Comprehensive Annual Financial Report

For the Fiscal Years Ended **June 30, 2018 & 2017**

LTC
LAKESHORE TECHNICAL COLLEGE
Cleveland, WI

LAKESHORE TECHNICAL COLLEGE DISTRICT

1290 North Avenue
Cleveland, WI 53015
920.693.1000

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal years ended June 30, 2018 and 2017

LTC District Board

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

Administration

Dr. Paul Carlsen	President
Mr. James Lemerond	Vice-President of Instruction
Ms. Polly Abts	Vice-President of Student Success
Ms. Julie Mirecki	Vice President of Outreach
Ms. Brenda Riesterer	Vice President of Administrative Services
Ms. Bridget Robinson	Vice President of Human Resources & Talent Development
Ms. Tanya Wasmer	Vice President of Strategy
Ms. Heidi Soodsma	Executive Assistant to the President

Official Issuing Report

Ms. Molly O'Connell	Chief Financial Officer

Report Prepared by:

Ms. Molly O'Connell	Chief Financial Officer

Assisted by:

Financial Services staff
Research and Planning staff

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LAKESHORE TECHNICAL COLLEGE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal years ended June 30, 2018 and 2017

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December 17, 2018

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, 2018 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data is accurate and reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

Paul Carlsen, Ph.D., President

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PROFILE OF THE DISTRICT

Lakeshore Technical College is a not-for-profit, public, two-year post-secondary educational institution focused on occupational education. It is one of 16 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 of Trustees (LTC Board) whose representation is determined by state statute.

Located in east central Wisconsin, LTC serves a district which measures approximately 1,200 square miles, covering Manitowoc and Sheboygan counties and small segments of Calumet and Ozaukee counties. The main campus, consisting of six 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 within the cities of Sheboygan and Manitowoc, as well as the Lakeshore Culinary Institute in the heart of downtown Sheboygan and the School of Agriculture located in Newton in Manitowoc County. LTC also runs community education centers in District high schools with a focus on Mishicot, Cedar Grove-Belgium, Oostburg, and Random Lake. Two Rivers, Kiel and Elkhart Lake High schools also host classes. Plymouth High School is home to the Science and Technology Center.

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

LTC completed a comprehensive strategic plan during 2017-18 under the direction of the newly hired President. Of 400+ staff, approximately 300 staff actively participated in providing input into the strategic goals and initiatives. In addition, students, businesses, and community members provided input and feedback in developing the strategic goals. Derived from the strategic planning process, the following are the goals:

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

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

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

An integrated planning process follows the framework of the plan, do, check, act cycle framework for the annual plan and budget. Resources align with the college initiatives. The key measure to assess the overall progress of the college's goals is measuring students served with a goal to serve 20,000 students in one academic year by 2022-23. The Leadership team manages and monitors progress for the initiatives.

LTC staff stay informed on strategic initiatives and key grants and projects through quarterly all staff updates. Staff receive a monthly online newsletter, Inside LTC, which shares highlights, events, and information with the college community. In addition, to facilitate data transparency and staff awareness, staff receive an email that provides enrollment status and updates.

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

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

- #17 Trade School in the U.S. by Forbes.
- #1 in Wisconsin and #3 in the nation of Best Two-Year Colleges for Adult Learners by *Washington Monthly*, a bimonthly nonprofit magazine of U.S. politics and government based in Washington, D.C.
- #9 for education outcomes of community colleges in the U.S. by *WalletHub*, an online financial advising website.
- One of the top 150 community colleges eligible to compete for the 2019 *Aspen Prize for Community College Excellence* from a pool of nearly 1,000 public two-year colleges nationwide. This is the fourth time the college has received the nation's signature recognition of high achievement and performance in America's community colleges.

Scope of Educational Offerings

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

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

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

Student Base, Needs, Requirements

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

LTC's population by age groupings is fairly consistent with WTCS's population except for students between the ages of 18 and 24. Twenty-one percent of LTC's students are 18-24 years old, compared to 29% of WTCS students. LTC makes up the difference with students over the age of 44.

Also comparatively, LTC serves a lower percentage of minority student (19%) compared to the WTCS District (30%).

Collaboration

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

Collaborative relationships with four-year colleges and universities are considered out of benefit to students based on geographical location, course-to-course crosswalks, and transfer maximization. A key agreement is the Lake to Lake collaborative effort between LTC and nearby Lakeland University. Students who participate in the Lake to Lake program complete their associate degree at LTC and continue their education at Lakeland University by entering as a college junior to complete a related bachelor's degree. Currently 17 LTC programs are part of the Lake to Lake initiative. Career areas range from Business and Information Technology (IT) programs to Health and Hospitality related programs. The LTC/Lakeland collaborative team is also working on pathways for students not admitted or unsuccessful at Lakeland to take coursework at LTC.

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

The BAWDB provides a network of state, regional, and local resources to support the workforce and companies. Part of the network is the Manitowoc and Sheboygan Job Centers 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. BAWDB funds three full time positions at LTC, two Workforce Innovation Opportunity Act (WIOA) case managers and one Business Services manager. LTC's President serves on the BAWD board.

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

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

The College values the importance of strong relationships with K-12 partners as evidenced by the number of high school students that earn both high school and LTC credit through one of our dual-credit offerings. The College employs several Career Coaches to assist high school students with their transition to college, a Youth Apprenticeship Coordinator, a Youth Apprenticeship Specialist, a Youth Apprenticeship Associate and a Dual Credit Manager to build relationships, enhance dual credit opportunities, and increase transition rate. These relationships led LTC to partner with high schools and provide technical courses with LTC Faculty teaching at the high schools. Sheboygan Area School District offers certificate courses to Central and Warriner students, including Customer Service and Sales Fundamentals. Sheboygan South and North high schools also offer Healthcare courses each semester, while Kiel High School students can enroll in LTC's programming courses. In October 2018, the College introduced College Here & Now, a first-of-its-kind college/career pathway that makes it possible for Sheboygan Area school district students to earn their LTC associate degree at the same time they graduate from high school. The LTC associate degree is available at no cost to students and their families and students can continue at Lakeland University with guaranteed, junior admission status and graduate in as few as two years. The Plymouth-LTC Science and Technology Center at Plymouth High School offers dual-credit courses in manufacturing disciplines, which help high school students transition to postsecondary programs and into the workforce. This partnership also includes local chambers of commerce, the educational system, and leading employers, including Sargento Foods, Johnsonville, Rockline, Curt G. Joa, and Sheboygan Paper Box Co. LTC's Career Certificate programs give high school seniors a jump on college—and a future career. With offerings in high-demand occupations, students earn both high school and college credits as well as an employer-recognized certificate. During their senior year students attend LTC Career Certificate classes on one of LTC's campuses in the morning and their high school classes in the afternoon. The college offers opportunities in Maintenance Mechanic, Electro Mechanical Technology, Welding and Healthcare.

Distinctive/Critical Facilities, Equipment, Technologies, Regulatory Environment

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

Within its broad range of technical education, the College has many distinctive teaching/learning facilities that use technology to enhance the students' hands-on learning experiences. The Clinical Skills Lab has intravenous (IV) arms, human patient simulators, a radiography lab, and other hands-on learning equipment for healthcare students to practice and check off skills before placement in a clinical site externship. The Pharmacy Technician program has several new pieces of equipment as a result of a federal grant. The Dental Clinic provides students an opportunity to work in a multi-chair dental clinic. Local dentists, hygienists, and assistants volunteer their time to work with students and provide community dental care.

The Public Safety Training Center offers programs and training ranging from basic first aid to Critical Care Flight Paramedic to a Law Enforcement Academy. A computerized firefighter burn training building allows for volunteer and career firefighters to refine skills in a controlled and safe environment. A state-of-the-art driving skills course offers training to emergency vehicle operators, motorcyclists, and other drivers. This course provides local agencies opportunities to train more often with the desired outcome of less traffic injuries or fatalities. A high angle rescue tower was erected to teach proper climbing and fall rescue techniques and an outdoor shooting range allow law enforcement professionals to learn and demonstrate firearms proficiency.

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

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

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

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

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

LTC leases a former restaurant in Sheboygan to house the Culinary Arts program. The facility includes a high performance kitchen, demonstration kitchen and classroom, and a full service restaurant. Besides culinary classes, the students gain hands-on experience through managing the restaurant. Internships at various restaurants and resorts in the area provide additional learning opportunities for the students.

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

The Advanced Automotive Technology Training Center consists of two areas recently enhanced and renovated housing the Automotive Maintenance and Auto Collision shops. The center comprises 32,000 square feet of lab space with state of the art equipment and facilities. Both shops are designated as a

Snap-On Center of Excellence. Both areas include new equipment like metal shaping, frame aligners, scanners, and wheel aligners.

Faculty and Staff Base

LTC employs 753 full and part-time people within three organizational groups. Full time employees include 91 support staff, 62 management staff and 107 faculty. The Lakeshore Educational Association (Local 3201 of the National Educational Association) represents bargaining unit faculty. Support and management staff are not represented by a union. LTC also employs 493 part time (adjunct) faculty, students, part time support staff and temporary help. LTC's staff are aligned to functional areas which make up the systems of the college.

ECONOMIC CONDITIONS

Competitive Environment

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

The UW System folded its 13 two-year schools into regional four-year universities beginning in 2018-19. Both UW-Manitowoc and UW-Sheboygan merged with UW-Green Bay. This may introduce new educational opportunities for in-district LTC students to attend without leaving the district.

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

PLANNING PROCESS

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

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

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

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

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

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

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

The strategic initiative plan findings were then presented to townhall meetings soliciting feedback as to the prioritization of initiatives and the tactics supporting their respective execution. The townhall meetings were composed of constituents from both the college staff and the community and were designed to illuminate the participants and provide insightful feedback and more importantly, support of the plan once the execution phase begun.

For the first year of the strategic plan beginning in 2018-19, a cross-functional team consisting of members from the initial strategic planning cross-functional team and members of the Improvement and Innovation Steering Team derived the strategic initiatives. In addition, as opportunities may be presented which may have a need for funding, $250,000 was budgeted to allow for funding these opportunities to react to immediate needs that align with the strategic goals. The Improvement and Innovation Steering Team is responsible to make final recommendations to the President for approval to fund the new opportunities.

VISION, MISSION AND ENDS POLICY

Vision

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

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

Mission

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

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

District Board Ends Policies

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

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

Learning Opportunities
Learning opportunities are affordable and accessible, within available resources.

MANAGEMENT SYSTEMS AND CONTROLS

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

Internal Controls

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

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

Budgetary System

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

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

Independent Audit

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

Certificate

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lakeshore Technical College for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

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

Respectfully submitted,

Molly O'Connell

Paul Carlsen, Ph.D.	Molly O'Connell
President	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, 2017

Christopher P. Morrill

Executive Director/CEO

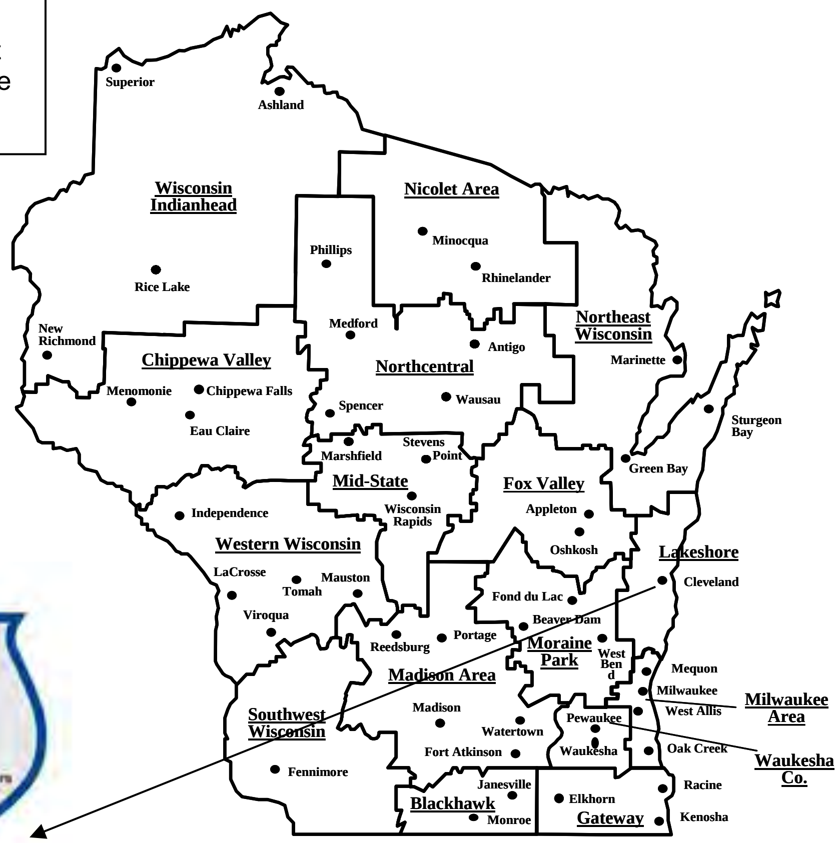
Lakeshore Technical College
Organizational Chart

Lakeshore Technical College
District Board

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

Lakeshore Technical College District

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



Independent auditors’ report

To the District Board
Lakeshore Technical College District
Cleveland, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Lakeshore Technical College District, Cleveland, Wisconsin (the “District") as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS’ RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 6 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 19 through 30 and the schedules relating to pensions and other postemployment benefits on pages 72 through 74 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information and the 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 December 6, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
December 6, 2018

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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.

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

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

Statement of Revenues, Expenses, and Changes in Net Position

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

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

	2018	2017	Increase/(Decrease) $	Increase/(Decrease) %	2016
Operating Revenues					
Program fees	$ 4,779,909	$ 4,704,733	$ 75,176	1.6%	$ 4,680,320
Material fees	317,239	331,076	(13,837)	-4.2%	319,552
Other student fees	648,378	621,597	26,781	4.3%	632,700
Federal grants	4,602,915	4,637,375	(34,460)	-0.7%	4,864,792
State grants	1,625,043	2,190,012	(564,969)	-25.8%	3,215,351
Business & school contracts	1,516,112	1,699,680	(183,568)	-10.8%	1,825,302
Auxiliary enterprise revenue	1,907,271	1,863,289	43,982	2.4%	1,843,682
Miscellaneous revenue	355,934	464,265	(108,331)	-23.3%	499,463
Total operating revenues	15,752,801	16,512,027	(759,226)	-4.6%	17,881,162
Non-operating Revenues					
Property taxes	11,743,801	10,942,612	801,189	7.3%	10,934,545
State operating appropriations	14,992,421	15,385,533	(393,112)	-2.6%	15,264,849
Gain on sale of capital assets	13,548	0	13,548		12,732
Interest income	208,129	134,987	73,142	54.2%	142,501
Realized and unrealized gain (loss) on investments	(60,613)	(120,937)	60,324	-49.9%	11,922
Total non-operating revenues	26,897,286	26,342,195	555,091	2.1%	26,366,549
Total revenues	42,650,087	42,854,222	(204,135)	-0.5%	44,247,711
Operating Expenses					
Instruction	20,311,355	22,052,872	(1,741,517)	-7.9%	22,211,711
Instructional resources	1,201,149	1,175,858	25,291	2.2%	1,218,331
Student services	5,222,537	5,119,100	103,437	2.0%	4,662,832
General institutional	4,779,336	5,076,089	(296,753)	-5.8%	5,230,797
Physical plant	2,951,062	2,772,618	178,444	6.4%	3,023,460
Auxiliary enterprise services	1,429,409	1,407,734	21,675	1.5%	1,414,185
Depreciation	4,198,244	4,121,931	76,313	1.9%	3,870,107
Student aid	1,942,304	1,904,457	37,847	2.0%	2,206,841
Total operating expenses	42,035,396	43,630,659	(1,595,263)	-3.7%	43,838,264
Non-operating Expenses					
Loss on sale of capital assets	0	3,586	(3,586)	-100.0%	0
Interest expense	705,302	725,062	(19,760)	-2.7%	732,205
Total non-operating expenses	705,302	728,648	(23,346)	-3.2%	732,205
Total expenses	42,740,698	44,359,307	(1,618,609)	-3.6%	44,570,469
Change in net position before capital contributions	(90,611)	(1,505,085)	1,414,474	-94.0%	(322,758)
Federal and state capital grants	261,897	532,102	(270,205)	-50.8%	596,521
Change in net position after capital contributions	171,286	(972,983)	$ 1,144,269	-117.6%	273,763
Net position - beginning of the year, as originally reported	22,182,884	23,155,867			22,882,104
Cumulative effect of change in accounting principle	(2,340,149)	0			0
Net position - beginning of the year, as restated	19,842,735	23,155,867			22,882,104
Net position - end of the year	$ 20,014,021	$ 22,182,884			$ 23,155,867

Operating revenues are the charges for services offered by the College. During 2018, the College generated $15.8 million of operating revenue. This is a decrease of $759,000 from 2017, or 5%, compared with a decrease of $1.4 million, or 8% in 2017.

Significant changes in operating revenue for the years ended June 30, 2018 and 2017 are as follows:

- Program, material and other fees charged to students for attending courses increased by $88,000 or 1.6% in 2018 compared to an increase of $25,000, or 0.4% in 2017. LTC experienced a 1.5% decrease in student FTE's (full-time equivalent) for 2018 and a 1.3% decrease in 2017. Student FTEs continue to decrease as the unemployment rate decreases and there are fewer dislocated workers enrolled full time in programs. Increased program fee rates, which are set by the state, offset the decrease in enrollments. Program fee rates for the 2018 and 2017 school years increased by 1.4% and 1.5%, respectively. For 2018, the state held the program fee rate at the 2017 level for the 2018 summer term, but increased the rates by 1.4% for the fall and spring terms.

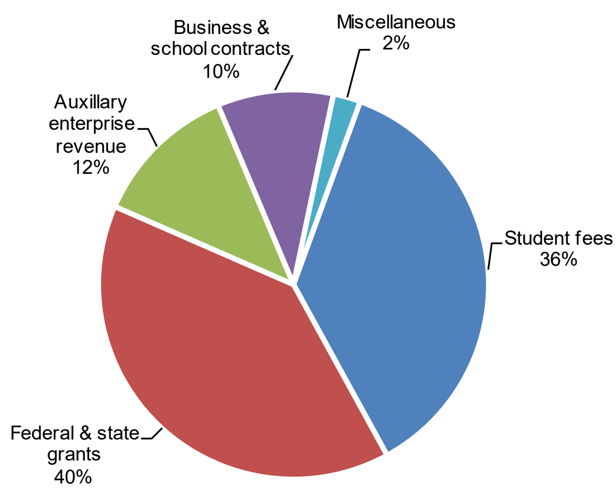
- Federal and state grants for specific purposes, including financial aid payments to students, totaled $6.2 million for 2018, a decrease of $599,000, or 9%. State grant revenue decreased $565,000 in 2018 due to general purpose revenue (GPR) grants and Wisconsin Fast Forward grants coming to an end, while federal grant revenue decreased $34,000 due to a U.S. Department of Labor grant coming to an end. In 2017, federal and state grant operating revenue was $6.8 million, a decrease of $1.3 million or 16% from 2016. State grant revenue decreased $1.0 million in 2017 due to general purpose revenue (GPR) grants and Wisconsin Fast Forward grants coming to an end, while federal grant revenue decreased $227,000 due to a decrease in Pell grants and U.S. Department of Labor grants coming to an end.

- Auxiliary enterprise revenues, including revenues generated by the bookstore, food service, childcare, culinary restaurant and other instructional related activities, increased $44,000, or 2%, in 2018 while 2017 showed an increase of $20,000 or 1%. The increase in 2018 is due to instructional related revenue. The increase in 2017 is due to the health insurance reserves, offset by decreases in commissions, shuttle revenue and instructional related revenue.

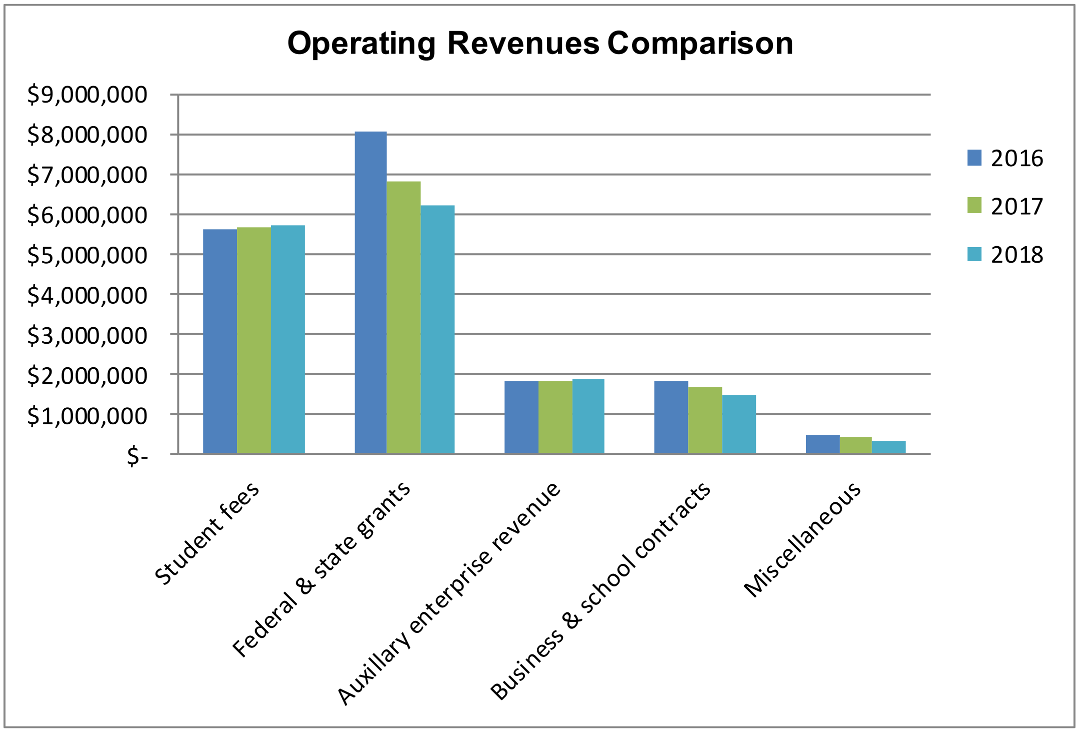
- Contract revenues result from customized training to business and industry as well as local school districts. Contract revenues decreased by $184,000 or 11% in 2018 and decreased $126,000 or 7% in 2017. The decrease in 2018 was due to a decrease in high school contracts. The decrease in 2017 was due to decreases in both industry contracts and Workforce Advancement Training Grant contracts.

The following is a graphical illustration of operating revenues by source for the fiscal year ended June 30, 2018.

2018 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 $26.9 million for 2018, $26.3 million for 2017 and $26.4 million for 2016.

The most significant components of non-operating revenues for the years ended June 30, 2018 and 2017 include the following:

- Property taxes were historically the biggest source of revenue for the College. In the spring of 2015, Wisconsin Act 145 was enacted that allocated $406 million in state revenue to the technical colleges for the purpose of reducing the operating tax levy. For the College, the annual property tax relief aid is $11.8 million and is included in state operating appropriations. Property tax revenue for the College for 2018 increased $800,000 or 7%, compared to an increase of $8,000 or 0.1%, in 2017. The 2018 levy included $187,000 for the re-assessment of refunded/rescinded property taxes. Legislation restricts increases to operating levies to the amount of district-wide valuation changes due to net new construction. Net new construction can be a positive number even when overall district values decline. For the taxes levied and collected in 2018, the increase allowed due to net new construction for the District was 1.38187%. For the taxes levied and collected in 2017 the allowed increase was 1.19236%. In addition, levies can be increased for operations by any amount subject to district-wide referendum approval. There is no legislative restriction for the amount levied for debt service. Equalized values of property in the District increased by 3.22% for 2018.

- State operating appropriations, including the property tax relief aid, decreased $393,000 or 3% in 2018 compared to an increase of $121,000 or 0.8% in 2017. General state aids increased $164,000 or 6% in 2018 and increased $60,000 or 2% in 2017. Beginning in 2015, a percentage of the total general aid was distributed by outcome based formula measures instead of by the longstanding complicated formula that includes actual expenditures, student FTE's, and equalized property valuations of the district. This percentage was 10% in 2015, the initial year, and increased by an additional 10% per year, to a maximum of 30%. For the College, the outcome based aid amounted to $1.2 million in both 2018 and 2017. All state aid formulas take into consideration activities of the other fifteen technical colleges in Wisconsin. Final state aid payments are not received until November following the fiscal year end.

- Interest income, net of fees increased $73,000 or 54% in 2018, compared with a decrease of $8,000 or 5% in 2017. The weighted average interest rate on investments rose from 0.14% to 0.47%. For 2018, the realized and unrealized loss on investments was $61,000. This compares to the realized and unrealized loss on investments of $121,000 and $133,000 for 2017 and 2016, respectively. It is the intention of the College to hold its investments until maturity or until the fair value improves.

Operating expenses are costs related to offering the programs of the College. During 2018, operating expenses totaled approximately $42.0 million. This represents a decrease of $1.6 million or 4%, compared to a decrease of $208,000 or 0.5% in 2017. The majority of these expenses, about 66%, are for salary and benefits. Other major types of expenses include supplies, printing and minor equipment (6%), contract services (4%), student aid (5%) and depreciation (10%). 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, 2018 and 2017 are as follows:

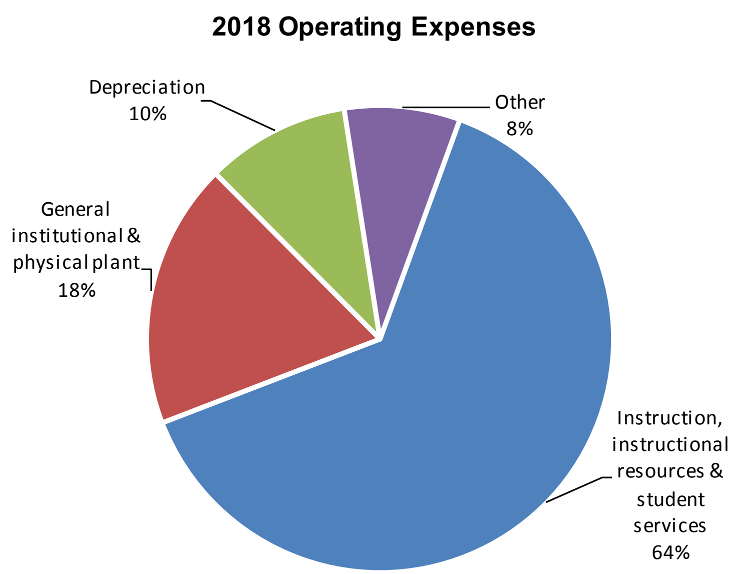
- Direct costs (instruction, instructional resources and student services) decreased $1.6 million or 6% in 2018 due to decreased benefit expenses. In 2017, direct costs increased $255,000 or 0.9% due to increased benefit expenses.

- General institutional and physical plant expenses decreased $118,000 or 2% to $7.7 million for 2018, compared to $7.8 million in 2017 and $8.3 million for 2016. The decrease in 2018 is due to decreased benefit expenses. The decrease in 2017 was due to fewer purchases related to construction activity on campus.

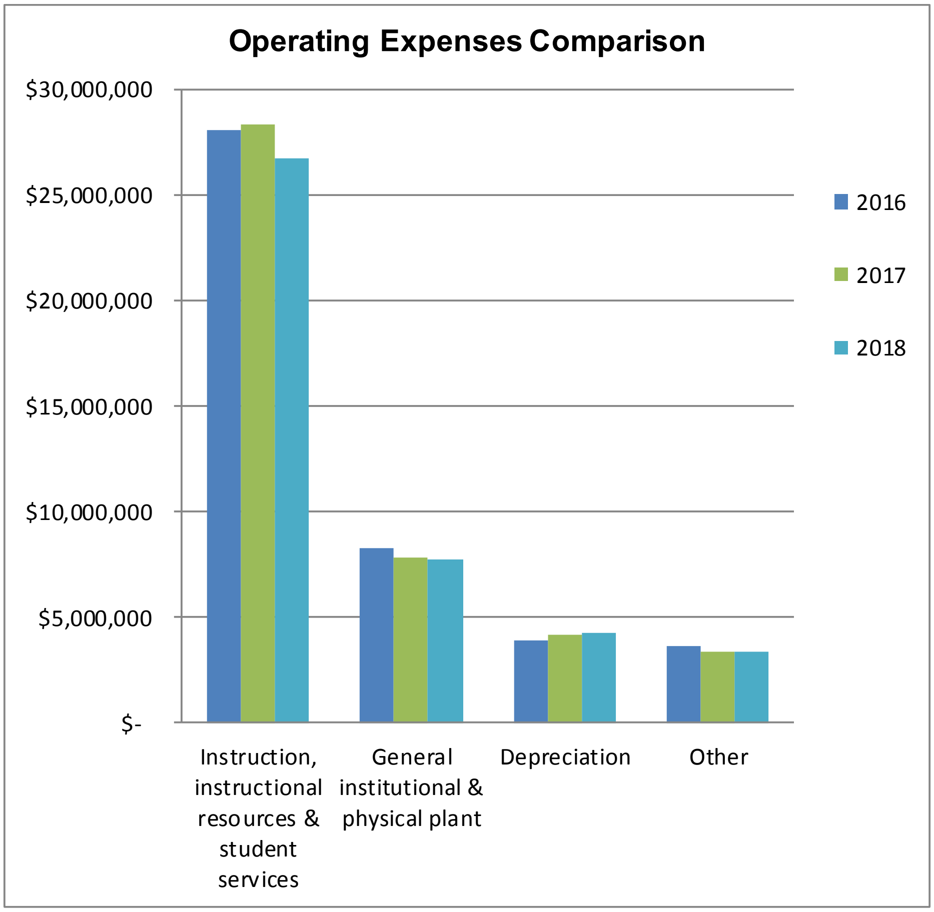
- Auxiliary enterprise services expenses remained relatively flat in 2018 and 2017, increasing 2% and decreasing 0.5%, respectively.

- Student aid increased by $38,000 or 2% in 2018 and decreased $302,000 or 14% in 2017. The increase in 2018 is due to an increase in Pell grants. The decrease in 2017 is due to a decrease in Pell grants and direct lending.

The following is a graphical illustration of operating expenses by function for the fiscal year ended June 30, 2018.



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



Non-operating expenses are expense items not directly related to providing instruction. Non-operating expenses decreased $23,000 or 3% in 2018, compared to a decrease of $4,000 or 1% in 2017. Interest expense of $705,000, $725,000 and $732,000 was the main component of non-operating expenses for 2018, 2017 and 2016, 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:

			Increase/(Decrease)		
	2018	2017	$	%	2016
Cash flows from operating activities	$ (21,529,284)	$ (20,510,680)	$ (1,018,604)	-5.0%	$ (21,710,107)
Cash flows from non-capital financing activities	26,655,906	26,297,641	358,265	1.4%	26,106,175
Cash flows from capital & related financing activities	(5,303,202)	(1,359,787)	(3,943,415)	-290.0%	(2,053,965)
Cash flows from investing activities	879,292	2,277,017	(1,397,725)	-61.4%	3,074,545
Net increase in cash & cash equivalents	$ 702,712	$ 6,704,191	$ (6,001,479)	89.5%	$ 5,416,648

- **Cash flows from operating activities** decreased $1.0 million or 5% in 2018, compared to an increase of $1.2 million or 6% in 2017, due to the following:

  - ✓ Payments to employees of $27.7 million in 2018, $27.0 million in 2017, and $27.3 million in 2016 made up the largest portion of the cash flows from operating activities. Salaries and wages for 2018 remained relatively flat as compared to 2017 due to staffing changes. Fringe benefit costs for active employees decreased $560,000, or 6%, due to a decrease in pension benefit expense.

  - ✓ Payments to suppliers for 2018 decreased $866,000 or 8%, due to decreases in contracted services and fiscal agent grant payments. This compares to a decrease of $624,000 or 6% in 2017 decreases in minor equipment purchases related to remodeling and student aid.

  - ✓ Tuition and fees received from students for services were approximately $5.8 million in 2018, $5.4 million in 2017, and $5.7 million in 2016. The increase in 2018 is due to an increase in unearned student fees coupled with an increase in student receivables. The decrease in 2017 is due to a decrease in unearned student fees coupled with an increase in student receivables.

  - ✓ Federal and state grants received decreased $1.0 million or 14% in 2018 due to a decrease in general purpose grants and Fast Forward grants. This compares to an increase of $354,000 or 5% in 2017 due to Fast Forward grants payments received.

  - ✓ Business, industry and school district contract revenues received decreased $211,000 or 12% for 2018 and increased $27,000 or 2% for 2017. The changes in both years are due to the number of high school contracts.

- **Cash flows from non-capital financing activities** increased $358,000 or 1.4% in 2018 and increased $191,000 or 0.7% in 2017. These cash flows consist primarily of property taxes and state appropriations received. The increase in 2018 includes a $187,000 re-assessment for property tax refunds paid in 2017. Cash flows from property taxes were $11.7 million in 2018, $10.9 million in 2017, and $10.8 million in 2016. Cash flows from state appropriations were $15.0 million in 2018, $15.4 million in 2017 and $15.2 million in 2016.

- **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 2018, there were cash outflows of $5.3 million and for 2017 and 2016 there were cash outflows of $1.4 million and $2.1 million, respectively.

  - ✓ Debt proceeds were $4.0 million in 2018, $7.8 million in 2017, and $6.5 million in 2016. Principal payments on capital debt were $4.3 million in 2018 and $4.0 million in 2017 and $4.0 million in 2016.

  - ✓ Purchases of capital assets for 2018 amounted to $4.6 million, compared to $5.3 million in 2017 and $4.5 million in 2016. Major projects for 2018 include the construction of the agriculture education center ($692,000), carpentry workshop ($164,000) firing range ($713,000), updating the burn building ($210,000), phase 1 of scenario city construction ($316,000), general remodeling and infrastructure improvements ($430,000), and equipment purchases ($2.1 million). Expenditures for 2017 include the completion of the remodel of the auto maintenance and auto collision program areas ($1.5 million), the start of construction of the agriculture education center ($134,000) video conferencing system ($356,000), keyless access installation ($38,000), classroom and student areas improvements ($149,000) and equipment purchases ($3.3 million).

LTC had a net increase in total cash & investments of approximately $703,000 for 2018 compared to a net increase of $6.7 million for 2017 and a net increase of $5.4 million in 2016.

Statement of Net Position

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

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

			Increase/(Decrease)		
	2018	2017	$	%	2016
Assets					
Cash and investments	$ 19,792,266	$ 19,821,330	$ (29,064)	-0.1%	$ 15,380,106
Receivables	7,279,203	7,241,414	37,789	0.5%	8,091,227
Net capital assets	28,145,737	27,758,766	386,971	1.4%	27,134,381
Other	4,004,948	197,684	3,807,264	1925.9%	550,230
Total assets	59,222,154	55,019,194	4,202,960	7.6%	51,155,944
Deferred Outflows of Resources	6,842,784	7,633,644	(790,860)	-10.4%	11,350,174
Liabilities					
Current liabilities	9,321,967	8,983,973	337,994	3.8%	9,333,807
Non-current liabilities	29,193,400	28,101,645	1,091,755	3.9%	25,463,855
Total liabilities	38,515,367	37,085,618	1,429,749	3.9%	34,797,662
Deferred Inflows of Resources	7,535,550	3,384,336	4,151,214	122.7%	4,552,589
Net Position					
Net investment in capital assets	6,112,865	6,300,065	(187,200)	-3.0%	6,372,717
Restricted for debt service	1,151,984	1,313,420	(161,436)	-12.3%	1,194,655
Unrestricted	12,749,172	14,569,399	(1,820,227)	-12.5%	15,588,495
Total net position	$ 20,014,021	$ 22,182,884	$ (2,168,863)	-9.8%	$ 23,155,867

Total assets increased $4.2 million or 8% in 2018 and increased $3.9 million or 8% in 2017.

- Capital assets are the largest component of the College's assets. For 2018, net capital assets increased $387,000 or 1%, compared to an increase of $624,000 or 2% in 2017. During 2018, the College constructed the agriculture education center, carpentry workshop and firing range and in 2017, the College completed the remodel of the Auto Collision and Auto Maintenance program areas.

- Receivables include property taxes of $3.0 million in 2018 and $2.9 million in 2017 and $2.9 million in 2016. Payment on the balance of property tax receivable is typically received by the end of August for that year. Other receivables for 2018 include $3.6 million for accounts receivable and $665,000 for federal and state receivables. Student accounts receivable (net of bad debt reserve) increased during 2018 by approximately $205,000, or 6%, and increased by $5,000, or 0.17%, in 2017. Federal and state aid receivable is down $351,000, or 35%, for 2018, and decreased by $856,000, or 46%, in 2017.

- Other assets for 2018 of $4.0 million include the net pension asset of $3.8 million, and changes in the college's proportionate share of the Wisconsin Retirement System and deferred outflows of resources related to other postemployment benefits accounted for a $791,000 decrease in deferred outflows of resources and a $4.2 million increase in deferred inflows of resources. Other assets for 2017 and 2016 were $198,000 and $550,000, respectively. The college recognized a net pension liability in both years.
- Cash and investments decreased $29,000 in 2018 and increased $4.4 million in 2017. The timing and amount of borrowings and expenditures for capital projects had the biggest impact on the change in cash and investment balances.

- Current liabilities include accounts payable, payroll and related liabilities, unearned revenue, the current portion of premium on bond issuance and the current portion of long-term debt.

  - ✓ The current portion of long-term liabilities makes up the largest portion of current liabilities and increased $35,000 or 0.8% in 2018 and increased $265,000 or 7% in 2017.

  - ✓ Unearned student fees increased $234,000 or 10% in 2018 due to increased enrollments for summer and fall courses and increased tuition rates. This compares to a decrease of $57,000, or 2%, in 2017. Other unearned revenue decreased to $6,000, compared to $28,000 for 2017 and $85,000 for 2016.

  - ✓ Accounts payable increased $94,000 or 16% in 2018 and decreased $507,000 or 47% in 2017. 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 $54,000 or 12% in 2018 and decreased $19,000 or 4% in 2017. The decrease in both years is due to changes in wages and teacher hours for summer school and the timing of payments for spring term instruction.

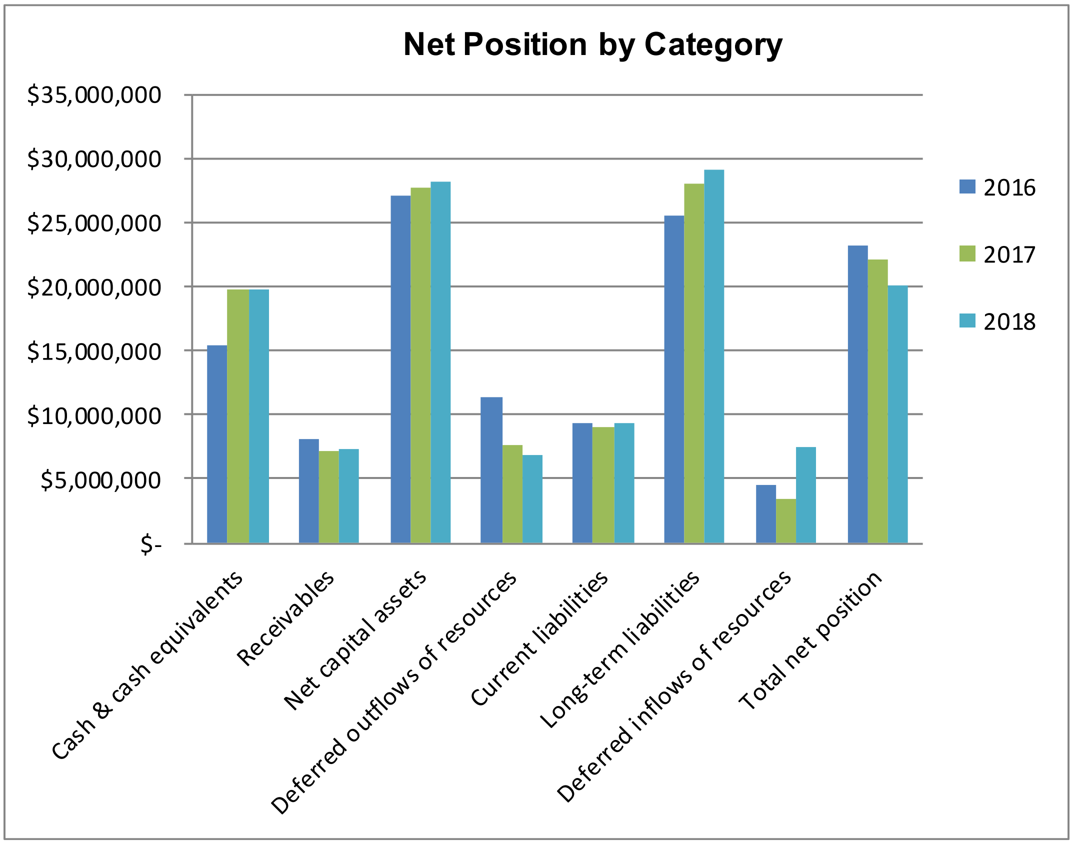
- Long-term liabilities of $29.2 million for 2018, $28.1 million for 2017, and $25.5 million for 2016 consist mainly of the long-term debt due after the next fiscal year. LTC issued $4.0 million, $7.8 million and $6.5 million in debt in 2018, 2017 and 2016, respectively, to finance equipment, general remodeling, additions and site improvements as laid out in its master facility plan. Payments on this debt were $4.3 million in 2018 and $4.0 million in 2017 and 2016. Long-term liabilities also includes the OPEB liability of $3.2 million. Long-term liabilities for 2017 and 2016 included the college's net pension liability, which was $1.1 million and $2.1 million, respectively. For 2018, the college recognized a net pension asset.

- During 2018, net position decreased $2.2 million or 0.8% due to the implementation of GASB Statement No. 75 as disclosed in Note 6 of the Notes to the Financial Statements. In 2017, net position decreased $973,000 or 4%.

  - ✓ Net investment in capital assets decreased $187,000 or 10% in 2018. This compares to a decrease of $73,000 or 1% in 2017. Unexpended debt proceeds were $8.4 million in 2018 and $9.3 million in 2017. Purchase orders outstanding to be financed from unexpended debt proceeds amount to $69,000 in 2018 and $361,000 in 2017.

  - ✓ Net position restricted for debt service decreased $161,000 or 12% in 2018 and increased $119,000 or 10% in 2017.

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, 2018 was $28,145,737 and as of June 30, 2017 and 2016 amounted to $27,758,766 and $27,134,381, respectively. This investment includes land, land improvements, buildings, building improvements, leasehold improvements and fixed and moveable equipment. The capital asset additions for 2018 were $4.6 million and include $692,000 for the construction of the agriculture education center, $164,000 for building the carpentry workshop, $713,000 for construction of the shooting range, $316,000 for phase 1 of Scenario City construction, $430,000 for general remodeling and infrastructure updates, and $2.1 million for equipment purchases. Capital asset additions totaled $5.6 million in 2017 and $5.5 million in 2016. During 2017, the College spent $1.5 million for the remodel of the auto maintenance and auto collision program areas, $224,000 for starting construction on the Agriculture Education Center, Scenario City, shooting range and Carpentry Lab, $356,000 for a video-conferencing system, $250,000 for a student CRM system, $200,000 for a laser cutter, $96,000 to replace an aging transformer, $38,000 for keyless access in the Agriculture Building , $59,000 for a clinical skills lab and $2.9 million for equipment purchases. 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, 2018, LTC had total general obligation debt outstanding of $29,755,000, compared to $30,040,000 as of the end of 2017 and $26,260,000 at the end of 2016. 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 $713,255,896 as of June

30, 2018. 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 a decrease of $2.2 million in its net position during the year ended June 30, 2018. Cash and investments as of June 30, 2018 remained strong at $19.8 million compared to $19.8 million as of June 30, 2017 and $15.4 million as of June 30, 2016. Total liabilities were $38.5 million in 2018, $37.1 million in 2017, and $34.8 million in 2016.

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

Historically, LTC's major revenue source has been local property taxes. With the passing of Wisconsin Act 145, state operating appropriations exceeded property taxes as $11.8 million of property tax aid relief replaced tax levy. Property taxes accounted for 28% of the revenues received by LTC in 2018, and 26% and 25% for 2017 and 2016, respectively. During 2018, the College's tax levy increased by 5.55%, including $187,000 for re-assessment of refunded/rescinded property taxes. Equalized values of property within the district increased by 3.22% resulting in a tax mill rate increase of 2.26%. During 2017, the College increased its tax levy by 1.57%. The equalized value of property within the district increased by 1.16% resulting in a tax mill rate increase of 0.40%.

Economic Factors

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

- Declining enrollments continue to be a concern for the College. The College saw enrollment decreases of 1.5% and 1% in 2018 and 2017, respectively. The College is striving to grow enrollments and has implemented strategic initiatives to improve retention and grow enrollments.

- The College continues to work to navigate its way through changes based on legislation passed in Wisconsin that effect the college's ability to levy taxes and receive state aids. Changing funding levels and unfunded mandates of the state and federal government continue to make it challenging for the college to balance its budget.

- Wisconsin Act 145, enacted in fiscal 2015 shifted a large portion of the College's funding from local tax levy to state aid. While the legislation included a mechanism to restore the levy if state funding is ever reduced, the College is aware of the negative impact a subsequent levy increase could have. In addition, the tax levy relief aid is a static amount

- In order to reduce the impact of recognizing and funding the other post-employment benefits liability, the College modified its benefit package for new hires. This change in the benefit package could result in increased competition for new hires.

- The continued rising cost of healthcare in the U.S. and a higher than normal number of high cost claims experienced by the College during 2017-18 has affected the College's ability to keep healthcare premiums down. The College continues to educate staff and to promote a culture of healthy living through ideas generated by the Wellness Committee, a cross-functional team of staff members, to help keep healthcare costs down for both the College and staff. However, increasing costs could affect the level of benefits that the College is able to offer its employees.

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

- Unemployment rates in the district are at the lowest levels, causing employers difficulty in finding workers with the skills needed to support their operations. The College continues to work collaboratively with area employers in addressing their needs.

- As employers continually change technology and processes to remain competitive, the College responds with new programs and customized training options that are essential in preparing the local workforce.

- In order to fill an increasing need for electro-mechanical technicians, the College developed its MicroMatch Upskilling program. These technicians set up, operate and program robots that are being used by lakeshore area manufacturers who are expanding their use of robotics, automation and artificial intelligence in all aspects of their operations. The College partnered with local manufacturers to define the ideal electro-mechanical skill sets for a variety of positions. Aptitude tests were then deployed to existing employees to identify skills gaps. Based on the data and test results, LTC developed short-term training seminars designed to be used independently or stacked to fill the gaps of each individual employee.

- In support of Wisconsin's drive to address the skilled workers shortage in the state, the College remodeled and expanded its Center for Manufacturing Excellence. The Center for Manufacturing Excellence includes the Plastics Engineering Manufacturing Building and the Nierode Building. The Plastics Engineering Manufacturing Building is a simulated modern manufacturing site that provides welding, industrial maintenance, and sheet metal trades instruction. The facility was designed to flex with the training demands of industry. The Nierode building showcases robotics, programmable logic controllers, computer aided drafting, computer numerical controlled machine tools, and other hands-on learning equipment used in modern manufacturing facilities.

- The College is striving to be the #1 school of choice for graduating high school seniors, serving as a cost-effective choice for more students as the cost of higher education rises and students debt levels increase.

- In staying true to its mission and values, the College continues to focus on student success through increased access to services and education, coordinated services, and continued efforts to implement strategies to improve retention and transition.

- LTC has a beautiful campus that is located centrally within its district. The College is well respected in the community for its educational offering. As a result, it is attractive as an educational resource for people looking for training.

Contacting the District's Financial Management

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	2018		2017	
	District	Foundation	District	Foundation
Assets				
Current Assets				
Cash & investments	$10,073,326	$133,701	$9,062,134	$72,918
Property taxes receivable	2,972,645	0	2,892,329	0
Accounts receivable, net of allowance of $160,000 and $145,000	3,641,193	0	3,332,552	0
State aid receivable	498,894	0	655,009	0
Federal aid receivable	166,471	0	361,524	0
Unconditional promises to give	0	192,160	0	332,981
Other receivables	0	14,605	0	11,205
Inventories	43,245	3,520	55,037	4,275
Prepaid expenses	139,798	1,248	142,647	0
Total current assets	17,535,572	345,234	16,501,232	421,379
Non-current Assets				
Restricted cash & investments	9,718,940	440,248	10,759,196	346,300
Net pension asset	3,821,905	0	0	0
Unconditional promises to give	0	46,715	0	220,692
Investments	0	2,518,493	0	2,182,505
Land	50,000	71,000	50,000	71,000
Construction in progress	73,619	0	321,138	0
Other capital assets, net of depreciation	28,022,118	357,546	27,387,628	356,972
Total non-current assets	41,686,582	3,434,002	38,517,962	3,177,469
Total Assets	59,222,154	3,779,236	55,019,194	3,598,848
Deferred Outflows of Resources				
Deferred outflows related to pension/OPEB	6,842,784	0	7,633,644	0
Liabilities				
Current liabilities				
Accounts payable	672,128	23,877	578,170	4,521
Accrued payroll	397,778	0	452,212	0
Payroll related liabilities	960,308	0	930,684	0
Accrued interest	223,846	1,723	209,510	2,366
Unearned student fees	2,648,682	0	2,414,212	0
Other unearned revenue	5,740	18,750	28,224	18,750
Current portion of long-term liabilities	4,413,485	27,000	4,370,961	26,000
Total current liabilities	9,321,967	71,350	8,983,973	51,637
Non-current liabilities				
Other postemployment benefits liability	3,194,325	0	693,485	0
Net pension liability	0	0	1,070,839	0
General obligation bonds and notes payable	25,999,075	42,494	26,337,321	69,438
Total non-current liabilities	29,193,400	42,494	28,101,645	69,438
Total Liabilities	38,515,367	113,844	37,085,618	121,075
Deferred Inflows of Resources				
Deferred inflows related to pension	7,535,550	0	3,384,336	0
Net Position				
Net investment in capital assets	6,112,865	359,052	6,300,065	332,534
Restricted for:				
Nonexpendable:				
Endowment	0	899,133	0	865,633
Expendable:				
Debt service	1,151,984	0	1,313,420	0
Support of student scholarships	0	1,711,526	0	1,617,577
College program support	0	372,432	0	407,356
Unrestricted	12,749,172	323,249	14,569,399	254,673
Total Net Position	$20,014,021	$3,665,392	$22,182,884	$3,477,773

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, 2018 and 2017

	2018		2017	
	District	Foundation	District	Foundation
Operating Revenues				
Student program fees, net of scholarship allowances of $1,155,534 and $1,118,399	$4,779,909	$0	$4,704,733	$0
Student material fees, net of scholarship allowances of $77,087 and $78,827	317,239	0	331,076	0
Other student fees, net of scholarship allowances of $157,622 and $147,252	648,378	0	621,597	0
Federal grants	4,602,915	0	4,637,375	0
State grants	1,625,043	0	2,190,012	0
Business and industry contract revenue	1,516,112	0	1,697,135	0
School district contract revenue	0	0	2,545	0
Auxilliary enterprise revenues	1,907,271	0	1,863,289	0
Miscellaneous	355,934	0	464,265	0
Total operating revenues	15,752,801	0	16,512,027	0
Operating Expenses				
Instruction	20,311,355	0	22,052,872	0
Instructional resources	1,201,149	0	1,175,858	0
Student services	5,222,537	0	5,119,100	0
General institutional	4,779,336	77,046	5,076,089	95,880
Physical plant	2,951,062	0	2,772,618	0
Auxiliary enterprise services	1,429,409	0	1,407,734	0
Depreciation - unallocated	4,198,244	0	4,121,931	0
Student aid	1,942,304	0	1,904,457	0
College and student support	0	472,923	0	493,283
Total operating expenses	42,035,396	549,969	43,630,659	589,163
Operating loss	(26,282,595)	(549,969)	(27,118,632)	(589,163)
Non-operating Revenues (Expenses)				
Property taxes	11,743,801	0	10,942,612	0
State operating appropriations	14,992,421	0	15,385,533	0
Contributions	0	583,753	0	1,083,665
Rental income	0	45,000	0	45,000
Gain (loss) on sale of capital assets	13,548	0	(3,586)	0
Interest income, net of fees	208,129	57,979	134,987	39,323
Realized and unrealized gain (loss) on investments	(60,613)	50,856	(120,937)	128,280
Interest expense	(705,302)	0	(725,062)	0
Total non-operating revenues (expenses)	26,191,984	737,588	25,613,547	1,296,268
Change in net position before capital contributions	(90,611)	187,619	(1,505,085)	707,105
State capital grant contributions	123,219	0	251,054	0
Federal capital grant contributions	138,678	0	281,048	0
Change in net position	171,286	187,619	(972,983)	707,105
Net position - beginning of the year, as originally reported	22,182,884	3,477,773	23,155,867	2,770,668
Cumulative effect of change in accounting principle	(2,340,149)	0	0	0
Net position - beginning of the year, restated	19,842,735	3,477,773	23,155,867	2,770,668
Net position - end of the year	$20,014,021	$3,665,392	$22,182,884	$3,477,773

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, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Tuition and fees received	$5,767,059	$5,425,616
Federal and state grants received	6,565,321	7,595,686
Business, industry & school district contract revenues received	1,517,873	1,729,018
Payments to employees	(27,654,499)	(26,967,929)
Payments to suppliers	(9,868,296)	(10,734,468)
Auxiliary enterprise revenues received	1,881,377	1,902,787
Other receipts	261,881	538,610
Net cash used for operating activities	(21,529,284)	(20,510,680)
Cash flows from noncapital financing activities:		
Local property taxes received	11,663,485	10,912,108
State appropriations received	14,992,421	15,385,533
Net cash provided by noncapital financing activities	26,655,906	26,297,641
Cash flows from capital and related financing activities:		
State and federal appropriations received for capital assets	275,701	619,388
Purchase of capital assets	(4,611,685)	(5,251,665)
Proceeds from sale of capital assets	19,470	30,709
Proceeds from issuance of capital debt	4,000,000	7,800,000
Premium on debt issued	82,763	289,230
Principal paid on capital debt	(4,285,000)	(4,020,000)
Interest paid on capital debt	(784,451)	(827,449)
Net cash used for capital and related financing activities	(5,303,202)	(1,359,787)
Cash flows from investing activities		
Investment income received	147,516	14,050
Change in long-term investments	731,776	2,262,967
Net cash provide by investing activities	879,292	2,277,017
Net increase in cash and cash equivalents	702,712	6,704,191
Cash and cash equivalents at beginning of year	14,987,027	8,282,836
Cash and cash equivalents at end of year	$15,689,739	$14,987,027
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and investments in current assets	$10,073,326	$9,062,134
Cash and investments in restricted assets	$9,718,940	$10,759,196
Less: Long-term investments	(4,102,527)	(4,834,303)
Cash and cash equivalents at end of year	$15,689,739	$14,987,027

(continued on following page)

LAKESHORE TECHNICAL COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS (continued)
For the Years Ended June 30, 2018 and 2017

	2018	2017
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	($26,282,595)	($27,118,632)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	4,198,244	4,121,931
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Decrease (increase):		
Accounts receivable	(308,639)	24,732
Federal and state aid receivable	337,363	768,299
Inventories	11,792	(2,106)
Prepaid expenses	2,849	354,652
Increase (decrease):		
Accounts payable	114,505	(35,613)
Accrued payroll	(54,434)	(19,364)
Payroll related liabilities	29,624	10,481
Unearned student fees	211,986	(113,341)
Other post-employment benefits liability and deferred outflows of resources	(328,791)	26,833
Pension related asset/liability and deferred outflows/inflows of resources	538,812	1,471,448
Net cash used for operating activities	($21,529,284)	($20,510,680)
Schedule of non-cash investing and financing activities:		
Unrealized loss on long-term investments	($58,854)	($75,555)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

A. REPORTING ENTITY

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

C. ACCOUNTING ESTIMATES

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

D. CASH AND INVESTMENTS

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

E. PROPERTY TAX LEVY AND TAXES RECEIVABLE

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. PROPERTY TAX LEVY AND TAXES RECEIVABLE (continued)

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

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

For taxes levied during the fiscal year ended June 30, 2018, 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 1.38187%. The 2018 operating levy includes $187,000 for re-assessment of refunded/rescinded property taxes. For taxes levied during the fiscal year ending June 30, 2017, this limit was 1.19236%. For both years, there was no cap on the debt service mill rate. During the fiscal years ended June 30, 2018 and 2017, the District levied and collected taxes as follows:

	2018			2017		
	Mill Rate	Levy Amount	% Change in Levy	Mill Rate	Levy Amount	% Change in Levy
Operating levy	$ 0.48384	$ 6,902,079	6.82%	$ 0.46756	$ 6,461,650	3.46%
Debt service levy	0.33894	4,835,000	3.80%	0.33705	4,657,952	-0.94%
Total property tax levy	$ 0.82278	$ 11,737,079	7.21%	$ 0.80461	$ 11,119,602	1.57%

F. RECEIVABLES

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

G. INVENTORIES

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

H. PREPAID EXPENSES

Prepaid expenses represent payments made by the District for which benefits extend beyond the end of the current fiscal year end and are accounted for on the consumption method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. CAPITAL ASSETS

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

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

K. COMPENSATED ABSENCES

District employees are granted vacation in varying amounts, based on length of service. Vacation pay and related social security taxes are accrued when earned. District employees are allowed to accumulate only the amount of vacation they earn in a year. In the event of retirement or termination, the College is obligated to pay all unused vacation pay. The District's accrued vacation liability as of June 30, 2018 was $378,000 compared with $382,000 as of June 30, 2017.

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

L. RETIREMENT PLAN AND POST-EMPLOYMENT BENEFITS

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. RISK MANAGEMENT

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

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

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

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

For the years ended June 30, 2018 and 2017, the District paid insurance premiums of $211,661 and $199,506 respectively, to DMI.

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

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

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

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

Foreign travel liability: $5,000,000 aggregate; $1,000,000 auto per accident; $1,000,000 employee benefits liability with $1,000 deductible.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The District paid insurance premiums of $2,531 and $4,948 for the years ended June 30, 2018 and 2017, respectively, to the WTCS Insurance Trust.

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

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

As of June 30, 2018, the District had a net liability with the consortium in the amount of $51,254. As of June 30, 2017, the District had a net reserve with the consortium in the amount of $23,381.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. SCHOLARSHIP ALLOWANCE AND STUDENT AID

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

R. CLASSIFICATION OF REVENUES AND EXPENSES

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

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

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

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

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

S. NET POSITION

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

	2018	2017
Cash on hand	$ 2,271	$ 2,880
Deposits with financial institutions	767,451	564,114
Investments		
Commercial paper	250,050	679,937
Wisconsin local government investment pool	7,236,816	5,340,749
Certificates of deposit	1,930,074	1,683,567
Money market funds	4,058,524	363,555
Municipal bonds	0	100,823
U.S. agency securities	5,547,080	11,085,705
Total cash and investments	$19,792,266	$19,821,330

NOTE 2 – CASH AND INVESTMENTS (continued)

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

	2018	2017
Cash and investments	$ 10,073,326	$ 9,062,134
Restricted cash and investments		
Capital Projects	8,700,129	9,577,226
Debt Service	1,018,811	1,181,970
Total cash and investments	$19,792,266	$19,821,330

Fair Value Measurements

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

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

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

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

The District had the following fair value measurements as of June 30, 2017:

		Fair Value Measurement Using:		
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Certificates of deposit	$1,683,567	$0	$1,683,567	$0
Municipal bonds	100,823	0	100,823	0
U.S. agency securities	11,085,705	0	11,085,705	0
Commercial paper	679,937	0	679,937	0
Total investments by fair value levels	$13,550,032	$0	$13,550,032	$0

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

NOTE 2 – CASH AND INVESTMENTS (continued)

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of $7,236,816 for 2018 and $5,340,749 for 2017. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. SIF pool shares are bought and redeemed at $1 based on amortized cost of the investments in the SIF. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. The SIF report the fair value of its underlying assets annually. At June 30, 2018 and 2017, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Deposit and Investment Risk

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

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

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

As of June 30, 2018 and 2017, none of the District's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

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.

NOTE 2 – CASH AND INVESTMENTS (continued)

2018

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

2017

	Amount	Exempt from Disclosure	AAA	AA+	AA	AA-	Not Rated
Certificates of deposit	$ 1,683,567	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,683,567
Money market funds	363,555	0	0	0	0	0	363,555
Municipal bonds	100,823	0	0	0	0	0	100,823
U.S. agency securities	11,085,705	0	4,504,182	897,945	0	0	5,683,578
Wisconsin local government investment pool	5,340,749	0	0	0	0	0	5,340,749
Commercial paper	679,937	0	0	0	0	0	679,937
	$ 19,254,336	$ 0	$ 4,504,182	$ 897,945	$ 0	$ 0	$ 13,852,209

Concentration of Credit Risk: Is the risk of loss attributed to the amount invested in any one issuer. The District's investment policy minimizes credit risk by limiting investments to the low risk investments where the main objective is safety or preservation of capital. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments as of June 30, 2018 are as follows:

Issuer	Investment Type	Amount	Percentage of Portfolio
Federal National Mortgage Association	U.S. agency securities	$3,091,604	16.47%

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments as of June 30, 2017 are as follows:

Issuer	Investment Type	Amount	Percentage of Portfolio
Federal National Mortgage Association	U.S. agency securities	$3,282,086	17.67%
Federal Home Loan Bank	U.S. agency securities	994,217	5.35%
Federal Home Loan Mortgage Corporation	U.S. agency securities	6,008,158	32.35%
		$10,284,461	

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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

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

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

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

	2018				
		Investment Maturities (in months)			
	Fair Value	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Certificates of deposit	$ 1,930,074	$ 1,506,995	$ 172,011	$ 251,069	$ 0
Money market funds	4,058,524	4,058,524	0	0	0
U.S. agency securities	5,547,080	1,867,632	2,076,490	1,602,958	0
Wisconsin local government investment pool	7,236,816	7,236,816	0	0	0
Commercial paper	250,050	250,050	0	0	0
	$ 19,022,544	$ 14,920,016	$ 2,248,500	$ 1,854,027	$ 0

	2017				
		Investment Maturities (in months)			
	Fair Value	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Certificates of deposit	$ 1,683,567	$ 1,250,500	$ 0	$ 433,067	$ 0
Money market funds	363,555	363,555	0	0	0
Municipal bonds	100,823	100,823	0	0	0
U.S. agency securities	11,085,705	6,684,469	672,921	3,728,315	0
Wisconsin local government investment pool	5,340,749	5,340,749	0	0	0
Commercial paper	679,937	679,937	0	0	0
	$ 19,254,336	$ 14,420,033	$ 672,921	$ 4,161,382	$ 0

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

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

As of June 30, 2017, the District's investments included the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Investment Type	Fair Value at Year End
Federal National Mortgage Association	Bonds	$3,282,086
Federal Home Loan Bank	Bonds	6,008,158
Federal Home Loan Mortgage Corporation	Bonds	994,217
Federal Farm Credit Bureau	Bonds	785,452
		$11,069,913

The District had realized gains on investments of $248,506 for 2018 and realized gains of $156,411 for 2017. Unrealized losses on investments amounted to $309,119 in 2018 and unrealized losses were $277,348 for 2017. 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.

NOTE 3 – CAPITAL ASSETS

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

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

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

NOTE 3 – CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	Balance 6/30/2016	Additions	Disposals	Balance 6/30/2017
Capital assets, not being depreciated				
Land	$50,000	$0	$0	$50,000
Construction in progress	809,729	321,138	(809,729)	321,138
Total cost of capital assets not being depreciated	859,729	321,138	(809,729)	371,138
Capital assets, being depreciated				
Site improvements	4,205,600	52,158	0	4,257,758
Buildings	18,071,292	19,021	0	18,090,313
Building improvements	20,050,327	2,500,821	0	22,551,148
Leasehold improvements	392,453	0	0	392,453
Equipment	29,255,652	2,697,202	(276,513)	31,676,341
Total cost of capital assets being depreciated	71,975,324	5,269,202	(276,513)	76,968,013
Less accumulated depreciation for:				
Site improvements	(2,244,572)	(169,979)	0	(2,414,551)
Buildings	(8,840,988)	(362,622)	0	(9,203,610)
Building improvements	(11,257,335)	(1,469,390)	0	(12,726,725)
Leasehold improvements	(150,747)	(30,150)	0	(180,897)
Equipment	(23,207,030)	(2,089,790)	242,218	(25,054,602)
Total	(45,700,672)	(4,121,931)	242,218	(49,580,385)
Total capital assets being depreciated, net	26,274,652	1,147,271	(34,295)	27,387,628
Total capital assets, net	27,134,381	$1,468,409	($844,024)	27,758,766
Less general obligation debt, net of unspent proceeds	20,296,652			20,790,419
Less debt premium	465,012			668,282
Net investment in capital assets	$6,372,717			$6,300,065

Construction in progress as of June 30, 2017 of approximately $321,000 includes $134,000 in costs incurred for the construction of the Agriculture Education Center that will be completed in November 2018, $96,000 in costs incurred for the new transformer was finished in August 2018, $38,000 for the shooting range which will be completed in May 2018, $35,000 incurred for the Scenario City which will be complete in November 2018 and $17,000 incurred for the Carpentry Lab to be completed in October 2018. Depreciation commenced or will commence upon completion of the projects.

NOTE 4 – LONG TERM OBLIGATIONS

Long-term liabilities of the District consist of general obligation promissory notes, refunding bonds, and unamortized premium on debt issuance.

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

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

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

The changes in long-term liabilities for the year ended June 30, 2017 are as follows:

Description	6/30/2016 Balance	Additions	Payments	6/30/2017 Balance	Due within one year
Promissory Notes of February 2007 at 3.99%	$ 260,000	$0	$ 260,000	$0	$0
Promissory Notes of July 2007 at 4.5%	120,000	0	120,000	0	0
Promissory Notes of June 2008 at 3.55%	440,000	0	220,000	220,000	220,000
Promissory Notes of June 2009 at 3.28%	730,000	0	235,000	495,000	245,000
Promissory Notes of June 2010 at 2.93%	2,020,000	0	480,000	1,540,000	495,000
Promissory Notes of May 2011 at 2.92%	2,135,000	0	400,000	1,735,000	415,000
Promissory Notes of April 2012 at 2.22%	3,595,000	0	615,000	2,980,000	630,000
Promissory Notes of May 2013 at 2%	2,300,000	0	310,000	1,990,000	315,000
Promissory Notes of September 2013 at 2.53%	2,960,000	0	615,000	2,345,000	645,000
Promissory Notes of September 2014 at 2%	5,410,000	0	610,000	4,800,000	625,000
Promissory Notes of July 2015 at 2.69%	4,790,000	0	155,000	4,635,000	430,000
Promissory Notes of April 2016 at 2%	1,500,000	0	0	1,500,000	90,000
Promissory Notes of July 2016 at 2%	0	1,500,000	0	1,500,000	175,000
Promissory Notes of June 2017 at 2.55%	0	6,300,000	0	6,300,000	0
Total	$ 26,260,000	$ 7,800,000	$ 4,020,000	$ 30,040,000	$ 4,285,000

Interest paid on long-term obligations totaled $702,724 for the year ended June 30, 2017.

NOTE 4 – LONG TERM OBLIGATIONS (continued)

General obligation debt consisted of the following as of June 30, 2018 and 2017:

	2018	2017
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.	$0	$220,000
2009 $2,000,000 promissory notes issued June 2009 at an average rate of 3.28% to finance building remodeling, improvements, and building construction. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2019. The notes are payable to Depository Trust Company.	250,000	495,000
2010 $5,000,000 promissory notes issued June 2010 at an average rate of 2.93% to finance building remodeling, site improvements, and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2020. The notes are payable to Depository Trust Company.	1,045,000	1,540,000
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.	1,320,000	1,735,000
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.	2,350,000	2,980,000
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 notes are payable to Depository Trust Company.	1,675,000	1,990,000
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 notes are payable to Depository Trust Company.	1,700,000	2,345,000

NOTE 4 – LONG TERM OBLIGATIONS (continued)

	2018	2017
2015 $6,000,000 promissory notes issued September 2014 at an average rate of 2.0% to finance remodeling and equipment. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2024. The notes are payable to Depository Trust Company.	4,175,000	4,800,000
2016 $5,000,000 promissory notes issued July 2015 at an average rate of 2.69% to finance addition, remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2025. The notes are payable to Depository Trust Company.	4,205,000	4,635,000
2016 $1,500,000 promissory notes issued April 2016 at an average rate of 2.0% to finance remodeling. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2026. The notes are payable to Depository Trust Company.	1,410,000	1,500,000
2017 $1,500,000 promissory notes issued July 2016 at an average rate of 2.0% to finance remodeling. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2022. The notes are payable to Depository Trust Company.	1,325,000	1,500,000
2017 $6,300,000 promissory notes issued June 2017 at an average rate of 2.0% to finance additions remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2027. The notes are payable to Depository Trust Company.	6,300,000	6,300,000
2018 $4,000,000 promissory notes issued June 2018 at an average rate of 3.0% to finance remodeling, equipment and site improvements. Semi-annual interest payments are made March 1 and September 1; principal payments are due March 1 until maturity in 2028. The notes are payable to Depository Trust Company.	4,000,000	0
Total	$29,755,000	$30,040,000

NOTE 4 – LONG TERM OBLIGATIONS (continued)

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

Fiscal Year	Principal	Interest	Total
2018-19	4,320,000	745,703	5,065,703
2019-20	4,455,000	672,728	5,127,728
2020-21	4,680,000	567,785	5,247,785
2021-22	4,360,000	453,350	4,813,350
2022-23	3,455,000	339,125	3,794,125
2024-28	8,485,000	587,500	9,072,500
Total	$29,755,000	$3,366,191	$33,121,191

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

Chapter 67.03(1) of the Wisconsin State Statutes limits general obligation debt of the District to 5 percent of the equalized value of the taxable property in the district. This limit was $713,255,896 as of June 30, 2018 and the District's outstanding general obligation debt (net of $1,018,812 available to pay principal and interest) was $28,736,188. For June 30, 2017, this limit was $690,996,669 and the District's outstanding general obligation debt (net of $1,181,970 of available funds) was $28,858,030. 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 $285,302,358 as of June 30, 2018, and the District had no outstanding bonds. For June 30, 2017 this limit was $276,398,668 and the District had no outstanding bonds.

NOTE 5 – RETIREMENT PLAN

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

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

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.

NOTE 5 – RETIREMENT PLAN (continued)

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service. The factors influencing the benefit are 1) final average earnings, 2) years of creditable service, and 3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

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

NOTE 5 – RETIREMENT PLAN (continued)

The District's contributions to the pension plan were $1,282,030 and $1,246,934 for the years ended June 30, 2018 and 2017, respectively.

Contribution rates as of June 30, 2018 and 2017 are:

	2018		2017	
Employee Category	Employee	Employer	Employee	Employer
General (including teachers, executives & elected officials)	6.7%	6.7%	6.8%	6.8%
Protective with Social Security	6.7%	10.7%	6.8%	10.6%
Protective without Social Security	6.7%	14.9%	6.8%	14.9%

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

At June 30, 2018 and 2017, the District reported a net pension asset of $3,821,905 and a net pension liability of $1,070,839, respectively, for its proportionate share of the WRS net pension liability (asset). The WRS net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.12872187%, which was a decrease of 0.00119667% from its proportion measured as of December 31, 2016.

For the years ended June 30, 2018 and 2017, the District recognized pension expense of $1,679,541 and $2,777,634, respectively.

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

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

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$408,311	$3,367,696
Changes in assumptions	1,119,604	0
Net differences between projected and actual earnings on pension plan investments	5,330,297	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	105,057	16,640
Employer contributions subsequent to the measurement date	670,375	0
Total	$7,633,644	$3,384,336

NOTE 5 – RETIREMENT PLAN (continued)

$666,475 reported as deferred outflows related to pension resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30,	Expense
2018	$435,267
2019	($7,538)
2020	($1,294,297)
2021	($991,321)
2022	$9,166
	($1,848,723)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012-2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

NOTE 5 – RETIREMENT PLAN (continued)

Asset Allocation Targets and Expected Returns
As of December 31, 2017

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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

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

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate. The following presents the College's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the College's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase To Discount Rate (8.2%)
District's proportionate share of the net pension liability (asset)	$9,888,573	($3,821,905)	($14,242,292)

NOTE 5 – RETIREMENT PLAN (continued)

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

Payables to Pension Plan

The District reported a payable to the pension plan as of June 30, 2018 and 2017 in the amount of $213,000 and $218,000, respectively, for its share and the employees' share of the June 2018 and 2017 legally required contributions to the plan. This amount is included in payroll related liabilities on the Statements of Net Position.

NOTE 6 – OTHER POSTRETIREMENT BENEFITS – FY 2018

The District has adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended June 30, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended June 30, 2017 have not been restated.

The cumulative effect of this change was to decrease the June 30, 2017 net position by $2,340,149 as follows:

Other postemployment liability		
OPEB liability balance previously reported	$693,485	
Actuarially determined balance	3,586,352	
Change in other postemployment liability		$(2,892,867)
Deferred outflows of resources		
Employer contributions subsequent to the measurement date		552,718
		$(2,340,149)

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

Age and service requirements are as follows:

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

NOTE 6 – OTHER POSTRETIREMENT BENEFITS – FY 2018 (continued)

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

Employees Covered by Benefit Terms At June 30, 2017, the following employees were covered by the benefit terms:

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

Contributions Contribution requirements are based on District policy. Benefits are paid by the District up to the maximum amount it pays for active employees. As of June 30, 2018, the District paid 86% of the health, dental and life insurance premium. Some retired participants have higher college premium payment rates based their retirement date.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

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

Discount rate:	3.5%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.7%-3.0%
Healthcare cost trend rates:	7.5% for 2017 decreasing by 0.5% per year down to 6.5%, then by 0.1% per year down to 5.0%, and level thereafter.
Dental cost trend rates:	level at 5.0%
Mortality:	Wisconsin 2012 Mortality Table

The actuarial assumptions used in the June 30, 2017 valuation were based upon the "Wisconsin Retirement System (WRS) 2012 - 2014 Experience Study."

Discount Rate. The discount rate of 3.5 % used to measure the total OPEB liability was based on the Bond Buyer Go 20-Year AA Bond Index as of the week of the measurement date. Implicit in this rate is an assumed rate of inflation of 2.5%.

NOTE 6 – OTHER POSTRETIREMENT BENEFITS – FY 2018 (continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	$3,586,352
Changes for the year:	
Service cost	44,070
Interest	116,621
Benefit payments	(552,718)
Net changes	(392,027)
Balance at June 30, 2017	$3,194,325

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current rate:

	1% Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	1% Increase to Discount Rate (4.5%)
Total OPEB liability	$3,291,672	$3,194,325	$3,098,500

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

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	$3,085,321	$3,194,325	$3,309,024

NOTE 6 – OTHER POSTRETIREMENT BENEFITS – FY 2018 (continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of $160,691. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

$489,482 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2018, and reported in the year ended June 30, 2019.

NOTE 6 – OTHER POSTRETIREMENT BENEFITS – FY 2017

Plan Description

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

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

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

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

NOTE 6 – OTHER POSTRETIREMENT BENEFITS – FY 2017 (continued)

Some retired participants have higher college premium payment rates.

Membership of the plan at June 30, 2016, the most recent actuarial valuation, was:

Active	218
Retirees	42
Surviving spouses	0
Total participants	260

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.

	2017
Annual required contribution	$483,094
Interest on net OPEB obligation	20,000
Adjustments to annual required contribution	(34,012)
Annual OPEB cost (expense)	469,082
Contributions made	442,249
Change in net OPEB obligation	26,833
Net OPEB obligation – beginning of year	666,652
Net OPEB obligation – end of year	$693,485

NOTE 6 – OTHER POSTRETIREMENT BENEFITS – FY 2017 (continued)

Trend Information

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
6/30/2017	$469,082	94%	$693,485
6/30/2016	$592,286	75%	$666,652
6/30/2015	$594,975	75%	$521,421

Funded Status and Funding Progress

The funded status as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$5,498,224
Actuarial value of plan assets	0
Unfunded actuarial accrued liability (UAAL)	$5,498,224
Funded rate (actuarial value of plan assets/AAL)	0%
Covered payroll (annual for active plan members)	$13,529,055
UAAL as a percentage of covered payroll	41%

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

Actuarial Methods and Assumptions

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

In the June 30, 2016 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 2.5%, a 3% investment rate of return and a salary scale of 3%

NOTE 6 – OTHER POSTRETIREMENT BENEFITS – FY 2017 (continued)

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 5% after ten years.

Year	Medical	Dental
0	10%	5%
1-2	9%	5%
3-5	8%	5%
6-8	7%	5%
9-10	6%	5%
11+	5%	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, 2017 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 under operating leases. Following is a schedule by years of future minimum rental payments required under the operating leases as of June 30, 2018:

Year ending June 30,	Amount
2019	170,022
2020	165,717
2021	166,924
2022	80,015
Total	$ 582,678

Rent expenditures under all operating leases amounted to approximately $519,338 and $538,144 for the years ended June 30, 2018 and 2017, respectively.

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 2027, renewable for one additional ten-year term. Minimum future rental payments to be received under the non-cancellable leases at June 30, 2018 for each of the next five years and thereafter are as follows:

Year ending June 30,	Agreement	Service Credits to Cash	Total
2019	204,394	11,400	215,794
2020	211,550	11,400	222,950
2021	218,953	11,400	230,353
2022	226,617	11,400	238,017
2023	234,549	11,400	245,949
Thereafter	1,023,206	45,600	1,068,806
Total	$2,119,269	$102,600	$2,221,869

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 $197,482 and $194,402 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017:

	2018	2017
Salaries and wages	$20,128,113	$20,127,499
Fringe benefits	7,734,980	8,650,205
Travel, memberships and subscriptions	835,597	965,367
Supplies, printing and minor equipment	2,617,570	2,462,819
Contract services	1,830,211	2,211,424
Rentals	523,720	538,144
Repairs and maintenance	87,484	66,514
Insurance	225,529	220,742
Utilities	622,350	640,135
Depreciation	4,198,244	4,121,931
Resale	38,131	38,728
Student aid	1,942,304	1,904,457
Fiscal agent pass-throughs	251,075	747,918
Other	1,000,088	934,776
Total operating expenses	$42,035,396	$43,630,659

NOTE 9 – JOINT VENTURE - WISPALS

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

The District accounts for its share of the operating costs, which amounted to $23,164 and $33,019 for the years ended June 30, 2018 and 2017, respectively, in the general fund.

As the operating costs of WisPALS are funded in full by the participating colleges, there is no change in fund balance for the joint venture for the year ended June 30, 2018. WisPALS has no joint venture debt outstanding.

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

NOTE 10 – JOINT VENTURE - WILM

Lakeshore Technical College is also part of the Wisconsin Indianhead, Lakeshore and Mid-State Consortium (WILM), which was formed under Sec. 66.0301 and Chapter 38 of the Wisconsin Statutes. The purpose of the consortium is to develop, procure, enhance and manage a customer-focused, state-of-the-art environment for performing administrative business services for consortium members. The District is the management agent for the WILM Consortium. The District accounts for its share of the operating costs, which amounted to $431,611 and $453,182 for the years ended June 30, 2018 and 2017, respectively, in the general fund. LTC's share of the capital costs for the year ended June 30, 2018 and 2017 were $54,185 and $59,076, respectively, and were recorded in the capital projects fund.

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

NOTE 11 – COMPONENT UNIT

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

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

NOTE 11 – COMPONENT UNIT (continued)

Cash and investments

The Foundation's cash and investments consisted of the following at June 30, 2018 and 2017:

	2018	2017
Demand deposits	$573,949	$419,218
Money market funds	243,063	273,514
Fixed income funds	1,235,310	1,072,747
Equity	1,040,120	836,244
Total	$3,092,442	$2,601,723

The following presents, for each of the fair value hierarchy levels, the Foundation's financial assets at June 30, 2018 and 2017 that are measured at fair value on a recurring basis:

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

		Fair Value Measurement Using:		
June 30, 2017	Total	Level 1	Level 2	Level 3
Fixed income funds:				
Taxable US	$861,994	$861,994	$0	$0
Taxable high yield	129,546	129,546	0	0
Taxable inflation protected securities	30,670	30,670	0	0
Taxable foreign emerging	50,537	50,537	0	0
Equity:				
US equity	620,863	620,863	0	0
Developed foreign	142,665	142,665	0	0
Emerging foreign	72,716	72,716	0	0
Total investments by fair value levels	$1,908,991	$1,908,991	$0	$0

NOTE 11 – COMPONENT UNIT (continued)

Capital assets

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

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

NOTE 11 – COMPONENT UNIT (continued)

Following are the changes in the Foundation's capital assets for the year ended June 30. 2017:

	Balance 6/30/2016	Additions	Disposals	Balance 6/30/2017
Capital assets, not being depreciated				
Land	$71,000	$0	$0	$71,000
Capital assets, being depreciated				
Buildings	210,885	11,303	0	222,188
Building improvements	195,945	0	0	195,945
Total cost of capital assets being depreciated	406,830	11,303	0	418,133
Less accumulated depreciation for:				
Buildings	(23,725)	(5,595)	0	(29,320)
Building improvements	(26,942)	(4,899)	0	(31,841)
Total	(50,667)	(10,494)	0	(61,161)
Total capital assets being depreciated, net	356,163	809	0	356,972
Total capital assets, net	427,163	$809	$0	427,972
Less debt	120,325			95,438
Net investment in capital assets	$306,838			$332,534

Long-term debt

Long-term debt at June 30, 2018 and 2017 consists of the following:

	2018	2017
Cleveland State Bank		
4.25% note, due in annual installments of $30,000 including interest, to December 5, 2020, secure by substantially all assets of the Foundation.	$69,494	$95,438
Less current maturities	27,000	26,000
Long-term debt, less current maturities	$42,494	$69,438

Maturities of long-term debt for each of the years succeeding June 30, 2018 are as follows:

Year ending June 30,	
2019	$27,000
2020	28,000
2021	14,494

NOTE 11 – COMPONENT UNIT (continued)

Operating leases - lessor

The Foundation is the lessor of land, buildings and improvements to the District under a non-cancellable operating lease expiring in November 2020. The minimum annual rental payment to be received under the lease for each of the four years succeeding June 30, 2018 is as follows:

Year ending June 30,	
2019	$45,000
2020	45,000
2021	18,750

Unconditional promises to give

The Foundation had unconditional promises to give at June 30, 2018 and 2017 as follows:

Receivable in:	2018	2017
Less than one year	$192,160	$332,981
One to five years	46,011	222,726
More than five years	2,000	2,500
	240,171	558,207
Less discount to net present value	(1,296)	(4,534)
	238,875	553,673
Reported as:		
Current assets	192,160	332,981
Non-current assets	46,715	220,692

Unconditional promises to give that are receivable beyond one year are discounted at 1.38% to 2.52% for the year ended June 30, 2018 and .58% to 3% for the year ended June 30, 2017.

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

NOTE 12 – UPCOMING ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 81, *Irrevocable Split-Interest Agreements*
- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

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

REQUIRED SUPPLEMENTARY INFORMATION

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
For the fiscal year ended June 30, 2018

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

Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.13490981%	(3,313,754)	18,257,138	18.15%	102.74%
12/31/15	0.13216576%	2,147,668	18,273,147	11.75%	98.20%
12/31/16	0.12991854%	1,070,839	18,880,504	5.67%	99.12%
12/31/17	0.12872187%	(3,821,905)	18,853,397	20.27%	102.93%

Schedule of Employer Contributions

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

See Notes to Required Supplementary Information.

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABLILITY AND RELATED RATIOS
For the fiscal year ended June 30, 2018

	2018
Total OPEB liability	
Service cost	$ 44,070
Interest	116,621
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	0
Benefit payments	(552,718)
Net change in total OPEB liability	(392,027)
Total OPEB liability - beginning	3,586,352
Total OPEB liability - ending	$ 3,194,325
Covered-employee payroll	$ 16,852,508
District's total OPEB liability as a percentage of covered-employee payroll	18.95%

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

See Notes to Required Supplementary Information.

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS AND
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN
For the fiscal year ended June 30, 2017

Schedule of Employer Contributions

Year Ended June 30,	Employer Contributions	Annual Required Contribution	Percentage of ARC Contributed	Net OPEB Liability
2015	$ 444,199	$ 601,583	74%	$ 521,421
2016	$ 447,055	$ 601,583	74%	$ 666,652
2017	$ 442,249	$ 483,094	92%	$ 693,485

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)
6/30/2012	$ -	$ 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%
6/30/2016	$ -	$ 5,498,224	$ 5,498,224	0%	$13,529,055	41%

See Notes to Required Supplementary Information.

(1) Wisconsin Retirement System
   a. There were no changes of benefit terms for any participating employer in WRS.
   b. There were no changes in assumptions.
   c. The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.
   d. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

(2) Other Postemployment Benefits
   a. The District implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* for the fiscal year ended June 30, 2018. Information for prior years is not available.

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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, 2018

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	$5,891,000	$5,891,000	$5,591,801	$0	$5,591,801	($299,199)
Property tax relief aid	11,878,000	11,878,000	11,877,887	0	11,877,887	(113)
State aids	3,390,000	3,390,000	3,517,598	0	3,517,598	127,598
Program fees	5,900,000	5,900,000	5,909,337	0	5,909,337	9,337
Material fees	400,000	400,000	394,221	0	394,221	(5,779)
Other student fees	430,000	430,000	452,628	0	452,628	22,628
Institutional revenue	493,000	493,000	133,965	0	133,965	(359,035)
Federal revenue	146,000	146,000	181,603	0	181,603	35,603
Total Revenues	28,528,000	28,528,000	28,059,039	0	28,059,039	(468,961)
Expenditures						
Instruction	16,763,000	16,763,000	16,571,033	1,294	16,572,327	190,673
Instructional resources	1,076,000	1,076,000	1,019,159	0	1,019,159	56,841
Student services	3,570,000	3,570,000	3,562,369	0	3,562,369	7,631
General institutional	4,802,000	4,802,000	4,703,323	0	4,703,323	98,677
Physical plant	2,130,000	2,130,000	1,953,893	0	1,953,893	176,107
Total Expenditures	28,341,000	28,341,000	27,809,777	1,294	27,811,071	529,929
Revenues over (under) expenditures	$187,000	$187,000	249,263	(1,294)	247,969	$60,969
Fund balance at beginning of year			9,095,052	0	9,095,052	
Fund balance at end of year			$9,344,315	($1,294)	$9,343,021	

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, 2018

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	$987,000	$987,000	$817,000	$0	$817,000	($170,000)
State aids	1,286,000	1,286,000	1,129,529	0	1,129,529	(156,471)
Other student fees	18,000	18,000	10,710	0	10,710	(7,290)
Institutional revenue	1,730,000	1,730,000	1,639,391	0	1,639,391	(90,609)
Federal revenue	1,024,000	1,024,000	986,768	0	986,768	(37,232)
Total Revenues	5,045,000	5,045,000	4,583,397	0	4,583,397	(461,603)
Expenditures						
Instruction	3,553,000	3,553,000	3,087,397	0	3,087,397	465,603
Student services	1,139,000	1,139,000	1,134,250	0	1,134,250	4,750
Physical plant	353,000	353,000	350,000	0	350,000	3,000
Total Expenditures	5,045,000	5,045,000	4,571,646	0	4,571,646	473,354
Revenues over (under) expenditures	$0	$0	11,751	0	11,751	$11,751
Fund balance at beginning of year			152,750	0	152,750	
Fund balance at end of year			$164,501	$0	$164,501	

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, 2018

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
State aids	$420,000	$420,000	$92,451	$0	$92,451	($327,549)
Other student fees	300,000	300,000	342,730	0	342,730	42,730
Institutional revenue	174,000	174,000	168,730	0	168,730	(5,270)
Federal revenue	3,719,000	3,719,000	3,434,545	0	3,434,545	(284,455)
Total Revenues	4,613,000	4,613,000	4,038,456	0	4,038,456	(574,544)
Expenditures						
Instruction	600,000	600,000	251,074	0	251,074	348,926
Student services	4,013,000	4,013,000	3,787,429	0	3,787,429	225,571
Total Expenditures	4,613,000	4,613,000	4,038,503	0	4,038,503	574,497
Revenues over (under) expenditures	$0	$0	(47)	0	(47)	($47)
Fund balance at beginning of year			360,850	0	360,850	
Fund balance at end of year			$360,803	$0	$360,803	

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, 2018

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	$0	$0	$500,000	$0	$500,000	$500,000
State aids	142,000	142,000	123,219	0	123,219	(18,781)
Institutional revenue	80,000	80,000	100,747	0	100,747	20,747
Federal revenue	106,000	106,000	138,678	0	138,678	32,678
Total Revenues	328,000	328,000	862,644	0	862,644	534,644
Expenditures						
Capital Outlay						
Instruction	1,034,000	1,034,000	822,024	0	822,024	211,976
Instructional resources	847,000	847,000	804,782	(1,911)	802,871	44,129
Student services	5,000	5,000	2,916	0	2,916	2,084
General institutional	1,034,000	1,034,000	941,446	(47,788)	893,658	140,342
Physical plant	3,650,000	3,650,000	3,161,369	(243,398)	2,917,971	732,029
Total Expenditures	6,570,000	6,570,000	5,732,537	(293,097)	5,439,440	1,130,560
Revenues over (under) expenditures	(6,242,000)	(6,242,000)	(4,869,893)	293,097	(4,576,796)	1,665,204
Other financing sources:						
Proceeds from debt	4,000,000	4,000,000	4,000,000	0	4,000,000	0
Revenues and other financing sources over (under) expenditures	($2,242,000)	($2,242,000)	(869,893)	293,097	(576,796)	$1,665,204
Fund balance at beginning of year			9,249,581	(360,887)	8,888,694	
Fund balance at end of year			$8,379,688	($67,790)	$8,311,898	

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, 2018

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Local government - tax levy	$4,835,000	$4,835,000	$4,835,000	$0	$4,835,000	$0
Institutional revenue	4,000	4,000	4,588	0	4,588	588
Total Revenues	4,839,000	4,839,000	4,839,588	0	4,839,588	588
Expenditures						
Physical plant	5,038,000	5,038,000	5,006,701	0	5,006,701	31,299
Total Expenditures	5,038,000	5,038,000	5,006,701	0	5,006,701	31,299
Revenues over (under) expenditures	(199,000)	(199,000)	(167,113)	0	(167,113)	31,887
Other financing sources:						
Proceeds from debt premium	0	0	20,013	0	20,013	20,013
Revenues and other financing sources over (under) expenditures	($199,000)	($199,000)	(147,100)	0	(147,100)	$51,900
Fund balance at beginning of year			1,522,930	0	1,522,930	
Fund balance at end of year			$1,375,830	$0	$1,375,830	

ENTERPRISE FUND

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2018

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Institutional revenue	$1,600,000	$1,600,000	$1,907,271	$0	$1,907,271	$307,271
Total Revenues	1,600,000	1,600,000	1,907,271	0	1,907,271	307,271
Expenses						
Auxiliary services	1,600,000	1,600,000	1,455,441	0	1,455,441	144,559
Total Expenses	1,600,000	1,600,000	1,455,441	0	1,455,441	144,559
Revenues over (under) expenses	$0	$0	451,830	0	451,830	$451,830
Net position at beginning of year			2,504,455	0	2,504,455	
Net position at end of year			$2,956,285	$0	$2,956,285	

INTERNAL SERVICE FUND

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ACTUAL AND BUDGET (NON-GAAP BUDGETARY BASIS)
For the fiscal year ended June 30, 2018

	Original Budget	Final Budget	Actuals on a GAAP Basis	Adjustment to Budgetary Basis	Actuals on a Budgetary Basis	Variance
Revenues						
Institutional revenue	$618,000	$618,000	$580,251	$0	$580,251	($37,749)
Total Revenues	618,000	618,000	580,251	0	580,251	(37,749)
Expenses						
Auxiliary services	618,000	618,000	535,274	0	535,274	82,726
Total Expenses	618,000	618,000	535,274	0	535,274	82,726
Revenues over (under) expenses	$0	$0	44,978	0	44,978	$44,978
Net postion at beginning of year			301,156	0	301,156	
Net position at end of year			$346,134	$0	$346,134	

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED
FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
For the fiscal year ended June 30, 2018

	Governmental Fund Types					Proprietary Fund Types				Statement of Revenues, Expenses and	
		Special Revenue Funds		Capital	Debt		Internal		Reconciling	Changes in	
	General	Operating	Non-Aidable	Projects	Service	Enterprise	Service	Total	Items	Net Position	
Revenues											
Local government - tax levy	$5,591,801	$817,000	$0	$500,000	$4,835,000	$0	$0	$11,743,801	$0	$11,743,801	
Intergovernmental revenue:											
State	15,395,485	1,129,529	92,451	123,219	0	0	0	16,740,683	0	16,740,683	(1)
Federal	181,603	986,768	3,434,545	138,678	0	0	0	4,741,593	0	4,741,593	(2)
Tuition and fees:											
Program fees	5,909,337	0	0	0	0	0	0	5,909,337	(1,129,428)	4,779,909	
Material fees	394,221	0	0	0	0	0	0	394,221	(76,982)	317,239	
Other student fees	452,628	10,710	342,730	0	0	0	0	806,068	(157,690)	648,378	
Institutional revenue	133,965	1,639,391	168,730	100,747	4,588	1,907,271	580,251	4,534,943	(2,501,833)	2,033,110	(3)
Auxiliary revenue	0	0	0	0	0	0	0	0	1,907,271	1,907,271	
Total Revenues	28,059,039	4,583,397	4,038,456	862,644	4,839,588	1,907,271	580,251	44,870,647	(1,958,662)	42,911,984	
Expenditures											
Instruction	16,572,327	3,087,397	251,074	0	0	0	0	19,910,797	400,558	20,311,355	
Instructional resources	1,019,159	0	0	0	0	0	0	1,019,159	181,990	1,201,149	
Student services	3,562,369	1,134,250	3,787,429	0	0	0	0	8,484,048	(3,261,511)	5,222,537	
General institutional	4,703,323	0	0	0	0	0	0	4,703,323	76,013	4,779,336	
Physical plant	1,953,893	350,000	0	0	5,006,701	0	0	7,310,594	(3,654,230)	3,656,364	(4)
Student aid	0	0	0	0	0	0	0	0	1,942,304	1,942,304	
Capital outlay	0	0	0	5,439,440	0	0	0	5,439,440	(5,439,440)	0	
Depreciation - unallocated	0	0	0	0	0	0	0	0	4,198,244	4,198,244	
Auxiliary enterprise services	0	0	0	0	0	1,455,441	535,274	1,990,715	(561,306)	1,429,409	
Total Expenditures	27,811,071	4,571,646	4,038,503	5,439,440	5,006,701	1,455,441	535,274	48,858,076	(6,117,378)	42,740,698	
Excess (deficiency) of revenues over (under) expenditures	247,969	11,751	(47)	(4,576,796)	(167,113)	451,830	44,978	(3,987,429)	4,158,716	171,286	
Other financing sources:											
Proceeds from debt	0	0	0	4,000,000	0	0	0	4,000,000	(4,000,000)	0	
Proceeds from debt premium	0	0	0	0	20,013	0	0	20,013	(20,013)	0	
Total other financing sources	0	0	0	4,000,000	20,013	0	0	4,020,013	(4,020,013)	0	
Excess (deficiency) of revenues and other financing sources over (under) expenditures	247,969	11,751	(47)	(576,796)	(147,100)	451,830	44,978	32,584	138,703	171,286	
Fund balance/net position at beginning of year, as originally reported	9,095,052	152,750	360,850	8,888,694	1,522,930	2,504,455	301,156	22,825,887	(643,003)	22,182,884	
Cumulative effect of change in accounting principle (Note 6)	0	0	0	0	0	0	0	0	(2,340,149)	(2,340,149)	
Fund balance/net position at beginning of year, restated	9,095,052	152,750	360,850	8,888,694	1,522,930	2,504,455	301,156	22,825,887	(2,983,152)	19,842,735	
Fund balance/net position at end of year	$9,343,021	$164,501	$360,803	$8,311,898	$1,375,830	$2,956,285	$346,134	$22,858,471	($2,844,449)	$20,014,021	(5)

Budgets and Budgetary Accounting

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

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

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS COMBINED FINANCIAL STATEMENTS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)
For the fiscal year ended June 30, 2018

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

Operating	$ 1,625,043
Non-operating	14,992,421
Capital grants	123,219
Total	$16,740,683

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

Operating	$4,602,915
Capital grants	138,678
Total	$4,741,593

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

Business and industry contract revenue	$1,516,112
Miscellaneous	355,934
Interest income, net of fees	208,129
Gain on sale of capital assets	13,548
Realized and unrealized loss on investments	(60,613)
Total	$2,033,110

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

Physical plant	$2,951,062
Interest expense	705,302
Total	$3,656,364

(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	$22,858,471
Capital assets at cost	81,264,014
Accumulated depreciation on capital assets	(53,208,109)
General obligation debt	(29,755,000)
Other postemployment benefits	(3,194,325)
Deferred outflows of resources related to OPEB	489,482
Insurance reserves	(65,254)
Net pension asset	3,821,905
Deferred outflows of resources related to pension	6,353,302
Deferred inflows of resources related to pension	(7,535,550)
Book value of proprietary fund assets removed with adoption of capitalization policy	(89,172)
Accrued interest on long-term debt	(223,846)
Summer school tuition	228,288
Summer school instructional expenses	(341,709)
Bond premium	(657,560)
Current year encumbrances	69,084
Net position per basic financial statements	$20,014,021

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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, 2009 to 2018
(Accrual Basis of Accounting)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Net Position										
Net investment in capital assets	$3,557,156	$5,811,169	$6,407,432	$6,921,296	$7,075,074	$7,477,870	$6,433,052	$6,372,717	$6,300,065	$6,112,865
Restricted for pension benefits	0	0	0	0	0	0	3,313,754	0	0	0
Restricted for capital projects	0	0	0	0	700,000	423,654	0	0	0	0
Restricted for debt service	328,971	427,099	555,091	595,270	701,109	786,782	1,041,755	1,194,655	1,313,420	1,151,984
Unrestricted	6,355,247	7,346,719	8,735,550	8,785,086	8,200,542	8,623,962	12,093,543	15,588,495	14,569,399	12,749,172
Total Net Position	$10,241,374	$13,584,987	$15,698,073	$16,301,652	$16,676,725	$17,312,268	$22,882,104	$23,155,867	$22,182,884	$20,014,021

LAKESHORE TECHNICAL COLLEGE DISTRICT

OPERATING EXPENSES, OPERATING REVENUES AND NON-OPERATING REVENUES (EXPENSES)

For the fiscal years ended June 30, 2009 to 2018
(Accrual Basis of Accounting)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Operating Expenses										
Instruction	$ 20,248,335	$ 21,777,488	$ 22,611,188	$ 21,342,093	$ 22,114,622	$ 20,839,681	$ 20,751,377	$ 22,211,711	$ 22,052,872	$ 20,311,355
Instructional resources	1,337,240	1,268,033	1,456,097	1,300,558	1,267,206	1,178,019	1,297,936	1,218,331	1,175,858	1,201,149
Student services	3,341,416	3,335,445	3,412,933	3,268,403	3,377,376	4,125,590	4,305,291	4,662,832	5,119,100	5,222,537
General institutional	4,389,012	4,581,946	4,948,372	4,810,180	4,524,899	4,646,304	4,884,308	5,230,797	5,076,089	4,779,336
Physical plant	2,314,386	1,916,100	2,501,930	2,901,839	2,777,227	3,418,572	2,893,973	3,023,460	2,772,618	2,951,062
Auxiliary enterprise services	877,667	1,014,912	968,898	1,024,776	1,476,354	1,639,328	1,410,472	1,414,185	1,407,734	1,429,409
Depreciation - unallocated	1,993,321	2,156,931	2,468,712	2,631,714	2,983,097	3,221,118	3,756,610	3,870,107	4,121,931	4,198,244
Student aid	776,469	2,499,059	3,486,097	3,529,081	2,706,886	2,303,114	2,238,847	2,206,841	1,904,457	1,942,304
Total operating expenses	35,277,846	38,549,914	41,854,227	40,808,644	41,227,667	41,371,726	41,538,814	43,838,264	43,630,659	42,035,396
Operating Revenues										
Tuition and fees, net of scholarship allowances	5,271,962	6,242,161	6,680,221	6,950,014	6,135,350	5,822,670	5,651,526	5,632,572	5,657,406	5,745,526
Federal grants	3,243,928	5,433,937	7,308,596	5,346,341	5,335,658	5,165,082	5,005,802	4,864,792	4,637,375	4,602,915
State grants	953,142	1,219,210	1,007,638	1,441,612	1,309,717	1,133,099	1,843,833	3,215,351	2,190,012	1,625,043
Business and industry contract revenue	824,204	1,138,041	1,129,720	1,055,025	1,196,382	1,297,391	1,360,124	1,825,302	1,697,135	1,516,112
School district contract revenue	13,455	6,578	4,089	3,237	2,220	6,547	2,128	0	2,545	0
Auxillary enterprise revenue	994,305	1,171,993	1,294,916	1,049,107	1,156,000	1,460,728	1,510,586	1,843,682	1,863,289	1,907,271
Miscellaneous	550,331	1,119,050	986,452	720,436	1,030,679	833,423	543,730	499,463	464,265	355,934
Total operating revenues	11,851,327	16,330,970	18,411,632	16,565,772	16,166,006	15,718,940	15,917,729	17,881,162	16,512,027	15,752,801
Operating loss	$(23,426,519)	$(22,218,944)	$(23,442,595)	$(24,242,872)	$(25,061,661)	$(25,652,786)	$(25,621,085)	$(25,957,102)	$(27,118,632)	$(26,282,595)
Non-Operating Revenues (Expenses)										
Property taxes	$ 20,990,984	$ 21,583,690	$ 21,951,606	$ 22,031,068	$ 22,114,352	$ 22,146,080	$ 10,569,450	$ 10,934,545	$ 10,942,612	$ 11,743,801
State operating appropriations	4,266,077	4,296,697	4,065,961	2,881,080	2,916,657	2,744,687	14,864,807	15,264,849	15,385,533	14,992,421
Gain (loss) on disposal of assets	(14,148)	21,808	(1,326)	8,031	32,684	(25,175)	40,692	12,732	(3,586)	13,548
Investment income	180,744	24,903	163,776	379,619	(77,789)	180,406	52,294	154,423	14,050	147,516
Interest expense	(734,088)	(662,689)	(681,856)	(658,367)	(490,161)	(543,016)	(712,620)	(732,205)	(725,062)	(705,302)
Total non-operating revenues (expenses)	$ 24,689,569	$ 25,264,409	$ 25,498,161	$ 24,641,431	$ 24,495,743	$ 24,502,982	$ 24,814,623	$ 25,634,344	$ 25,613,547	$ 26,191,984
Capital Contributions										
Contributions	$ 0	$ 0	$ 0	$ 0	$ 700,000	$ 1,570,000	$ 0	$ 0	$ 0	$ 0
Federal and state capital grants	118,800	298,148	57,520	205,020	256,041	215,347	382,701	596,521	532,102	261,897
Total non-operating revenues (expenses)	$ 118,800	$ 298,148	$ 57,520	$ 205,020	$ 956,041	$ 1,785,347	$ 382,701	$ 596,521	$ 532,102	$ 261,897
Change in Net Position	$ 1,381,850	$ 3,343,613	$ 2,113,086	$ 603,579	$ 390,123	$ 635,543	$ (423,761)	$ 273,763	$ (972,983)	$ 171,286

LAKESHORE TECHNICAL COLLEGE DISTRICT

EQUALIZED VALUE OF TAXABLE PROPERTY (A)
For the fiscal years ended June 30, 2009 to 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
MANITOWOC COUNTY										
Equalized valuations including TID										
Real Estate:										
Residential	$3,908,288,300	$3,962,851,900	$3,870,930,300	$3,861,336,900	$3,709,479,400	$3,679,189,600	$3,711,694,600	$3,711,929,200	$3,798,653,500	$3,823,877,700
Commercial	705,430,100	815,159,600	761,608,000	727,382,400	719,485,200	692,160,200	700,924,700	728,413,300	712,894,000	683,414,900
Manufacturing	226,160,500	230,094,500	235,637,900	237,282,300	228,360,300	230,301,300	227,267,400	226,523,300	238,130,600	242,721,300
Agricultural	41,837,700	42,200,600	40,940,900	39,954,300	38,535,200	37,210,400	36,794,500	36,963,800	37,415,400	38,001,300
Undeveloped	24,177,300	24,117,800	26,220,500	38,273,200	37,418,400	46,718,700	43,773,900	48,605,800	42,367,400	42,588,800
Agriculture Forest	29,239,800	29,794,700	31,061,400	35,092,400	37,196,500	36,086,700	38,681,900	38,105,300	39,913,100	40,927,100
Forest	42,265,600	41,592,100	40,743,300	52,669,200	52,371,600	51,256,700	50,057,500	49,112,700	51,272,300	52,077,500
Other	192,546,400	243,974,000	250,796,000	247,457,100	234,476,600	211,994,300	225,538,600	232,764,000	238,782,800	241,931,900
Total Real Estate	5,169,945,700	5,389,785,200	5,257,938,300	5,239,447,800	5,057,323,200	4,984,917,900	5,034,733,100	5,072,417,400	5,159,429,100	5,165,540,500
Total Personal Property	119,637,200	141,715,800	139,772,500	134,820,400	128,967,100	130,978,300	127,689,800	130,365,100	116,306,700	121,461,700
Total Equalized Value	$5,289,582,900	$5,531,501,000	$5,397,710,800	$5,374,268,200	$5,186,290,300	$5,115,896,200	$5,162,422,900	$5,202,782,500	$5,275,735,800	$5,287,002,200
Total Assessed Value	$4,864,640,798	$4,982,122,001	$5,129,914,552	$5,173,377,990	$5,232,412,360	$5,260,511,585	$5,284,102,414	$5,310,848,980	$5,335,439,526	$5,366,160,228
Ratio of Assessed to Equalized Value	91.97%	90.07%	95.04%	96.26%	100.89%	102.83%	102.36%	102.08%	101.13%	101.50%
SHEBOYGAN COUNTY										
Equalized valuations including TID										
Real Estate:										
Residential	$6,858,239,200	$6,835,667,000	$6,667,282,500	$6,600,372,700	$6,356,373,400	$6,162,019,800	$6,220,495,100	$6,226,857,900	$6,303,790,800	$6,620,945,700
Commercial	1,418,934,000	1,531,815,800	1,431,334,200	1,384,228,500	1,361,176,300	1,407,669,500	1,398,486,000	1,404,001,900	1,426,483,400	1,540,226,300
Manufacturing	388,954,600	397,398,700	400,198,000	397,180,600	406,929,800	416,568,200	447,610,000	457,888,400	464,712,800	485,009,400
Agricultural	29,158,100	29,769,600	28,809,100	28,363,000	27,571,900	26,544,700	26,164,000	26,445,000	26,719,400	27,146,200
Undeveloped	34,487,100	28,894,000	21,809,800	23,711,300	22,575,600	27,644,500	29,789,000	35,484,400	30,345,800	31,927,700
Agriculture Forest	27,509,800	29,350,600	27,854,900	27,665,800	28,952,400	30,132,100	28,046,200	28,443,200	29,778,300	30,791,900
Forest	29,654,800	26,683,900	24,796,300	25,477,700	25,391,400	26,909,000	26,429,200	25,550,100	26,117,800	27,498,000
Other	185,155,700	187,511,200	164,473,300	163,193,300	160,135,400	159,410,000	159,057,300	168,999,200	173,524,900	178,150,300
Total Real Estate	8,972,093,300	9,067,090,800	8,766,558,100	8,650,192,900	8,389,106,200	8,256,897,800	8,336,076,800	8,373,670,100	8,481,473,200	8,941,695,500
Total Personal Property	271,308,300	268,449,200	259,037,400	244,287,700	262,221,600	269,803,300	268,686,100	271,416,100	273,644,300	287,150,600
Total Equalized Value	$9,243,401,600	$9,335,540,000	$9,025,595,500	$8,894,480,600	$8,651,327,800	$8,526,701,100	$8,604,762,900	$8,645,086,200	$8,755,117,500	$9,228,846,100
Total Assessed Value	$8,543,473,819	$8,661,581,644	$8,891,444,386	$8,880,555,891	$8,946,154,842	$8,974,784,621	$8,711,459,963	$8,758,982,694	$8,842,905,531	$9,008,514,487
Ratio of Assessed to Equalized Value	92.43%	92.78%	98.51%	99.84%	103.41%	105.26%	101.24%	101.32%	101.00%	97.61%
Total LTC Equalized Value (B)	$ 14,239,835,631	$ 14,480,939,422	$ 14,098,895,295	$ 14,049,917,159	$ 13,708,573,547	$ 13,514,454,019	$ 13,569,069,801	$ 13,661,006,238	$ 13,819,933,389	$ 14,265,117,910
Total Tax Rate (C)	$ 1.47	$ 1.49	$ 1.56	$ 1.56	$ 1.61	$ 1.64	$ 0.78	$ 0.80	$ 0.80	$ 0.82

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. In March 2015, Wisconsin Act 145 was enacted that allocated property tax relief aid to the technical colleges and reduced the amount of their taxed levied.

LAKESHORE TECHNICAL COLLEGE DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES
For the fiscal years ended June 30, 2009 to 2018
(Rate per $1,000 of Equalized Value)

	LTC			Overlapping Rates (d)						
(b) Year Ended June 30	Operational (c)	Debt Service	Total	Other School Districts	Local	County	Other	Gross Total	State Tax Relief	Net Tax Rate
2009	1.18	0.29	1.47	8.14	2.70	5.07	0.60	17.98	(1.40)	16.58
2010	1.20	0.29	1.49	8.64	2.69	5.00	0.64	18.46	(1.35)	17.11
2011	1.26	0.30	1.56	9.64	3.12	5.34	0.71	20.37	(1.44)	18.93
2012	1.26	0.30	1.56	9.75	3.51	5.34	0.50	20.66	(1.46)	19.20
2013	1.29	0.32	1.61	10.07	3.34	5.52	0.56	21.10	(1.55)	19.55
2014	1.32	0.32	1.64	10.28	3.64	5.65	0.56	21.77	(1.60)	20.17
2015	0.45	0.33	0.78	10.09	3.73	5.62	0.55	20.77	(1.59)	19.18
2016	0.46	0.34	0.80	9.94	3.72	5.63	0.55	20.64	(1.78)	18.86
2017	0.47	0.34	0.81	9.57	3.86	5.64	0.61	20.49	(1.77)	18.72
2018	0.48	0.34	0.82	9.30	3.88	5.59	0.49	20.08	(1.86)	18.22

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

PRINCIPAL TAXPAYERS
For the fiscal years ended June 30, 2009 and 2018

	2018			2009		
Principal Taxpayers	Equalized Valuation (a)	% of Total Equalized Value	Rank	Assessed Valuation (a)	% of Total Equalized Value	Rank
Kohler Company	$ 154,789,146	1.09%	1	$ 160,971,221	1.13%	1
Acuity	140,124,197	0.98%	2	50,378,560	0.35%	2
Sargento Foods inc.	44,813,218	0.31%	3			
Wal-Mart (b)	41,544,005	0.29%	4	45,181,419	0.32%	4
Bemis Manufacturing	29,116,311	0.20%	5			
Aurora Medical Group	23,633,774	0.17%	6	46,167,396	0.32%	3
Johnsonville Sausage	23,281,711	0.16%	7	20,663,100	0.15%	8
Morrelle Warehousing LLC	18,241,600	0.13%	8			
Nemak	18,190,028	0.13%	9			
Sheboygan Acquisitions LLC (Blue Harbor)	17,894,765	0.13%	10	36,105,200	0.25%	5
The Manitowoc Company, Inc.				29,412,300	0.21%	6
Holy Family Memorial Medical Center				28,196,600	0.20%	7
Target Corp				16,819,300	0.12%	9
Lowes				10,708,400	0.08%	10
Total	**$ 511,628,755**	**3.59%**		**$ 444,603,496**	**3.12%**	
Total District Equalized Value	**$ 14,265,117,910**			**$ 14,239,835,631**		

Notes:
(a) Sources - Manitowoc County and Sheboygan County and Lakeshore Technical College District 2008-09 CAFR.
(b) Sheboygan County.

LAKESHORE TECHNICAL COLLEGE DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS (a)
For the fiscal years ended June 30, 2009 to 2018

Fiscal Year Ended June 30	Total Tax Levy	As of June 30 of Fiscal Year		Cumulative as of June 30, 2018	
		Amount Collected	Percent Collected	Amount Collected	Percent Collected
2009	20,967,414	15,043,671	72%	20,967,414	100%
2010	21,589,000	15,511,435	72%	21,589,000	100%
2011	21,960,000	15,592,212	71%	21,960,000	100%
2012	21,960,000	15,816,660	72%	21,960,000	100%
2013	22,022,000	16,009,074	73%	22,022,000	100%
2014	22,131,000	16,109,219	73%	22,131,000	100%
2015	10,573,172	7,804,566	74%	10,573,172	100%
2016	10,947,553	8,085,728	74%	10,947,553	100%
2017	11,119,602	8,227,273	74%	11,119,602	100%
2018 (b)	11,737,079	8,764,434	75%	8,764,434	75%

Notes:

(a) Under Wisconsin law, personal property taxes and certain installment real estate taxes are collected by city, village, and town treasurers or clerks, who then make settlement with the other taxing units, such as the county, LTC, and local schools. Settlements are due from the municipality by the 15th of the month following the due date based on the municipality's payment plan. Certain installment real estate taxes and deliquent 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, 2018.

LAKESHORE TECHNICAL COLLEGE DISTRICT

RATIO OF NET DEBT TO EQUALIZED VALUATION AND DEBT PER CAPITA
For the fiscal years ended June 30, 2009 to 2018

Year Ended June 30	Population (a)	Personal Income ('000s)(c)	Equalized Valuation (b)	Outstanding Debt	Percent of Total Debt to Equalized Valuation	Percent of Total Debt to Personal Income	Total Debt Per Capita
2009	209,415	7,308	14,239,835,631	18,025,000	0.13%	247%	$ 86.07
2010	209,792	7,202	14,480,939,422	19,530,000	0.13%	271%	$ 93.09
2011	209,896	7,723	14,098,895,295	20,055,000	0.14%	260%	$ 95.55
2012	203,967	7,715	14,049,917,159	20,970,000	0.15%	272%	$ 102.81
2013	203,983	8,409	13,708,573,547	20,255,000	0.15%	241%	$ 99.30
2014	203,736	8,679	13,514,454,019	21,580,000	0.16%	249%	$ 105.92
2015	203,688	8,749	13,569,069,801	23,745,000	0.17%	271%	$ 116.58
2016	203,716	8,880	13,661,006,238	26,260,000	0.19%	296%	$ 128.90
2017	203,514	9,146	13,819,933,389	30,040,000	0.22%	328%	$ 147.61
2018	202,895	N/A	14,265,117,910	29,755,000	0.21%	N/A	$ 146.65

Notes:
(a) Source - Wisconsin Department of Revenue, Division of State and Local Finance reports. Includes the entire district as of January 1 of the calendar year.
(b) Equalized value is reported as of the December 31 of the previous calendar year (i.e. 2017 information is as of December 31, 2016).
(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, 2018

Municipality/District	Outstanding Principal	Principle Payments Scheduled over next 12 months	Anticipated New Debt	Percentage Applicable to LTC	Amount Applicable to LTC
OVERLAPPING DEBT					
County of:					
Calumet	$15,385,000	$2,390,000	$2,945,000	1.63%	$ 259,822
Manitowoc	25,925,000	1,140,000	6,502,500	96.76%	30,273,785
Ozaukee	24,535,000	2,680,000	3,700,000	4.43%	1,132,087
Sheboygan	37,285,000	6,650,000	0	99.90%	30,604,365
Total all counties					62,270,060
City of:					
Kiel	17,829,250	1,079,005	1,600,000	100.00%	18,350,245
Manitowoc	50,043,357	6,451,160	9,870,000	100.00%	53,462,197
Plymouth	19,795,000	2,940,000	0	100.00%	16,855,000
Sheboygan	43,513,355	4,765,000	19,193,526	100.00%	57,941,881
Sheboygan Falls	10,070,000	1,306,832	1,800,000	100.00%	10,563,168
Two Rivers	17,323,289	2,458,641	2,041,500	100.00%	16,906,148
Total all cities					174,078,639
Town of:					
Belgium	16,572	16,572	0	100.00%	-
Cato	33,027	1,216	0	100.00%	31,811
Eaton	110,000	29,996	0	100.00%	80,004
Fredonia	420,404	95,035	0	100.00%	325,369
Greenbush	153,441	36,270	0	99.06%	116,070
Holland	279,625	124,184	0	100.00%	155,441
Liberty	79,074	79,074	0	100.00%	0
Lima	90,386	62,846	0	100.00%	27,540
Lyndon	25,939	14,500	0	100.00%	11,439
Meeme	119,970	43,120	0	100.00%	76,850
Mishicot	119,715	25,546	0	100.00%	94,169
Mosel	134,479	22,166	0	100.00%	112,313
Rhine	577,347	72,527	0	100.00%	504,820
Rockland	52,147	52,147	0	68.07%	0
Russell	17,000	6,000	0	100.00%	11,000
Sheboygan	3,255,311	753,680	0	100.00%	2,501,631
Sheboygan Falls	473,885	171,555	289,540	100.00%	591,871
Sherman	0	0	800,000	100.00%	800,000
Wilson	50,000	25,000	0	100.00%	25,000
Total all towns					5,465,328
Village of:					
Adell	937,500	102,500	975,865	100.00%	1,810,865
Belgium	6,516,447	709,602	0	100.00%	5,806,845
Cedar Grove	1,177,901	215,520	500,000	100.00%	1,462,380
Cleveland	1,280,000	310,000	0	100.00%	970,000
Elkhart Lake	9,952,000	2,214,323	200,000	100.00%	7,937,677
Francis Creek	750,741	121,775	0	100.00%	628,966
Glenbeulah	591,105	38,749	0	100.00%	552,356
Howards Grove	299,908	69,037	0	100.00%	230,871
Kellnersville	39,944	3,953	0	100.00%	35,991
Kohler	6,392,557	787,962	3,800,000	100.00%	9,404,595
Mishicot	359,992	100,008	24,000	100.00%	283,984
Oostburg	6,004,917	199,149	0	100.00%	5,805,768
Random Lake	1,831,843	265,305	0	100.00%	1,566,538
Reedsville	2,876,079	397,462	149,000	100.00%	2,627,617
Saint Nazianz	1,099,144	76,323	0	100.00%	1,022,821
Valders	767,995	141,568	900,000	100.00%	1,526,427
Waldo	649,159	82,182	125,000	100.00%	691,977
Whitelaw	367,878	31,227	0	100.00%	336,651
Total all villages					42,702,329

(continued on following page)

LAKESHORE TECHNICAL COLLEGE DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (continued)
For the fiscal year ended June 30, 2018

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	24,855,000	1,425,000	0	1.08%	253,044
Cedar Grove-Belgium	4,575,000	1,095,000	0	100.00%	3,480,000
Elkhart Lake-Glenbeulah	1,157,711	971,000	0	100.00%	186,711
Howards Grove	8,983,525	502,880	0	100.00%	8,480,645
Kewaskum	29,270,000	295,000	0	100.00%	28,975,000
Kewaunee	14,180,000	835,000	0	3.77%	503,107
Kiel	7,889,874	1,227,859	0	100.00%	6,662,015
Kohler	5,715,000	800,000	0	100.00%	4,915,000
Manitowoc	7,669,000	1,457,500	0	100.00%	6,211,500
Mishicot	9,540,000	600,000	0	100.00%	8,940,000
New Holstein	10,820,000	1,245,000	0	1.63%	156,073
Oostburg	15,513,000	733,500	0	100.00%	14,779,500
Plymouth	10,125,000	1,210,000	0	100.00%	8,915,000
Random Lake	7,113,000	716,000	0	100.00%	6,397,000
Reedsville	5,480,157	1,441,891	0	100.00%	4,038,266
Sheboygan	52,283,000	3,365,000	0	100.00%	48,918,000
Sheboygan Falls	28,930,196	1,391,000	0	100.00%	27,539,196
Two Rivers	10,070,000	2,195,000	0	100.00%	7,875,000
Valders	2,925,000	605,000	0	100.00%	2,320,000
Total all school districts					189,545,056
TOTAL OVERLAPPING DEBT					$ 474,061,412
DIRECT DEBT					
Lakeshore Technical College					
General obligation debt					$ 29,755,000
Debt premium					657,560
TOTAL DIRECT DEBT					$ 30,412,560
TOTAL DIRECT AND OVERLAPPING DEBT					$ 504,473,972

Notes:

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of LTC. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses located in LTC's boundaries. This process recognizes that, when considering LTC's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(2) The percentage of overlapping debt applicable to LTC is the equalized property value of property of the overlapping government located in LTC's district as a percentage of total equalized value of all property for the overlapping government.

(3) Sources - Survey of municipalities.

LAKESHORE TECHNICAL COLLEGE DISTRICT

LEGAL DEBT MARGIN INFORMATION
For the fiscal years ended June 30, 2009 to 2018
($000's)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized valuation	$14,239,836	$14,480,939	$14,098,895	$14,049,917	$13,708,574	$13,514,454	$13,569,070	$13,661,006	$13,819,933	$14,265,118
Debt limit - 5% of equalized value	$711,992	$724,047	$704,945	$702,496	$685,429	$675,723	$678,454	$683,050	$690,997	$713,256
(Wisconsin statutory limitation)										
Gross indebtedness applicable to debt limit:										
General obligation promissory notes and bonds	18,025	19,530	20,055	20,970	20,255	21,580	23,745	26,260	30,040	29,755
Less debt service funds available	(260)	(356)	(479)	(512)	(624)	(691)	(936)	(1,080)	(1,182)	(1,019)
Total amount of debt applicable to debt margin	17,765	19,174	19,576	20,458	19,631	20,889	22,809	25,180	28,858	28,736
Legal debt margin (Debt capacity)	$694,227	$704,873	$685,369	$682,038	$665,798	$654,834	$655,645	$657,870	$662,139	$684,520
Percent of debt capacity used	2.50%	2.65%	2.78%	2.91%	2.86%	3.09%	3.36%	3.69%	4.18%	4.03%
Debt limit - 2% of equalized value	$284,797	$289,619	$281,978	$280,998	$274,171	$270,289	$271,381	$273,220	$276,399	$285,302
(Wisconsin statutory limitation)										
Gross bonded indebtedness applicable to debt limit:										
General obligation bonds	-	-	-	1,990	1,240	620	-	-	-	-
Less debt service funds available	-	-	-	-	-	-	-	-	-	-
Total amount of debt applicable to debt margin	-	-	-	1,990	1,240	620	-	-	-	-
Legal debt margin (Debt capacity)	$284,797	$289,619	$281,978	$279,008	$272,931	$269,669	$271,381	$273,220	$276,399	$285,302
Percent of debt capacity used	0.00%	0.00%	0.00%	0.71%	0.45%	0.23%	0.00%	0.00%	0.00%	0.00%

debt service funds available:										
debt service fund equity	*539,065*	*612,689*	*755,762*	*787,811*	*869,116*	*977,543*	*1,252,386*	*1,420,591*	*1,522,930*	*1,375,830*
less: interest due sept 1 of that year	*(279,423)*	*(256,340)*	*(276,570)*	*(276,268)*	*(244,623)*	*(286,141)*	*(315,948)*	*(340,112)*	*(340,960)*	*(357,018)*
	259,642	*356,349*	*479,192*	*511,543*	*624,493*	*691,402*	*936,438*	*1,080,479*	*1,181,970*	*1,018,812*

LAKESHORE TECHNICAL COLLEGE DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS
For the calendar years ended December 31, 2008 to 2017

	Sheboygan County						Manitowoc County					
Calendar Year	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)
2008	117,472	4,435,849	38,755	8.9%	22,155	1,866	84,553	2,871,694	35,598	9.6%	14,034	1,135
2009	117,566	4,328,472	37,783	7.4%	22,032	1,761	84,785	2,874,292	35,669	8.0%	13,755	1,191
2010	117,650	4,812,650	41,681	7.7%	21,725	1,737	84,798	2,909,848	35,777	7.9%	13,398	1,163
2011	115,569	4,595,577	39,910	6.8%	21,557	1,666	81,406	3,119,148	38,519	7.8%	13,106	1,073
2012	115,549	5,150,016	44,779	6.0%	21,505	1,710	81,437	3,258,641	40,394	7.1%	12,925	1,008
2013	115,386	5,344,757	46,508	5.6%	21,301	1,723	81,352	3,333,927	41,336	6.6%	12,862	973
2014	115,362	5,341,196	46,328	4.3%	21,120	1,537	81,320	3,408,347	42,519	5.9%	12,675	1,074
2015	115,305	5,304,168	45,896	3.4%	21,231	1,638	81,372	3,575,583	44,803	4.6%	12,466	1,034
2016	115,050	5,532,445	47,930	3.3%	21,160	1,636	81,061	3,613,532	45,433	4.3%	12,398	1,009
2017	114,714	N/A	N/A	2.7%	20,723	1,629	80,735	N/A	N/A	3.5%	12,330	979

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, 2009 and 2018

		2018			2009		
Employer	Nature of Business	Approximate Number of Employees	Rank	% of Total Employment	Approximate Number of Employees	Rank	% of Total Employment
Kohler Company	Plumbing fixtures and fittings, hotel & real estate	7,362	1	3.8%	5,000 +	1	2.5%
Bemis Mfg. Company	Toilet seats, lavatories, cutting	1,650	2	0.8%	1,800	2	0.9%
Aurora Medical Group	Medical Clinic	1,480 *	3	0.8%	1,775	3	0.9%
Sargento Foods, Inc.	Cheese manufacturing	1,300 **	4	0.7%	500-999	10	0.4%
Nemak, formerly J.L. French Corp.	Foundry/automotive parts	1,275	5	0.7%	1,325	5	0.7%
Acuity Mutual Insurance Co.	Insurance	1,259	6	0.6%			
Sheboygan Area School District	Education	1,240	7	0.6%	1,535	4	0.8%
Holy Family Memorial Medical Center	Medical facility	1,080	8	0.6%	920	7	0.5%
Johnsonville Sausage	Meat processing	1,053	9	0.5%			
Manitowoc Public School District	Education	919	10	0.5%			
Hamilton L. Fisher LC (Fisher Scientific) (Formerly Thermo Fisher Scientific)	Laboratory apparatus & furniture mfg				800	9	0.4%
Sheboygan County	County employees, nursing care facilities				950	6	0.5%
Fresh Brands Distributing	Wholesale/retail grocers				900	8	0.4%
	TOTAL EMPLOYMENT (b)	**195,790**			**202,025**		

Notes:
(a) Sources - Infogroup (www.salesgenie.com), City of Sheboygan Official Statement dated February 5, 2018, Employer contacts and websites and Lakeshore Technical College District 2008-09 CAFR.
(b) Sources - Wisconsin Department of Revenue - Division of State and Local Finance. Includes total employment for Sheboygan County and Manitowoc County.

* Clinics outside the City of Sheboygan limits, but within Sheboygan and Calumet Counties employ an additional 221 employees.
** Figure includes facilities in Hilbert and Elkhart Lake.

LAKESHORE TECHNICAL COLLEGE DISTRICT

FULL-TIME EQUIVALENT POSITIONS BY CATEGORY
For the fiscal years ended June 30, 2009 to 2018

Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	Est. 2018
Administrators/ Supervisors	32.5	33.2	33.0	30.8	33.7	37.2	38.6	44.2	45.6	41.7
Teachers	143.9	151.9	150.6	149.7	151.6	148.2	137.6	142.6	145.0	154.2
Specialists	5.1	5.0	5.0	3.7	2.5	2.4	2.0	1.0	1.0	1.0
Other Staff	134.4	139.5	144.3	150.0	156.0	154.6	153.4	156.2	151.5	147.0
	315.9	329.6	332.9	334.2	343.8	342.4	331.6	344.0	343.2	343.8

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Student Enrollment (a)										
Associate degree	3,635	4,034	4,143	3,888	3,776	3,688	3,670	4,192	4,193	3,893
Vocational:										
Technical Diploma	1,018	955	960	885	994	1,085	1,028	933	899	957
Apprentices	175	151	137	123	140	170	194	223	204	209
Basic skills	2,759	3,019	2,257	1,825	1,653	1,470	1,329	1,281	1,088	915
Vocational adult	8,399	7,782	6,999	8,202	7,485	8,064	6,097	6,984	5,687	5,528
District service	118	102	253	221	201	459	354	153	125	111
Total Students (b)	14,367	14,084	13,170	13,774	12,950	13,597	11,355	12,447	11,025	10,550
Full-Time Equivalent (c)										
Associate degree	1463	1796	1832	1633	1540	1454	1390	1428	1425	1389
Vocational:										
Technical Diploma	222	257	238	219	239	250	243	217	217	218
Apprentices	26	23	20	18	24	30	35	40	39	42
Basic skills	442	483	374	313	281	248	248	199	184	166
Vocational adult	108	121	90	103	87	88	64	72	61	61
District service	1	0	1	1	1	2	2	1	1	0
Total	2,261	2,680	2,554	2,288	2,172	2,072	1,982	1,956	1,926	1,877
Graduate Follow-Up Statistics (d)										
Number of graduates	924	1,008	969	974	935	1,006	851	786	853	n/a
Responses										
Number	655	737	669	513	486	700	595	474	613	n/a
Percent of graduates	72%	73%	69%	53%	52%	70%	70%	60%	72%	n/a
Percent employed	81%	84%	81%	85%	89%	90%	91%	92%	92%	n/a
Percent in related employment	74%	63%	57%	65%	68%	67%	70%	67%	77%	n/a
Percent employed in district	78%	77%	100%	66%	76%	69%	70%	70%	75%	n/a
Seeking related employment (e)	74	71	89	70	46	n/a	n/a	n/a	n/a	n/a
Not seeking related employment (f)	240	336	208	51	67	n/a	n/a	n/a	n/a	n/a

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

CAMPUS SITES – SQUARE FOOTAGE
June 30, 2018

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

Cleveland Campus

Building	Date Constructed	Square Footage
Lakeshore	1974	121,044
Addition	1979	78,104
Addition	2011	12,400
		211,548
Nierode	1974	63,893
Addition	1979	2,655
Addition	1982	1,631
Addition	2014	7,755
		75,934
Agriculture & Energy	1976	18,150
Addition	1983	17,014
		35,164
Public Safety	1988	6,280
Addition	1991	13,480
Addition	2005	10,550
		30,310
Plastics Engineering Manufacturing Building	1980	19,000
Addition	2013	14,658
		33,658
Facilities Building	2017	11,600
Burn Simulator Building	1997	2,712
Tactical Skills Lab	2006	1,475
Motorcycle Storage Garage	2009	3,080
LTC School of Agriculture	2017	6,200
Carpentry Lab	2017	1,200
Total Cleveland Campus		**412,881**

Leased Facilities

Location	Lease Term	Square Footage
Sheboygan Job Center*	2013-2023	12,991
Manitowoc Job Center*	2013-2023	10,607
Environmental Campus	2010-2020	5,502
Culinary Institute	2012-2022	9,880
Jake's Café	2013-2017	188
Total Leased Properties		**39,168**
Total Square Footage		**452,049**

Leases are month-to-month, extending a maximum of 10 years.

LAKESHORE TECHNICAL COLLEGE DISTRICT

PROGRAM OFFERINGS

June 30, 2018

Associate Degree Programs

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

Technical Diplomas

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

Apprenticeship Programs

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

SINGLE AUDIT SECTION

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

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Schenck
ADVISORY | TAX | ASSURANCE

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, Cleveland, Wisconsin (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon which includes an emphasis of matter paragraph as indicated on page 16 dated December 6, 2018. 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
December 6, 2018

Schenck
ADVISORY | TAX | ASSURANCE

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

To the District Board
Lakeshore Technical College District
Cleveland, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited Lakeshore Technical College District, Cleveland, Wisconsin's (the "District's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about 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, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
December 6, 2018

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2018

Grantor Agency/Pass-through Agency/Program/Grant Title	CFDA Number	Project Identification Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
U.S. DEPARTMENT OF AGRICULTURE								
Rural Utilities Service's Distance Learning and Telemedicine Loan and Grant Program	10.855							
Videoconferencing (886)		WI 733-A16	9/12/16-9/12/19	$724,911	$103,894	$78,624	$182,518	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				724,911	103,894	78,624	182,518	-
U.S. DEPARTMENT OF LABOR								
H-1B Job Training Grants	17.268							
Passed thru Wisconsin Technical College System								
WAGE$ Systemwide Apprenticeship Curricula (757)		11-757-155-117	10/1/16-12/31/18	518,400	194,400	-	194,400	-
Passed thru Bay Area Workforce Development Board								
Business Solutions Specialist (835)		18LTC BUSSOL	7/1/17-6/30/18	79,668	78,586	-	78,586	-
Total H-1B Job Training Grants				598,068	272,986	-	272,986	-
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282							
Passed through Chippewa Valley Technical College								
ACT for Healthcare (888/889)		TC-26455-14-60-A-55	10/1/14-9/30/18	805,248	163,885	-	163,885	-
TOTAL U.S. DEPARTMENT OF LABOR				1,403,316	436,871	-	436,871	-
U.S. DEPARTMENT OF TRANSPORTATION								
Interagency Hazardous Materials Public Sector Training and Planning Grants								
Haz-Mat Interagency Hazardous Materials	20.703	n/a	7/1/17-6/30/18	2,518	2,518	-	2,518	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				2,518	2,518	-	2,518	-
U.S. DEPARTMENT OF EDUCATION								
Adult Education - Basic Grants to States	84.002							
Passed Through Wisconsin Technical College System								
Integrated English Literacy and Civics Education		11-814-146-168	7/1/17-6/30/18	13,484	13,484	-	13,484	-
AEFL-Comprehensive		11-815-146-128	7/1/17-6/30/18	203,276	203,276	503,900	707,176	-
Institutionalized		11-822-146-118	7/1/17-6/30/18	41,537	41,537	13,846	55,383	-
Total Adult Education - Basic Grants to States				258,297	258,297	517,746	776,043	
Student Financial Assistance Cluster								
SEOG	84.007	P007A174506	7/01/17-6/30/18	66,880	62,700	20,900	83,600	-
Federal Work Study Program	84.033	P033A174506	7/01/17-6/30/18	42,854	40,176	2,678	42,854	-
PELL	84.063	P063P173160	7/01/17-6/30/18	3,151,669	3,151,669	-	3,151,669	-
Federal Direct Student Loans	84.268	P268K183160	7/01/17-6/30/18	3,018,407	3,018,407	-	3,018,407	-
Total *Student Financial Assistance Cluster*				6,279,810	6,272,952	23,578	6,296,530	-

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the fiscal year ended June 30, 2018

Grantor Agency/Pass-through Agency/Program/Grant Title	CFDA Number	Project Identification Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
TRIO Cluster								
Student Support Services Program	84.042							
TRIO-Student Support Services (891)		P042A150027	9/1/15-8/31/20	1,100,000	225,696	-	225,696	-
Career and Technical Education - Basic Grants to States	84.048							
Passed through Wisconsin Technical College System								
Student Success		11-804-150-238	7/1/17-6/30/18	127,769	127,769	182,600	310,369	-
Strengthening Programs		11-807-150-258	7/1/17-6/30/18	45,138	45,138	-	45,138	-
Non-Traditional Occupations		11-809-150-268	7/1/17-6/30/18	52,785	52,785	-	52,785	-
Career Prep		11-834-150-218	7/1/17-6/30/18	35,296	35,296	-	35,296	-
Total Career and Technical Education - Basic Grants to States				260,988	260,988	182,600	443,588	-
TOTAL U.S. DEPARTMENT OF EDUCATION				7,899,095	7,017,933	723,924	7,741,857	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Area Health Education Centers	93.107							
Passed through Northeastern Wisconsin Area Health Education Center								
Lakeshore Health Careers Academy (828)		NE3-18	9/1/17-6/30/18	6,004	6,004	-	6,004	-
NIEHS Hazardous Waste Worker Health and Safety Training	93.142							
Passed through University of Cincinnati								
HazMat Worker Health and Safety Training Cooperative Agreement (875)		ES006184-26	8/1/17-7/31/18	160,401	130,667	-	130,667	-
HazMat Worker Health and Safety Training Cooperative Agreement (775)		ES006184-25	8/1/16-7/31/17	142,401	12,126	-	12,126	-
Total NIES Hazardous Waste Worker Heatlh and Safety Training				302,802	142,793	-	142,793	-
Medicaid Cluster								
Medical Assistance Program	93.778							
Passed through State of WI Department of Health Services								
WI Caregiver Career Program Training (880)		435600-G18-0680TECHCOL-01	3/1/18-2/29/20	2,520	2,520	(113)	2,407	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				311,326	151,317	(113)	151,204	-
U.S. DEPARTMENT OF HOMELAND SECURITY								
Passed through Wisconsin Technical College System								
Assistance to Firefighters	97.044	11-876-153-118	7/1/17-4/6/18	34,784	34,784	5,217	40,001	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				34,784	34,784	5,217	40,001	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				10,375,950	$7,747,316	$807,652	$8,554,968	-

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the fiscal year ended June 30, 2018

Grantor Agency/Pass-through Agency/Program/Grant Title	CFDA Number	Project Identification Number	Grant Period	Grant Amount	Federal Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
Reconciliation of Federal Revenue								
Schedule of Expenditures of Federal Awards					$7,747,317			
DEDUCT:								
Federal Direct Student Loans					3,018,407			
ADD:								
PELL Administration					11,878			
Veterans Administration - Recording Fee					801			
Revenue from Prior Year's Projects					4			
						$4,741,593		
Federal grants					$4,602,915			
Federal capital grants					138,678			
Basic Financial Statements						$4,741,593		

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

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the fiscal year ended June 30, 2018

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog Number	Project Identification Number	Grant Period	Grant Amount	State Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
WISCONSIN DEPARTMENT OF TRANSPORTATION	20.395(4)(aq)							
Driver Education								
Motorcycle Safety Grant		105976-1	1/1/17-12/31/17	$43,284	$12,243	-	$12,243	-
Motorcycle Safety Grant		105976-1 RCP	1/1/18-12/31/18	7,768	777	-	777	-
Motorcycle Safety Grant		105976-1 BRC	1/1/18-12/31/18	33,928	11,027	-	11,027	-
Total Driver Education & Wisconsin Department of Transporation				84,980	24,046	-	24,046	-
WISCONSIN HIGHER EDUCATION AIDS BOARD								
Wisconsin Higher Education Grant	235.102	N/A	7/01/17-6/30/18	547,320	547,320	-	547,320	-
Remission of Fees for Veterans and Dependents	235.105	N/A	7/01/17-6/30/18	119,782	119,782	-	119,782	-
Wisconsin Covenant Scholars	235.108	N/A	7/01/17-6/30/18	4,750	4,750	-	4,750	-
Talent Incentive Program	235.114	N/A	7/01/17-6/30/18	15,400	15,400	-	15,400	-
Nursing Student Loan	235.117	N/A	7/01/17-6/30/18	8,500	8,500	-	8,500	-
Technical Excellence Scholarship	235.119	N/A	7/01/17-6/30/18	21,376	21,376	-	21,376	-
Wisconsin Indian Assistance Grant	235.132	N/A	7/01/17-6/30/18	4,400	4,400	-	4,400	-
Total Wisconsin Higher Education Aids Board				721,528	721,528	-	721,528	-
WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD								
WTCS Emergency Assistance Grant	292.104							
Student Emergency Fund		11-760-104-117	7/1/16-6/30/17	165	165	-	165	-
Student Emergency Fund		11-860-104-118	7/1/17-6/30/18	13,925	13,910	-	13,910	-
Total WTCS Emergency Assistance Grants				14,090	14,075	-	14,075	-
State Aid for Technical Colleges	292.105	N/A	7/01/16-6/30/17	2,934,613	2,934,613	-	2,934,613	-
Grants to District Boards	292.124							
Career Pathw ays - IT-Computer Support Specialist		11-805-124-128	7/1/17-6/30/18	194,100	194,100	64,700	258,800	-
Career Pathw ays - Lakeshore Medical Assistant		11-808-124-128	7/1/17-6/30/18	148,362	148,362	49,454	197,816	-
Career Pathw ays - Administrative Professional		11-810-124-128	7/1/17-6/30/18	63,049	63,049	21,016	84,065	-
Student Success Initiative		11-812-124-198	5/4/18-4/1/19	20,000	-	-	-	-
Professional Development		11-819-124-158	7/1/17-6/30/18	50,102	50,102	25,051	75,153	-
Student Support		11-820-124-168	7/1/17-6/30/18	225,000	225,000	75,000	300,000	-
Developing Markets - Radiation Safety/Health Physics		11-821-124-148	7/1/17-6/30/18	175,751	160,426	-	160,426	-
Core Industry - Practical Nursing		11-824-124-138	7/1/17-6/30/18	246,366	246,366	-	246,366	-
Core Industry - Manufacturing Management		11-825-124-138	7/1/17-6/30/18	168,595	168,595	-	168,595	-
Core Industry - Court Reporting		11-826-124-138	7/1/17-6/30/18	196,170	196,170	-	196,170	-
Passed through Northeast Wisconsin Technical College								
Advanced Manufacturing Netw ork (840)		13-440-124-188	7/1/17-11/12/18	10,840	5,367	-	5,367	-
WAT-Ironw ood Plastics		11-752-124-177	7/01/16-8/31/17	22,486	3,986	-	3,986	-
Statew ide Apprenticeship Curriculum		11-856-124-118	7/1/17-6/30/18	61,560	61,560	-	61,560	-
Captioning		11-861-124-198	2/1/18-2/15/19	20,000	-	-	-	-
Total Grants to District Boards				1,602,381	1,523,083	235,221	1,758,304	-

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
For the fiscal year ended June 30, 2018

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog Number	Project Identification Number	Grant Period	Grant Amount	State Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
Kikkoman Foundation - Culinary Arts Scholarship	292.135	11-777-135-117	7/1/16-6/30/18	25,000	16,372	-	16,372	-
Fire Fighter Training 2%	292.137	N/A	7/1/17-6/30/18	19,373	19,373	-	19,373	-
Property Tax Relief Aid	292.162	N/A	7/01/17-6/30/18	11,877,887	11,877,887	-	11,877,887	-
TOTAL WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD				16,473,343	16,385,402	235,221	16,620,623	-
WISCONSIN DEPARTMENT OF NATRUAL RESOURCES								
State Aid in Lieu of Property Taxes	370.503	N/A	7/01/17-6/30/18	13,604	13,604	-	13,604	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
Local Youth Apprenticeship Grants	445.107							
Youth Apprenticeship		111854	7/1/2017-6/30/18	102,600	102,600	51,300	153,900	-
TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT				357,600	102,600	51,300	153,900	-
WISCONSIN DEPARTMENT OF REVENUE								
State Aid - Computers	835.109	N/A	7/01/17-6/30/18	73,867	73,867	-	73,867	-
TOTAL EXPENDITURES OF STATE AWARDS				$17,724,922	$17,321,047	$286,521	$17,607,568	-

LAKESHORE TECHNICAL COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
For the fiscal year ended June 30, 2018

Grantor Agency/Pass-through Agency/Program/Grant Title	Catalog Number	Project Identification Number	Grant Period	Grant Amount	State Direct Revenue	Match	Total Expenditures	Passed through to Sub-Recipients
Reconciliation of State Revenue								
Schedule of Expenditures of State Awards					$17,321,047			
ADD:								
Revenue from Prior Year's Projects					6			
DEDUCT:								
Wisconsin Higher Education Grant					547,320			
Talent Incentive Program					15,400			
Wisconsin Covenant Scholars					4,750			
Nursing Student Loan					8,500			
Wisconsin Indian Assistance Grant					4,400			
						$16,740,683		
State Operating Appropriations					$14,992,421			
State Grants					1,625,043			
State Capital Grants					123,219			
Basic Financial Statements						$16,740,683		

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

Note 1 – Basis of Presentation

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

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 – 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.

Note 4 – Indirect Cost Rate

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

Lakeshore Technical College District
Cleveland, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

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

FEDERAL AND STATE AWARDS

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

Identification of major federal programs:

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

Identification of major state programs:

State ID Number	Name of State Program
235.102	Wisconsin Higher Education Grant
235.114	Talent Incentive Program
235.119	Technical Excellence Scholarship
292.105	State Aid for Technical Colleges
292.124	Grants to District Boards
292.162	Property Tax Relief Aid

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

Federal Awards	$750,000
State Awards	$250,000
Auditee qualified as low-risk auditee	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no findings related to the basic financial statements required to be reported under *Governmental Auditing Standards* generally accepted in the United States of America for the year ended June 30, 2018.

SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no findings required to be reported in accordance with the Uniform Guidance or *State Single Audit Guidelines* for the year ended June 30, 2018.

SECTION IV - OTHER ISSUES

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? — No

2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the *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 Transportation	No

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

4. Name and signature of partner — Bryan Grunewald

   Bryan Grunewald, CPA

5. Date of report — December 6, 2018

Lakeshore Technical College District
Cleveland, Wisconsin

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018

PRIOR YEAR AUDIT FINDINGS

There were no findings for the year ended June 30, 2017.

CORRECTIVE ACTION PLAN

None required for the year ended June 30, 2018.

LAKESHORE TECHNICAL COLLEGE
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