,861	-	75,861
Total	17.282		1,431,825	282,508	-	282,508
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>1,495,475</b>	<b>331,475</b>	<b>-</b>	<b>331,475</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Interagency Hazardous Materials Public Sector						
Training and Planning Grants						
Haz-Mat Interagency Hazardous Materials	20.703	7/1/13-6/30/14	4,217	4,217	-	4,217
Total			4,217	4,217	-	4,217
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>4,217</b>	<b>4,217</b>	<b>-</b>	<b>4,217</b>
<b>U.S. NUCLEAR REGULATORY COMMISSION</b>						
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program						
Nuclear Technology Curriculum Project (379)	77.006 NRC-HQ-11-G-38-0078	8/22/11-8/31/13	78,044	3,538	-	3,538
Total	77.006		78,044	3,538	-	3,538
U. S. Nuclear Regulatory Commission Scholarship and Fellowship Program						
NRC Trade School Scholarship Program (378)	77.008 NRC-HQ-12-G-38-0071	8/31/12-12/30/13	120,960	20,471	-	20,471
Total	77.008		120,960	20,471	-	20,471
<b>TOTAL U.S. NUCLEAR REGULATORY COMMISSION</b>			<b>199,004</b>	<b>24,009</b>	<b>-</b>	<b>24,009</b>
<b>U.S. DEPARTMENT OF ENERGY</b>						
Nuclear Energy Research, Development and Demonstration						
NEUP Fellowship/Scholarship (476)	81.121 DE-NE0000642	10/1/13-9/30/18	10,000	10,000	-	10,000
Total	81.121		10,000	10,000	-	10,000
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued) For the fiscal year ended June 30, 2014

Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Wisconsin Technical College System						
Adult Education - Basic Grants to States						
	84.002					
Modumath Basic Math and Algebra Digital Curriculum Project	11-406-146-134	7/01/13-6/30/14	63,450	63,450	-	63,450
English Literacy/Civics	11-414-146-164	7/01/13-6/30/14	12,656	12,656	-	12,656
AEFL-Comprehensive	11-415-146-124	7/01/13-6/30/14	220,885	220,885	503,900	724,785
Institutionalized Individuals	11-422-146-114	7/01/13-6/30/14	40,705	40,705	13,568	54,273
English Language Learning Professional Development	11-445-146-134	7/01/13-6/30/14	47,577	39,115	-	39,115
Professional Dev State Leadership	11-455-146-134	7/01/12-9/30/13	90,000	89,995	-	89,995
Total	84.002		475,273	466,806	517,468	984,274
Student Financial Assistance Cluster						
SEOG						
	84.007	7/01/13-6/30/14	66,763	66,763	-	66,763
Federal Work Study Program	84.033	7/01/13-6/30/14	58,783	53,163	-	53,163
PELL	84.063	7/01/13-6/30/14	3,390,318	3,390,318	-	3,390,318
Federal Direct Student Loans	84.268	7/01/13-6/30/14	3,833,345	3,833,345	-	3,833,345
Total			7,349,209	7,343,589	-	7,343,589
Higher Education - Institutional Aid						
Strengthening Institutions - Title III	84.031A P031A090181	10/1/09-9/30/14	1,578,866	286,762	-	286,762
Total	84.031A		1,578,866	286,762	-	286,762
TRIO Cluster						
Student Support Services Program						
TRIO-Student Support Services	84.042A P042A100583	9/1/10-8/31/15	1,068,391	208,943	-	208,943
Total	84.042A		1,068,391	208,943	-	208,943
Wisconsin Technical College System						
Career and Technical Education - Basic Grants to States						
Students Acheiving Success	84.048 11-404-150-234	7/01/13-6/30/14	118,217	118,217	182,600	300,817
Strengthening Career/Technical Education	11-407-150-254	7/01/13-6/30/14	41,391	41,391	-	41,391
Non-Traditional Occupation Services	11-409-150-264	7/01/13-6/30/14	47,348	47,348	-	47,348
Career Prep	11-434-150-214	7/01/13-6/30/14	35,686	35,686	-	35,686
Total	84.048		242,642	242,642	182,600	425,242

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued) For the fiscal year ended June 30, 2014

Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures
Child Care Access Means Parents in School CCAMPIS	84.335A P335A090020-12	10/01/09-9/30/13	50,359	8,213	-	8,213
Total	84.335A		50,359	8,213	-	8,213
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>10,764,740</u>	<u>8,556,955</u>	<u>700,068</u>	<u>9,257,023</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Northeastern Wisconsin Area Health Education Center (AHEC)						
AHEC Point of Service Maintenance and Enhancement Awards						
Human Patient Simulaton & Interprofessional Education	93.107 NE1-14	10/1/13-6/30/2014	8,000	1,229	-	1,229
Lakeshore Health Careers Academy	NE3-14	10/1/13-6/30/2014	13,000	10,120	-	10,120
Total	93.107		21,000	11,349	-	11,349
University of Cincinnati						
NIEHS Hazardous Waste Worker Health and Safety Training						
HazMat Worker Health and Safety Training Cooperative Agreement (475)	93.142 ES006184-22	8/1/13-7/31/14	136,320	123,776	-	123,776
HazMat Worker Health and Safety Training Cooperative Agreement (375/475)	ES006184-21	8/1/12-7/31/13	142,000	24,708	-	24,708
Total	93.142		278,320	148,484	-	148,484
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>299,320</u>	<u>159,833</u>	<u>-</u>	<u>159,833</u>
TOTAL FEDERAL AWARDS			<u>12,772,757</u>	<u>9,086,489</u>	<u>700,068</u>	<u>9,786,557</u>
<u>Reconciliation of Federal Revenue</u>						
Schedule of Expenditures of Federal Awards				9,086,489		
DEDUCT:						
Federal Direct Student Loans				3,833,345		
Revenue from Prior Year's Projects				(4,209)		
ADD:						
PELL Administration				5,705		
Veterans Administration - Recording Fee				1,173		
					<u>5,255,813</u>	
Federal grants				5,165,082		
Federal capital grants				90,731		
Basic Financial Statements						<u>5,255,813</u>

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS For the fiscal year ended June 30, 2014

Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	State Direct Revenue	State Passthrough Revenue	Match	Total Expenditures
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>							
Motorcycle Safety Grant	0094-14-09	1/1/14-12/31/14	43,962	21,981	-	-	21,981
Motorcycle Safety Grant	0094-14-21	1/1/14-12/31/14	716	72	-	-	72
Motorcycle Safety Grant	0094-14-35	1/1/14-12/31/14	835	84	-	-	84
Motorcycle Safety Grant	0094-13-11	1/1/13-12/31/13	33,789	11,602	-	-	11,602
Motorcycle Safety Grant	0094-13-21	1/1/13-12/31/13	8,712	3,734	-	-	3,734
Total	20.395(4)(aq)		88,014	37,472	-	-	37,472
<b>TOTAL WISCONSIN DEPARTMENT OF TRANSPORTATION</b>			<b>88,014</b>	<b>37,472</b>	<b>-</b>	<b>-</b>	<b>37,472</b>
<b>WISCONSIN HIGHER EDUCATION AIDS BOARD</b>							
Wisconsin Higher Education Grant	235.102	7/01/13-6/30/14	508,522	508,522	-	-	508,522
Remission of Fees for Veterans and Dependents	235.105	7/01/13-6/30/14	61,017	61,017	-	-	61,017
Wisconsin Covenant Scholars	235.108	7/01/13-6/30/14	16,125	16,125	-	-	16,125
Talent Incentive Program	235.114	7/01/13-6/30/14	19,000	19,000	-	-	19,000
Nursing Student Loan	235.117	7/01/13-6/30/14	6,050	6,050	-	-	6,050
Wisconsin Indian Assistance Grant	235.132	7/01/13-6/30/14	4,950	4,950	-	-	4,950
Total			615,664	615,664	-	-	615,664
<b>TOTAL WISCONSIN HIGHER EDUCATION AIDS BOARD</b>			<b>615,664</b>	<b>615,664</b>	<b>-</b>	<b>-</b>	<b>615,664</b>
<b>WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD</b>							
Occupational Competency Grant	292.104						
Current Year	N/A	7/01/13-6/30/14	500	500	-	-	500
Total	292.104		500	500	-	-	500
State Aids for Technical Colleges	292.105						
Current Year	N/A	7/01/13-6/30/14	1,914,164	1,914,164	-	-	1,914,164
Total	292.105		1,914,164	1,914,164	-	-	1,914,164
State Aid Displaced Homemaker	292.106						
Opportunities - Displaced Homemaker	11-453-106-114	7/01/13-6/30/14	58,720	58,721	-	6,524	65,245
Total	292.106		58,720	58,721	-	6,524	65,245
Minority Student Participation/Retention-GPR	292.109						
Minority Student Participation and Retention	11-418-109-114	7/01/13-6/30/14	35,001	35,001	-	11,667	46,668
Total	292.109		35,001	35,001	-	11,667	46,668
Farm Training	292.111						
Farm Training Aid Payment FY 13-14	N/A	7/01/13-6/30/14	2,933	2,933	-	-	2,933
Total	292.111		2,933	2,933	-	-	2,933

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued) For the fiscal year ended June 30, 2014

Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	State Direct Revenue	State Passthrough Revenue	Match	Total Expenditures
State Incentive Grants	292.112						
I Best Pre-College Health Care Tech Bridge Courses	11-405-112-164	7/01/13-6/30/14	42,406	42,406	-	14,135	56,541
I Best Pre-College Industrial Tech Bridge Courses	11-408-112-164	7/01/13-6/30/14	33,836	33,836	-	11,278	45,114
2014 GED Transition	11-410-112-164	7/01/13-6/30/14	44,961	44,961	-	14,986	59,947
Machine Tool Technical Diploma	11-421-112-134	7/01/13-6/30/14	149,938	149,938	-	49,979	199,917
Fabrication Technician Technical Diploma	11-423-112-134	7/01/13-6/30/14	145,232	145,232	-	48,411	193,643
Curriculum Review -Intro to Ethics	11-427-112-144	7/01/13-6/30/14	7,500	7,029	-	-	7,029
WIDS Implementation	11-432-112-134	7/01/13-6/30/14	200,000	200,000	-	-	200,000
High Intermediate/Advanced ELL	11-435-112-124	7/01/13-6/30/14	102,449	102,449	-	72,400	174,849
Advanced Manufacturing Network - Northeast	11-440-112-114	7/01/13-6/30/14	80,000	77,627	-	-	77,627
Faculty Quality Assurance System	11-447-112-144	7/01/13-6/30/14	32,000	32,000	-	-	32,000
WTCS Repository and Curriculum Bank Support	11-449-112-144	7/01/13-6/30/14	58,800	58,800	-	-	58,800
Statewide Apprenticeship Curriculum	11-456-112-144	7/01/13-6/30/14	88,633	88,633	-	-	88,633
Curriculum Review -Math and Logic	11-457-112-144	7/01/13-6/30/14	7,500	6,219	-	-	6,219
TSA for Industrial Maintenance/Automation	11-458-112-154	7/01/13-6/30/14	16,000	14,878	-	-	14,878
WIDS Development Planning & Curriculum Updates	11-459-112-144	7/01/13-6/30/14	207,500	207,500	-	-	207,500
Total	292.112		1,216,755	1,211,508	-	211,189	1,422,697
Transition Services for Individuals with Disabilities	292.115						
Transition Services	11-433-115-114	7/01/13-6/30/14	23,638	23,638	-	7,879	31,517
Total	292.115		23,638	23,638	-	7,879	31,517
Workforce Advancement Training Grants	292.116						
HTT Incorporated	11-436-116-114	7/01/13-6/30/14	44,400	36,293	-	-	36,293
Total	292.116		44,400	36,293	-	-	36,293
Faculty Development Grants	292.123						
Faculty Development	11-419-123-114	7/01/13-6/30/14	44,100	44,100	-	-	44,100
Faculty Development / Match	11-420-123-114	7/01/13-6/30/14	-	-	-	44,100	44,100
Total	292.123		44,100	44,100	-	44,100	88,200
Fire Training	292.137						
Fire Fighter Training 2%	N/A	7/01/13-6/30/14	27,388	27,388	-	-	27,388
Total	292.137		27,388	27,388	-	-	27,388
Rise Curriculum Development Grant Program	292.138						
RISE 3 Coordination	11-417-138-274	7/01/13-6/30/14	120,122	88,635	-	-	88,635
On-Line Apprentice Orientation	11-460-138-144	7/01/13-6/30/14	11,450	11,450	-	-	11,450
Total	292.138		131,572	100,085	-	-	100,085

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued) For the fiscal year ended June 30, 2014

Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	State Direct Revenue	State Passthrough Revenue	Match	Total Expenditures
Health Care Education Grants	292.161						
Human Patient Simulators	11-424-161-114	7/01/13-6/30/14	47,472	47,472	-	31,648	79,120
Nursing Program Retention	11-425-161-114	7/01/13-6/30/14	121,649	121,649	-	-	121,649
Medical Coding Specialist	11-426-161-114	7/01/13-6/30/14	64,499	64,499	-	42,999	107,498
Total	292.161		<u>233,620</u>	<u>233,620</u>	-	74,647	308,267
TOTAL WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD			<u>3,732,791</u>	<u>3,687,951</u>	-	356,006	4,043,957
<u>WISCONSIN DEPARTMENT OF NATRUAL RESOURCES</u>			370.503				
State Aid in Lieu of Property Taxes	NA	7/01/13-6/30/14	22,223	22,223	-	-	22,223
Total	370.503		<u>22,223</u>	<u>22,223</u>	-	-	22,223
<u>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</u>			445.107				
Youth Apprenticeship	111454	7/1/13-6/30/14	57,374	57,374	-	28,687	86,061
Total	445.107		<u>57,374</u>	<u>57,374</u>	-	28,687	86,061
<u>WISCONSIN DEPARTMENT OF JUSTICE</u>			455.231				
Law Enforcement Training	14-035	9/4/13-10/25/13	3,400	3,400	-	-	3,400
Total	455.231		<u>3,400</u>	<u>3,400</u>	-	-	3,400
<u>WISCONSIN DEPARTMENT OF REVENUE</u>			835.109				
State Aid - Computers	NA	7/01/13-6/30/14	129,060	129,060	-	-	129,060
Total	835.109		<u>129,060</u>	<u>129,060</u>	-	-	129,060
TOTAL STATE AWARDS			<u>4,648,525</u>	<u>4,553,144</u>	-	384,693	4,937,837

# LAKESHORE TECHNICAL COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued) For the fiscal year ended June 30, 2014

Agency/Program/Grant Title	Catalog/ Grant Number	Grant Period	Grant Amount	State Direct Revenue	State Passthrough Revenue	Match	Total Expenditures
<u>Reconciliation of State Revenue</u>							
Schedule of Expenditures of State Awards				4,553,144			
ADD:							
Revenue from Prior Year's Projects				3,905			
DEDUCT:							
Wisconsin Higher Education Grant				508,522			
Talent Incentive Program				19,000			
Wisconsin Covenant Scholars				16,125			
Nursing Student Loan				6,050			
Wisconsin Indian Assistance Grant				<u>4,950</u>			
					<u>4,002,402</u>		
State Operating Appropriations				2,744,687			
State Grants				1,133,099			
State Capital Grants				<u>124,616</u>			
Basic Financial Statements					<u>4,002,402</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, 2014

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#### Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards for the District are presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration.

#### Note 2 – Significant Accounting Policies

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

#### Note 3 – Pass-through Entities

The District passed through federal and state funds to the following entities for the year ended June 30, 2014:

<u>WTCS Foundation, Inc.</u>	
84.002	\$187,210
292.112	524,876
292.138	<u>93,237</u>
	\$805,323

#### Note 4 – Oversight Agencies

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

**LAKESHORE TECHNICAL COLLEGE DISTRICT**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

**Section I - Summary of Auditors' Results**

**Basic Financial Statements**

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

**Federal Awards and State Financial Assistance**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No
Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i>	No
Identification of major federal and state programs:	

Name of Federal Programs	CFDA Number
Adult Education - Basic Grants to State	84.002
Student Financial Assistance Cluster	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268

Name of State Programs	State ID Number
HEAB - Wisconsin Higher Education Grant	235.102
State Aids for Technical Colleges	292.105
State Incentive Grants	292.112

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

**Auditee qualified as low-risk auditee**

Federal	No
State	Yes

**LAKESHORE TECHNICAL COLLEGE DISTRICT**

**Schedule of Findings and Questioned Costs, Continued  
For the Year Ended June 30, 2014**

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

<b>Finding Number</b>	<b>Internal Control Findings</b>
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There were no findings required to be reported in accordance with generally accepted governmental auditing standards.

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

<b>Finding Number</b>	<b>OMB Circular A-133 Findings</b>	<b>Questioned Costs</b>
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There were no findings required to be reported in accordance with the OMB Circular A-133 Findings.

<b>Finding Number</b>	<b>State Single Audit Guideline Findings</b>	<b>Questioned Costs</b>
---------------------------	--	-----------------------------

There were no findings required to be reported in accordance with the *State Single Audit Guidelines*.

LAKESHORE TECHNICAL COLLEGE DISTRICT

Schedule of Findings and Questioned Costs, Continued  
For the Year Ended June 30, 2014

Section IV - Other Issues

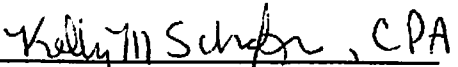
Does the auditors' report or the notes to the financial statements include disclosures with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

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

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

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

Name and signature of Account Director

  
\_\_\_\_\_  
Kelly M. Schafel, CPA

Date of report

November 12, 2014

**LAKESHORE TECHNICAL COLLEGE DISTRICT**

**Schedule of Prior Year Audit Findings and Corrective Action Plan  
For the Year Ended June 30, 2014**

**Status of Prior Year Audit Findings**

No audit findings were issued in the prior year.

**Corrective Action Plan For Audit Findings**

None required for the year ended June 30, 2014.



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