



2007 COMPREHENSIVE ANNUAL FINANCIAL REPORT

(WITH INDEPENDENT AUDITORS REPORT)
FOR FISCAL YEAR ENDED JUNE 30, 2007



SERVING SOUTHEASTERN WISCONSIN



GATEWAY TECHNICAL COLLEGE DISTRICT

Racine/Kenosha/Elkhorn, Wisconsin

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007
(With Independent Auditors' Report)

Official Issuing Report:

Mark Zlevor, CPA
Chief Financial Officer/Vice President of Administration

Report Prepared By:

Beverly Hansen, CPA
Controller

Assisted By:

Mark Zlevor, CPA
Finance Office Staff
Marketing Department
Research & Planning Department

GATEWAY TECHNICAL COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2007

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Introductory Section



Bryan D. Albrecht
President

ADMINISTRATION CENTER

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3300
262.564.3301 FAX/262.564.2816 TTY

BURLINGTON CENTERS

380 McCanna Pkwy.
496 McCanna Pkwy.
Burlington, WI 53105-3622
262.767.5200
262.767.5201 FAX/262.767.5206 TTY

CENTER FOR ADVANCED TECHNOLOGY & INNOVATION

Renaissance Business Park
2320 Renaissance Blvd.
Sturtevant, WI 53177
262.898.7500
262.898.7501 FAX

CENTER FOR BIOSCIENCE & INFORMATION TECHNOLOGY

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3600
262.564.3601 FAX

ELKHORN CAMPUS

400 County Road H
Elkhorn, WI 53121-2046
262.741.8200
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HORIZON CENTER FOR TRANSPORTATION TECHNOLOGY

4940 - 88th Avenue
Kenosha, WI 53144-7467
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262.564.3901 FAX

KENOSHA CAMPUS

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.2200
262.564.2201 FAX/262.564.2206 TTY

LAKEVIEW ADVANCED TECHNOLOGY CENTER

9449 - 88th Avenue (Highway H)
Pleasant Prairie, WI 53158-2216
262.564.3400
262.564.3401 FAX

RACINE CAMPUS

1001 South Main Street
Racine, WI 53403-1582
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3520 - 30th Avenue
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EQUAL OPPORTUNITY/ACCESS/
EMPLOYER AND EDUCATOR
OFRECE IGUALDAD EN OPORTUNIDADES/
ACCESO EMPLEO Y EDUCACION

November 1, 2007

To the Citizens and Board of Directors, and College Community of Gateway Technical College District:

The Comprehensive Annual Financial Report (CAFR) of Gateway Technical College District (the District or Gateway) for the fiscal year ended June 30, 2007, 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 and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 generally accepted accounting principles. 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 (WTCS).

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes the transmittal letter, District board members, and Gateway's organizational chart. The Financial section includes the independent auditors' report, the management's discussion and analysis, the basic financial statements, including the notes to the financial statements, required supplementary information and other supplementary financial information. The statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

Generally Accepted Accounting Principles (GAAP) 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). The 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.

Services and Environment

Gateway Technical College District is one of 16 technical colleges in the WTCS. Technical and adult education in Wisconsin began as the first comprehensive statewide continuation school system in the United States as a result of state legislation passed in 1911. The nation's first publicly supported technical institution – Racine Technical Institute began that same year as the name predecessor to Gateway Technical College. Kenosha County established the first Vocational, Technical and Adult Education District under state law in 1965 which allowed district formation on July 1, 1966. By 1971 all three campuses had evolved to form Gateway.

Southeastern Wisconsin's communities turn to Gateway first to ensure economic growth and viability by providing education, training, leadership, and technological resources. "Communities" include those municipalities within the District (the Gateway District is comprised of Racine, Kenosha, and Walworth counties, serving a 2007 estimated population of 457,155) as well as the groups of people it serves (students, businesses, and taxpayers). Gateway successfully connects with its students and partners with area businesses and economic development organizations, to not only respond with programming to meet current needs, but to anticipate where job growth is likely to take place. Gateway proactively enhances its infrastructure and programming to ensure readiness to meet future needs.

Gateway has, since inception, helped people acquire knowledge and skills that will prepare them for a rewarding future in business, industry, health, and service occupations. Our modern campuses in Kenosha, Racine, and Walworth counties have well-equipped educational laboratories and highly experienced instructors concerned with student success. Curricula is continually kept up-to-date with assistance from volunteer advisors – leaders in their fields - ensuring that our students learn what they need to become more knowledgeable and employable in today's competitive job market.

Gateway offers associate of applied science degree programs, technical diploma programs, advanced technical certificates, apprenticeship programs, and other adult education services. Gateway is accredited by the Higher Learning Commission (formerly the Commission on Institutions of Higher Education), of the North Central Association of Colleges and Schools. Our next reaccreditation evaluation will be in Fall 2009 and Gateway has already begun a self-study process in preparation for the commission's visit. The theme is "The Gateway Conversation" as we plan to engage our community members in conversations about the strengths and challenges of our college. Together, we will explore ways to improve Gateway as a community resource.

Service Efforts and Accomplishments

Gateway Technical College is a national leader in innovation among two-year colleges, while remaining true to its communities' needs and culture. Gateway has been working twice as smart over the past year and into the coming year, pushing itself in terms of curriculum, equipment, and facility improvement. Gateway has partnered with commercial entities to a greater extent to benefit from their expertise and to gain efficiencies in operational costs.

College leadership has taken on greater responsibilities with regional and national educational associations to position our college for increased access to national experts,

programs, and grants from which our students can derive benefit. An example of that is Gateway President Bryan Albrecht's election to President-Elect of the national Association for Career and Technical Education (ACTE) — an organization with approximately 30,000 members from throughout the nation's high schools and colleges.

At the same time, Gateway is more than "taking care of business" at home. Gateway educated more than 22,889 students during 2007. The student population was as follows: 53% female 47% male; 12% African American, 13% Hispanic, 2% Asian, 1% Native American and 71% white. The 2006 Graduate Follow-up Report indicated that 96% of graduates were satisfied with their education, 91% were employed, 66% employed within their area of study, and the average wage of an Associate Degree graduate was \$17.00 per hour.

Walworth County Study

A key initiative is moving into the implementation phase — the Walworth County Study. The Study Committee had been formed by Gateway to better identify the current and future educational training needs of the citizens of Walworth County and to develop a plan to address those needs.

Recommendations focused on four areas: new programs, expansion of programs, partnerships in the communities, and response strategies to best meet needs.

The committee recommended developing programming plans that address four career pathways: Health, Construction, Hotel/Hospitality, and Manufacturing. Other recommendations included strengthening the relationships between high schools and Gateway in building these career pathways, including forming a subcommittee of superintendents to consider development of high school academies.

The committee also recommended increased attention toward seamless educational relationships among the University of Wisconsin four- and two-year colleges that will allow students to complete their career education at multiple locations as convenient or appropriate.

Gateway administrators will develop action plans, systems, budgets and timelines that move these recommendations forward.

Another major emphasis of Gateway's leadership is facility improvements and increased utilization of facilities. Examples are:

Horizon Center

Gateway automotive students have the opportunity of a lifetime with the opening of Gateway Technical College's Horizon Center. The Horizon Center, formerly the Aviation Center on Hwy H, just north of 52nd Street in Kenosha, is a community venture to support the advancement of transportation technology training — vehicular and aeronautic — in southeastern Wisconsin.

Racine and Kenosha campus training programs have been consolidated in the center, and are receiving National Automotive Technicians Education Foundation (NATEF) certification (the highest industry standard for training programs).

The Horizon Center has been dedicated as Gateway's first "green" building. With the assistance of Johnson Diversey and the Kranz Company, Gateway is designing the facility to take advantage of cost savings in cleaning, paper usage and energy consumption.

Students Benefit

Utilizing leading-edge technology, the Center will prepare students for careers in the attractive field of automotive technology. They will be trained on the most state-of-the-art Snap-on diagnostic equipment, have the best technician training educational devices, and will receive a tool set upon graduation that will make them more marketable. They will be prepared for the most sophisticated operations, such as the luxury vehicle service environment.

Some additional enhancements for the students' benefit:

- Operations exactly simulating a service shop three days a week.
- Courses and training available throughout the year so students can complete their degree more quickly.
- Functionally comparable training as that of the recognized national automotive education leaders at:
 - one-tenth the cost.
 - a local location.
- Classes scheduled year-round from 7am-10pm offer greater opportunity to meet students' schedules. The program can be individually structured for accelerated full-time, conventional full-time, or part-time.
- Students are assigned use of a master work station containing the latest in Snap-on technology and tools.

Advanced students and professional technicians have the opportunity to take special courses that will lead to two different Snap-on diagnostic certifications — the first of its kind in the country.

Other Gateway program developments in the planning stage include a Diesel-Biofuel program.

Financial Support

The center has been attracting the support of major automotive-related industry leaders such as Snap-on Incorporated, a primary partner in this training effort. Community support from companies and individuals has generated more than \$1.5 million. They are supporting equipment, furniture, and student scholarships. Supporting entities range from automotive equipment manufacturers and automotive dealers to individuals and organizations concerned with ensuring a skilled technician workforce is available in southeastern Wisconsin.

Work with High Schools

In a unique arrangement, Gateway is partnering with area high schools wishing to align their curriculum with the Horizon Center.

Advanced level high school students will take their automotive courses at Horizon Center, utilizing Gateway equipment, instructors, and earning college credit, at no

additional cost to the parent. Upon graduation, they will face a much shorter and inexpensive path to an associate degree.

Kenosha Unified School District has been an enthusiastic partner in this endeavor, recognizing their students will benefit from earning college credit and working on state-of-the-art equipment.

And the community need for highly trained automotive technicians will be addressed.

Center for Advanced Technology and Innovation (CATI)

CATI became home to an engineering technology center of excellence as Gateway's engineering tech wing moved from the Racine Campus to CATI during summer 2007.

Gateway offers engineering technology associate degrees in **Civil Engineering Technology** (three concentrations to choose from: Architectural/Structural, Public Works, Surveying), **Electrical Engineering Technology** (Electrical Engineering Technology, Electronics), **Mechanical Design Technology** (including Mechatronics and Mechanical Engineering) and an advanced technical certificate in **Telecommunications**.

The move will allow for advanced technology lab space and will be more accessible to businesses in the Renaissance Business Park (2320 Renaissance Blvd., Sturtevant) and others located along highway I-94 for cooperative projects or skill upgrade training.

Gateway's Engineering Technology programs have undergone almost complete curriculum upgrades over the past five years. Now, several agreements exist between Gateway and Milwaukee School of Engineering and Marquette University's engineering program that allow Gateway engineering technology graduates to transfer all of their Gateway credits into their four-year bachelor's degree engineering programs with sophomore or junior standing (depending on the agreement). These agreements offer many benefits to the engineering bachelor's degree seeker:

- Study locally for the first couple of years
- Save tuition money on a four-year engineering degree
- Gain engineering technology career skills so one can work in industry while finishing bachelor's degree

Engineering Technology program instructors are very involved in utilizing new technology in their teaching and leading a number of outreach activities with the Gateway District high schools and the Wisconsin Technical College System schools. Some recent examples:

- Use of new computer-based technology, with computer-mounted cameras, allowing students at the Elkhorn Campus to take Civil Engineering classes along with those students in Racine. Blackhawk Technical College students are also getting the opportunity to participate.
- Organizer and host of Sumo-Bot contest for high school teams from throughout the district. Students have the opportunity to apply math and science to fun projects solving real engineering problems and engage in competition.

- Organizer and first host of Robotics Competition (similar to above) for Engineering Technology Students from other WTCS colleges.
- Developed partnership with Belden, a world leader in the design, manufacture, and marketing of signal transmission solutions for data networking and a wide range of specialty electronics markets. Gateway, and the college's Telecommunications instructor Randy Reusser, will provide all corporate training in the Midwest. Belden donated cutting edge telecommunications lab equipment that will be used for the Belden training as well as Gateway telecommunications courses.

Racine Campus Future

As programs move to CATI and the Horizon Center from the Racine Campus, the opportunity to improve the learning environment for Racine students is being capitalized upon.

The Gateway Technical College District Board of Trustees has approved the addition of several general science labs to support the health career programs — currently only one aging lab is available.

Plans are also being finalized for the creation of a Business Center allowing the business-related course areas to form a real-world environment for study and practical application. The Center will be easily accessible by the general public who enter into projects with higher level students.

Learning Resource Center

In the past year, the Racine Campus introduced its new Learning Resource Center, including the newly remodeled Library and the relocation of the Academic Support Center.

The remodeling and combination of Library and Academic Support Center offers students greater access to services, increased access to technology, and a more welcoming aesthetic environment conducive to studying, receiving academic tutoring, accessing the Internet, and conducting research.

The previous library was built in 1963 without any significant upgrades to the space in the intervening years besides new carpeting 17 years ago. The remodel increased the size of the Library from 7,200 square feet to 8,800 square feet, including addition of the Academic Support Center.

Among the improvements are:

- Number of public access computers doubled, from 17 to 34.
- More functional library workspace (since the original was designed without any thought to the circulation computer system used today).
- A computer lab allows students to conduct library and research orientations inside the Library.
- Addition of a quiet study area and computer lab.
- Improved use of the 12-foot-high windows overlooking Lake Michigan.

Gateway Technical College Governance

The Gateway Technical College is governed by a nine-member Board of Trustees, which is appointed by a committee comprised of the chairpersons of each of the three county boards—Kenosha, Racine, and Walworth. The Board of Trustees, with Administration have developed, approved, and are conducting business according to the following Mission, Value and Vision statements.

Mission We collaborate to ensure economic growth and viability by providing education, training, leadership, and technological resources to meet the changing needs of students, employers, and communities.

Values At Gateway Technical College, we value:

- Diversity of individuals and perspectives
- Positive climate for working and learning
- Innovation and risk-taking
- Honest and ethical behavior
- Quality and excellence in education

Vision and Strategic Direction – Vision 2012

Gateway's efforts are now being focused in terms of strategic planning, linking to the budgetary process, through Vision 2012. Introduced in early 2007, Vision 2012 urges each employee to contribute the critical degree of difference that will take Gateway from its status of a terrific education and training organization to the exceptional.

Vision 2012 lays out clear overall goals, measurements of success, and challenges staff to develop the strategic plans within their workgroups to achieve these goals for our students and the communities.

Our Vision: Gateway will be the community technical college of choice for academic achievement, occupational advancement, and personal development.

By 2012, Gateway Technical College will serve 36,000 citizens totaling 6,000 full-time equivalent students. The number of career training programs Gateway offers will remain close to 70. Staff and faculty will share nine key areas of development for the college with clear measures of success.

Departments and divisions at the college have been creating their own goals and objectives related to the college's strategic directions that will be tracked and monitored regularly. Information from the planning process will be integrated into the budgeting process, ensuring that the college's resources are focused on moving the college towards its vision.

Nine key areas were identified for special attention by staff

- Model a positive and collaborative work environment that embraces risk and responsibility.
- Position our college for program, staff and facility growth.
- Demonstrate fiscal responsibility and program integrity.
- Provide facilities and grounds that reflect the "Gateway Experience."
- Increase access to programs and services embracing technology and innovation.
- Provide precollege opportunities for *all* learners.

- Offer college-to-college general studies transfer opportunities.
- Embrace “Collegiate High School” opportunities for all learners.
- Lead our community in education, training and economic development.

The link being made between a unified strategic planning effort and the budgetary process is key to both this initiative’s and Gateway’s ultimate success.

Economic Condition and Outlook

The District is located in the Southeastern corner of Wisconsin and as a result of its strategic location between Milwaukee and Chicago; it has a significant consumer population which contributes to a continually improving economic development base. Economic growth continues to be strong in the District spurred by commercial and industrial construction in the business parks within the District, as well as significant housing development. From 2002 to 2007 the District’s tax base average has experienced a 9.7% average rate of annual growth. Racine, Kenosha and Walworth counties are consistently above the state average for valuation increases. In fact, Walworth County’s 2007 equalized value increased by 10.5% over 2006. The county was ranked as having the seventh highest increase in the state. As a result of the tax base growth, the District’s mill rate will decrease which leads to an increased taxing margin under the state imposed mill rate of \$1.50. This margin provides additional financial flexibility for funds available to finance District operations.

Management Systems and Controls

Gateway Administration is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance that the assets of Gateway 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 recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

We believe Gateway’s internal accounting controls, policies, and procedures adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As demonstrated by the statements and schedules included in the Financial Section of the report, Gateway continues to meet its responsibility for sound financial management

Single Audit

As a recipient of federal, state, and county financial assistance, Gateway also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of Gateway. As a part of Gateway’s single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that Gateway has complied with applicable laws and regulations. The auditor’s reports related specifically to the single audit are included in a separate document, titled Single Audit Report.

Budgeting Controls

Budgeting is done in accordance with Chapter 65 of Wisconsin Statutes, Wisconsin Technical College System administrative rules and local District policy. Gateway maintains budgetary controls which are designed to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District Board. Activities of the general fund, special revenue fund, debt service fund, capital projects funds, enterprise funds, internal service fund, and trust and agency funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund. Gateway also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts are reported for statutory budget compliance purposes and adjusted for GAAP reporting purposes.

Budgetary responsibility is decentralized to managers of various cost centers within Gateway. Reviews of budgets and budgeted activities are performed by independent college managers and the District Board. Starting in December and ending in June, the managers prepare, present and modify budget plans for the coming year. Between March and June, the District Board reviews budget plans for consistency with Gateway's strategic planning process and to provide further Board direction for Gateway's annual budget. A public hearing on the proposed budget is held annually in June.

Revenue and expenditure actual results versus budget are presented to the District Board monthly. Revenue and expenditure forecasts are prepared and presented to the District Board on a quarterly basis. If modifications or changes of the approved budget are required, then approval by a two-thirds vote of the District Board is needed.

Cash Management

In keeping with existing District policy, all investments of excess funds are made in a prudent, conservative and secure manner. Cash temporarily idle during the year is invested in overnight repurchase agreements, the State of Wisconsin Local Government Investment Pool, and overnight repurchase agreements.

Risk Management

Since July 2004, the District maintains a comprehensive risk management program through Districts Mutual Insurance Company (DMI) DMI is an insurance company jointly created by all sixteen Wisconsin technical colleges. Its risk management services include insurance for property, casualty and liability, an active safety committee, risk management training and specialized services to assist in the District's risk management efforts.

Other Information

Independent Audit

State statutes require an annual audit by independent auditors. The accounting firm of Schenck SC was selected by the District. The Independent Auditors' Report on the basic financial statements is included in the Financial Section of this report.

Certificates

Gateway has been awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) for Gateway's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006.

In order to be awarded such certificates, a college unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards, principles, and applicable legal requirements.

The Certificate is valid for a period of one year only. We believe our current report continues to conform to the program's requirements and we will be submitting this report to ASBO for their review.

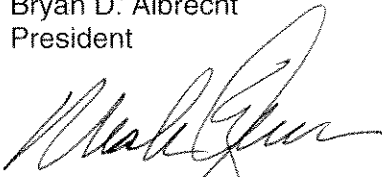
Acknowledgment

The preparation of this report was accomplished by the Administrative Services Department with the cooperative efforts of the Marketing Department, the Research and Planning Department, and with the professional services of Schenck SC. We convey our appreciation to the Gateway Board of Directors for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Bryan D. Albrecht
President



Mark W. Zleyor
CFO & Vice President of Administration

GATEWAY TECHNICAL COLLEGE

DISTRICT BOARD AND PRINCIPAL OFFICIALS

As of the year ended June 30, 2007

District Board

Chairperson	Ron Jandura	School Administrator
Vice Chairperson	Roger Zacharias	Additional Member
Secretary	Alice J. Morava	Additional Member
Treasurer	Mark O. Sommer	Employer Member
Member	Ram Bhatia	Additional Member
Member	Ronald J. Frederick	Employee Member
Member	Patricia M. Johnson	Employee Member
Member	Rebecca Vail	Employer Member
Member	Roger Zacharias	Additional Member
Member	Pamela Zenner-Richards	Elected Official

Principal Officials

President	Bryan D. Albrecht
Executive Vice President / Provost for Academic and Campus Affairs	Zina Haywood
Chief Financial Officer / Vice President Administration	Mark W. Zlevor
Vice President Human Resources	William Whyte
Vice President Student Success	Terry Simmons
Vice President Learning Innovation / Chief Information Officer	Jeff Robshaw
Vice President Community and Government Relations	Stephanie Sklba
Associate Vice President Student Learning	John Thibodeau
Associate Vice President Research, Planning and Development	Anne Whynott



Gateway District Board 2006 - 2007

The Gateway Technical College District is governed by a nine-member board of trustees representing the communities served by the three-county district, which is comprised of two employer members, two employee members, one elected official, one school district administrator, and three additional members. Members are appointed by the chairpersons of the Kenosha, Racine, and Walworth County Boards of Supervisors, and serve staggered three-year terms.



Ram Bhatia



Ronald J. Frederick



Ron Jandura



Patricia Johnson



Alice J Morava



Mark O. Sommer



Rebecca J. Vail



Roger Zacharias

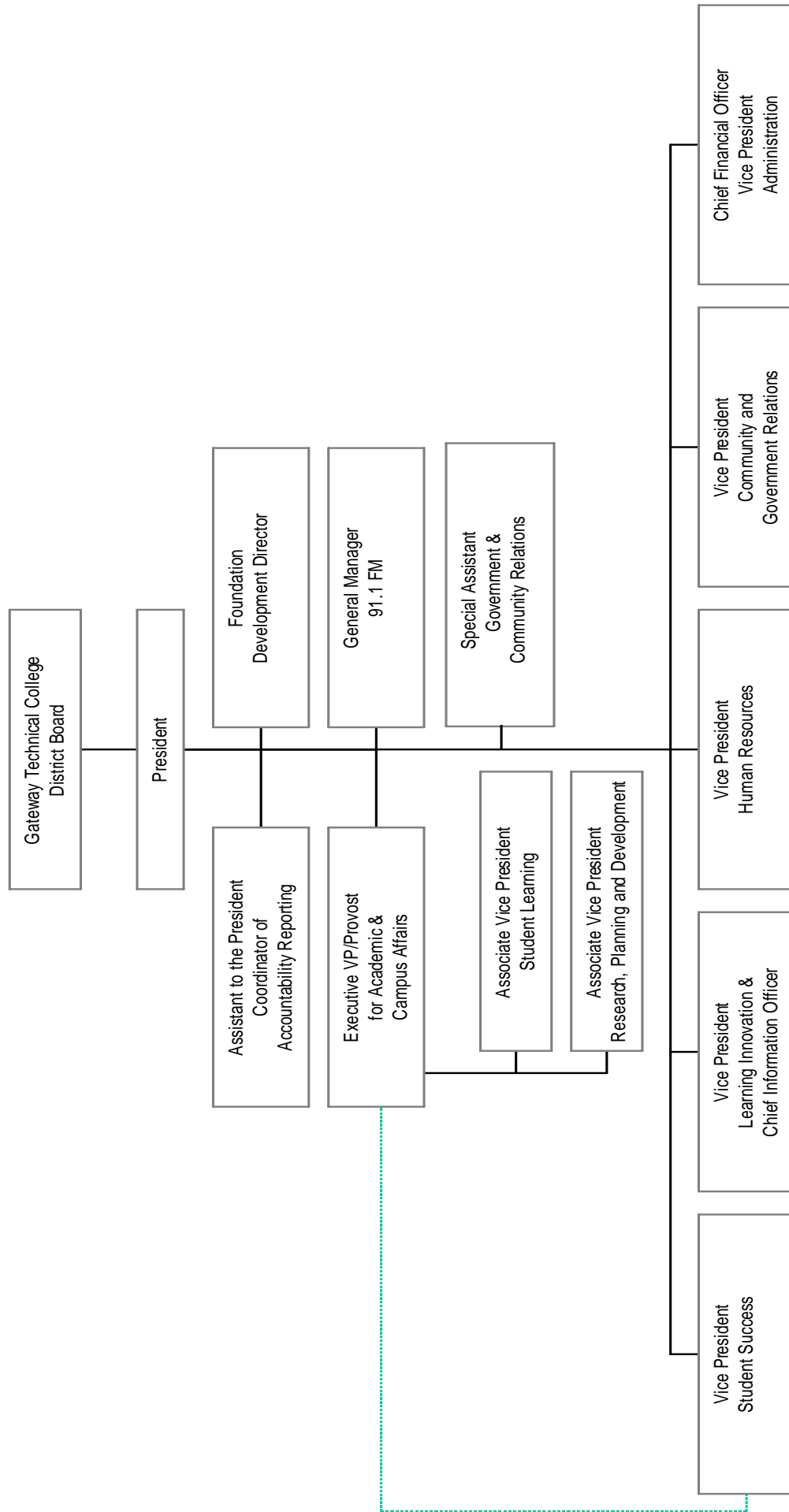


Pamela Zenner-Richards

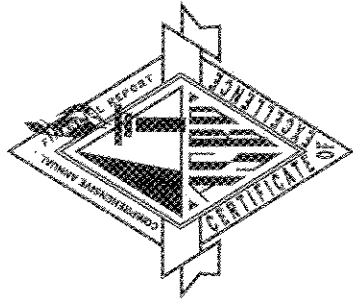


Bryan D. Albrecht
President
Gateway Technical College

Gateway Technical College Organizational Chart as of June 30, 2007



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

is presented to

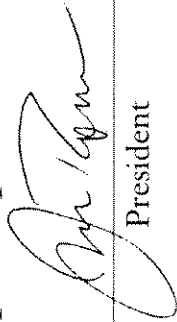
Gateway Technical College District

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2006

upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms

to principles and standards of ASBO's Certificate of Excellence Program



President



Executive Director

Financial Section



INDEPENDENT AUDITORS' REPORT

To the District Board
Gateway Technical College District

We have audited the accompanying basic financial statements of the Gateway Technical College District as of and for the year ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of Gateway Technical College District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Gateway Technical College District as of June 30, 2006, were audited by other auditors whose report dated September 15, 2006, expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gateway Technical College District as of June 30, 2007, and the change in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 27, 2007, on our consideration of Gateway Technical College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2007 and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The "Introductory Section" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.



Certified Public Accountants

Fond du Lac, Wisconsin

September 27, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gateway Technical College District (the District or Gateway) Management's Discussion and Analysis (MD&A) provides an overview of its financial activity, identifies changes in financial position and assists the reader of these financial statements in focusing on significant financial observations and issues for the fiscal year ended June 30, 2007.

Gateway is a public institution of higher education whose mission is to provide education, training and economic development services to the Southeast Wisconsin region. To accomplish this mission, it is critical for Gateway to maintain its financial health. In order to achieve financial stability, it is necessary for Gateway to accumulate net assets to ensure that reserves are sufficient to implement new programs and expand existing programs as the need arises.

Management's discussion and analysis provides summary financial information to assist the reader in understanding and interpreting the financial statements.

This comprehensive annual financial report consists of a series of financial statements which have been prepared in accordance with generally accepted accounting principles as defined in Governmental Accounting Standards Board Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and Statement 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. These financial statements focus on the financial condition of the college, the changes in its financial position, and the cash flows of the college as a whole. These statements include the capitalization and depreciation of capital assets and the recognition of the liability resulting from issuing general obligation promissory notes to pay for those capitalized assets and to finance other obligations.

Statement of Net Assets

The Statement of Net Assets includes all assets (items that the District owns and amounts owed to the District by others) and liabilities (what the District owes to others and what has been collected from others before we have provided the services). This statement is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service to us – regardless of when cash is exchanged.

Below are highlights of the components of the Statement of Net Assets.

Stated in Thousands (\$000)

	<u>2007</u>	<u>2006</u>	<u>Incr (Decr)</u> <u>2007-2006</u>	<u>2005</u>	<u>Incr (Decr)</u> <u>2006-2005</u>
<u>Assets</u>					
<u>Current Assets</u>					
Cash and investments	\$ 12,490	\$ 14,504	\$ (2,014)	\$ 12,985	\$ 1,519
Other	<u>17,844</u>	<u>15,936</u>	<u>1,908</u>	<u>15,438</u>	<u>498</u>
Total Current Assets	30,334	30,440	(106)	28,423	2,017
<u>Non-Current Assets</u>					
Capital Assets - Net of Depreciation	<u>37,576</u>	<u>35,393</u>	<u>2,183</u>	<u>35,089</u>	<u>304</u>
Total Assets	<u>67,910</u>	<u>65,833</u>	<u>2,077</u>	<u>63,512</u>	<u>2,321</u>
<u>Liabilities</u>					
Current	12,082	11,354	728	11,198	156
Non-Current	<u>23,151</u>	<u>23,217</u>	<u>(66)</u>	<u>22,396</u>	<u>821</u>
Total Liabilities	<u>35,233</u>	<u>34,571</u>	<u>662</u>	<u>33,594</u>	<u>977</u>
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt	14,109	13,303	806	12,834	469
Restricted	1,401	1,725	(324)	1,342	383
Unrestricted	<u>17,167</u>	<u>16,234</u>	<u>933</u>	<u>15,742</u>	<u>492</u>
Total Net Assets	<u>\$ 32,677</u>	<u>\$ 31,262</u>	<u>\$ 1,415</u>	<u>\$ 29,918</u>	<u>\$ 1,344</u>

Fiscal Year 2007 Compared to Fiscal Year 2006

During FY 2007, total assets increased by \$2.1 million or 3.2% for the fiscal year.

- Cash and investments decreased by \$2.0 million primarily as a result of payments for planned capital remodeling projects and equipment purchases.
- Other current assets increased by \$1.9 million due to property tax receivables up by \$1.1 million and student fee based receivables by \$513,000.
- Capital assets increased by \$2.2 million. Major projects included the Racine Campus Learning Resource Center of \$800,000 and construction in progress on the Horizon Center, which was \$825,000 as of 6/30/07.

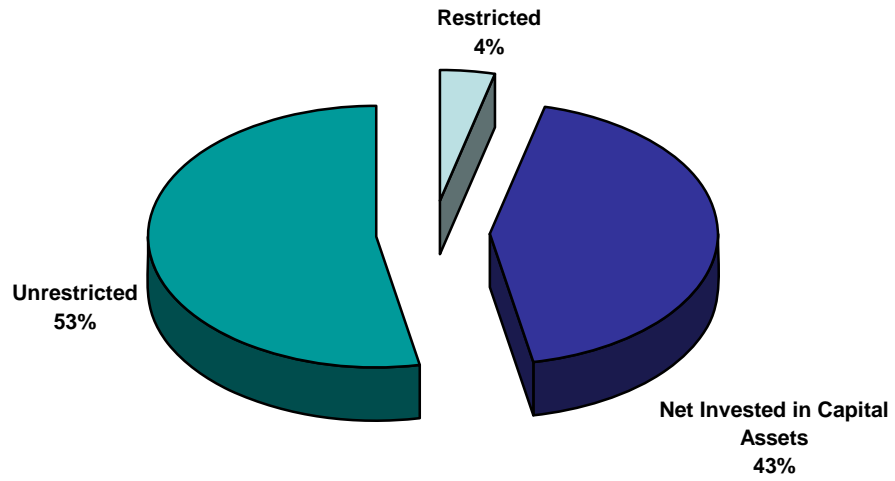
Overall, total liabilities increased by \$662,000 or 1.9% due to general inflation of operating expenses and a \$280,000 increase in current portion of long-term debt.

- Accounts payable and accrued liabilities increased by \$416,000 as a result of construction projects and equipment payables as of June 30, 2007.
- Accrual for payroll, benefits, interest expense and deferred revenue remained relatively unchanged from fiscal year 2006.
- The increase in the current portion of long term debt is the result of a planned rapid principal payoff of debt incurred for capital purchases.
- Long-term debt remained relatively constant from year to year with a balance of \$21,960,000 at June 30, 2007.

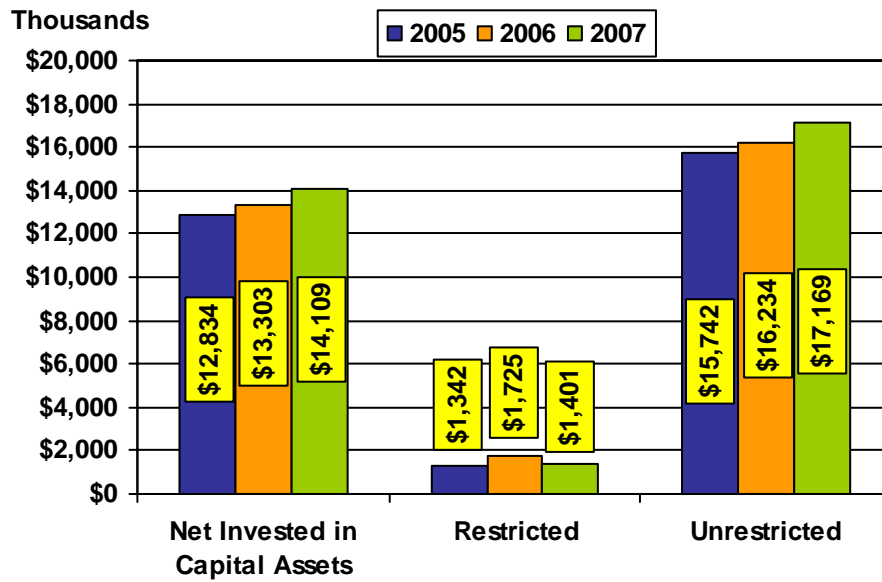
Overall net assets increased by \$1.4 million in FY 2007 or 4.5% for the fiscal year:

- Invested in capital assets net of related debt increased by \$806,000 compared to \$469,000 in 2006, due to the additional investments in facilities remodeling and equipment purchases.
- Restricted net assets decreased by \$324,000 due to the decrease in funds restricted for debt service. This was the result of using the excess funds in the debt service to payoff early on general obligation debt outstanding. It allowed the District to save over \$12,000 in interest expense.
- Unrestricted net assets increased by \$933,000 or 5.7%, as a result of non-operating revenue increasing by 3.9% and the reduction in restricted net assets as described above.

**Net Assets
June 30, 2007**



**Comparative Net Assets
Fiscal Years 2007, 2006 and 2005**



Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. In general, a public college such as Gateway will report an operating deficit or loss, as the financial reporting model classifies state appropriations and property taxes 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 summary of the various components of the Statement of Revenues, Expenses and Change in Net Assets:

	Stated in Thousands (\$000)				
	<u>2007</u>	<u>2006</u>	<u>Incr (Decr)</u> <u>2007-2006</u>	<u>2005</u>	<u>Incr (Decr)</u> <u>2006-2005</u>
<u>Operating Revenues</u>					
Student Fees	\$ 9,204	\$ 8,541	\$ 663	\$ 8,836	\$ (295)
Federal Grants	12,792	13,584	(792)	7,955	5,629
State Grants	2,707	2,554	153	2,255	299
Contract Revenues	2,162	2,189	(27)	2,432	(243)
Auxiliary Revenues	558	463	95	505	(42)
Miscellaneous	885	801	84	679	122
Total Operating Revenues	\$ 28,308	\$ 28,132	\$ 176	\$ 22,662	\$ 5,470
<u>Operating Expenses</u>					
Instruction	\$ 47,588	\$ 45,932	\$ 1,656	\$ 45,545	\$ 387
Instructional Resources	1,225	1,227	(2)	1,050	177
Student Services	8,776	7,657	1,119	7,773	(116)
General Institutional	6,893	7,116	(223)	6,821	295
Physical Plant	6,237	5,911	326	5,795	116
Student Aid	8,919	9,784	(865)	5,147	4,637
Public Services	318	301	17	298	3
Auxiliary Services	994	892	102	976	(84)
Depreciation	2,583	2,501	82	2,281	220
Total Operating Expenses	\$ 83,533	\$ 81,321	\$ 2,212	\$ 75,686	\$ 5,635
<u>Non-operating Revenues (Expenses)</u>					
Property Taxes	\$ 49,101	\$ 47,291	\$ 1,810	\$ 45,118	\$ 2,173
State Appropriations	7,132	7,465	(333)	7,621	(156)
State Capital Grants	-	1	(1)	2	(1)
Federal Capital Grants	8	2	6	9	(7)
Other Grants	-	143	(143)	33	110
Gain (Loss) on Sale of Capital Assets	536	-	536	53	(53)
Investment Income	911	715	196	412	303
Interest Expense	(1,048)	(1,085)	37	(1,045)	(40)
Total Non-operating Revenues (Expenses)	\$ 56,640	\$ 54,532	\$ 2,108	\$ 52,203	\$ 2,329

Fiscal Year 2007 Compared to Fiscal Year 2006

- Operating revenues represent the charges for services offered by the District. These revenues increased slightly by \$176,000 or .6%.
- Student fee revenues increased by \$663,000 or 7.8%. This is due to a tuition rate increase in FY 07 of 8.1%, offset by a 0.8% decline in FTE's.
- Federal grants decreased by \$792,000 as a result in a decline in enrollment in FY 07 and a reduction in federal aid available for education.
- State grants increased by \$153,000 or 6% as a result of incentive grants received through the system office.
- Contract revenues declined slightly by \$27,000 due to the lower volume in sales of contracted services to business and industry.

Operating expenses are costs incurred for providing education, training and related services. Overall operating expenses increased by 2.7% or \$2,212,000. The significant changes from FY 2006 to FY 2007 are as follows:

- Expenditures for the Instructional function increased \$1,656,000 or 3.6% as a result of normal cost increases.
- Student Services function increased by \$1.1 million or 14.6% due to increases in: health insurance expenses of \$319,000; bad debt write-offs of \$40,000; credit card fees of \$38,000; and increased operational costs of \$399,000, in part, associated with a major departmental staff reorganization .
- Student Aid declined by \$865,000 or 8.8% as a result of decline in enrollment and a decline in federal aid available for education.
- Auxiliary Services increased by \$102,000 or 11.4% due to an increase in expenses for the Early Childhood Lab on the Racine Campus.

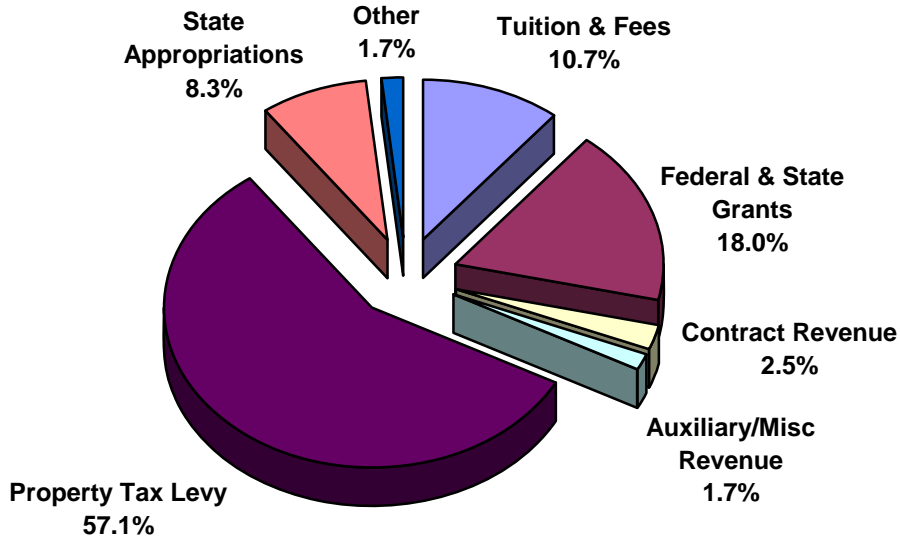
Non-operating revenues are not directly associated with providing educational and training services. Overall, non-operating revenues increased by \$2.1 million or 3.9%.

- Property tax revenue was up \$1.8 million or 3.8%.
- State aid declined by \$330,000 or 4.5%.
- Gateway Technical College received \$536,000 in revenue on the sale of capital assets in fiscal year 2007 as compared to none reported in fiscal year 2006
- Investment income increased by \$196,000 from 2006 to 2007 as a result of higher returns on investments and improved cash management process.

Non-operating expenses consist of interest expense on long-term debt. This expense increased slightly by \$37,000 or 3.4% in fiscal year 2007.

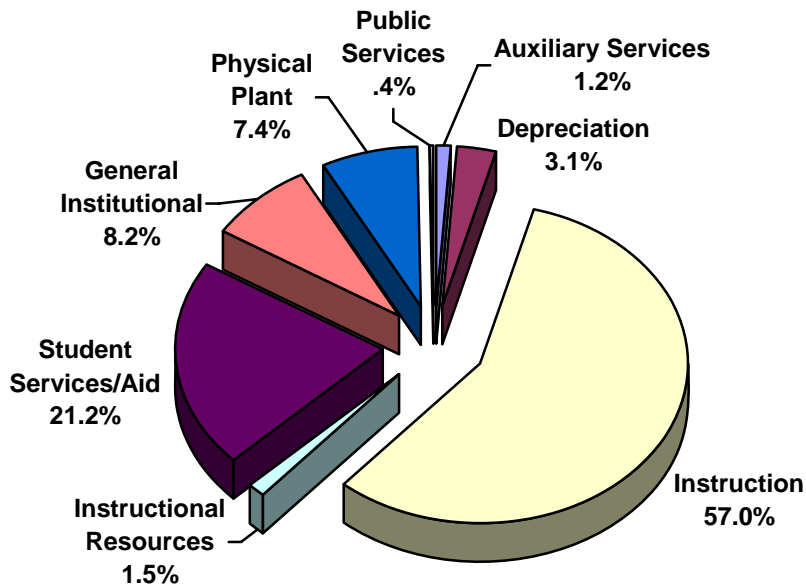
Revenue by Source

June 30, 2007



Operating Expenses

June 30, 2007



Statement of Cash Flows

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

The following schedule highlights the major components of the Statement of Cash Flows.

Stated in Thousands (\$000)

	<u>2007</u>	<u>2006</u>	<u>Incr (Decr) 2007-2006</u>	<u>2005</u>	<u>Incr (Decr) 2006-2005</u>
Cash Used By Operating Activities	\$ (53,015)	\$ (50,266)	\$ (2,749)	\$ (51,617)	\$ 1,351
Cash Provided By Non-Capital Financing Activities	54,055	53,752	303	51,881	1,871
Cash Used By Capital and Related Financing Activities	(3,969)	(2,680)	(1,289)	(2,024)	(656)
Cash Provided By (Used for) Investing Activities	<u>915</u>	<u>1,713</u>	<u>(798)</u>	<u>(601)</u>	<u>2,314</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (2,014)</u>	<u>\$ 2,519</u>	<u>\$ (4,533)</u>	<u>\$ (2,361)</u>	<u>\$ 4,880</u>

Fiscal Year 2007 Compared to Fiscal Year 2006

Overall, in FY 2007, cash and cash equivalents decreased by \$2.0 million or 14% compared to FY 2006 year end balances. Net cash used for operating activities increased from \$(50.3 million) in FY 2006 to \$(53.0 million) in FY 2007. Cash received from tuition, grants, and other sources decreased by \$941,000 while cash payments for employees, materials and services increased by \$1.8 million. The largest component of cash used in operating activities was payments to employees for salaries and fringe benefits, which increased by 5.7%.

Cash provided by non-capital financing activities increased by \$300,000 primarily due to an increase in local taxes.

Net cash used for capital and related financing activities was \$1.3 million more than in FY 2006. The most significant change occurring was due to the purchase of capital assets increasing by \$1.6 million over the previous fiscal year.

Cash provided by investing activities decreased by \$800,000. This decline is a result of liquidation of short-term investments of \$1.0 million in fiscal year 2006 that did not reoccur in fiscal year 2007.

Capital Asset and Debt Administration

Stated in Thousands (\$000)

	<u>2007</u>	<u>2006</u>	<u>2007-2006</u>	<u>2005</u>	<u>2006-2005</u>
Land and Land Improvements	\$ 4,498	\$ 4,002	\$ 496	\$ 3,987	\$ 15
Less Accumulated Depreciation	(495)	(319)	(176)	(226)	(93)
Buildings, Improvements and Leasehold Interest/Improvement	46,560	44,562	1,998	42,711	1,851
Less Accumulated Depreciation	(21,511)	(20,391)	(1,120)	(19,155)	(1,236)
Equipment	16,264	15,999	265	14,594	1,405
Less Accumulated Depreciation	(8,895)	(8,683)	(212)	(7,695)	(988)
Construction in Progress	<u>1,155</u>	<u>223</u>	<u>932</u>	<u>873</u>	<u>(650)</u>
Cost of Capital Assets Net of Accumulated Depreciation	<u>\$ 37,576</u>	<u>\$ 35,393</u>	<u>\$ 2,183</u>	<u>\$ 35,089</u>	<u>\$ 304</u>
Outstanding Capital Debt at Year End	<u>\$ 26,575</u>	<u>\$ 25,440</u>	<u>\$ 1,135</u>	<u>\$ 21,800</u>	<u>\$ 3,640</u>

Fiscal Year 2007 Compared to Fiscal Year 2006

Capital assets, net of accumulated depreciation, increased by \$2.1 million from FY 2006 to FY 2007. Major capital projects included; an \$800,000 relocation/remodeling of the Library Resource Center at the Racine Campus; over \$225,000 in restroom renovations; around \$403,000 for exterior building repairs, door and glass replacements and lighting, and approximately \$400,000 in heating, ventilation, and air conditioning upgrades at several locations. The district also purchased additional land for \$278,000, adjacent to the Center for Advanced Technology and Innovation (CATI) in Sturtevant, for future expansion.

Construction in progress increased by \$932,000, as a result of the Horizon Center remodeling, and a few other remodeling projects occurring as of June 30, 2007. The Horizon Center was completed by August 2007.

The district had a total general obligation debt, relating to capital assets, outstanding of \$26.6 million at June 30, 2007, an increase of \$1.1 million from the previous year-end. Gateway continues to receive an Aa1 rating from Moody's Investors Services for the debt issues. Gateway meets all of its debt service requirements, including timely repayment of all debt payments. All debt issued for buildings and improvements are repaid in 15 years or less, debt issued for equipment will be repaid in 7 years or less to correspond to the useful lives of the capital investment. Additional information about Gateway's long-term debt may be found on pages 43-47 in the footnote section to the financial statements.

Financial Position

Gateway's financial position remains strong in FY 2007. This is evidenced by the following positive financial results:

- Increase in net assets of \$1.4 million for fiscal year 2007.

- Increase in unrestricted net assets of \$933,000.

The District has a diversified revenue base consisting of property taxes, state aid, student fees, contracted services and grants. This mix of revenue sources provides additional assurance that the District has adequate resources to continue to achieve its mission of training and economic development.

The District's financial condition is evaluated periodically by Moody's Investors Services. The most recent credit report cites the following:

"The Aa1 rating reflects the district's substantial tax base ..., sound financial operations supported by healthy reserves, significant taxing margin under the state-imposed operating mill rate cap, and average amount of debt."

Economic Factors

The Gateway District consists of Kenosha, Racine and Walworth Counties. The counties of this region, known as Southeastern Wisconsin, share similar challenges in terms of economic development such as the need for high-skilled jobs and infrastructure to support business growth. Gateway has taken a leadership role in providing training for careers in information technology, automotive technology, engineering and health-related fields. Gateway introduced several new programs in FY 2007 to address those needs.

Despite the general slowdown in the economy the District still remains strong with the continuous development of residential and commercial property and Southeastern Wisconsin property values continue to rise at a rate higher than the state average. Values grew by over 7% in 2007 providing an adequate tax base for future years.

A challenge the District faces is that it operates in a political environment with a focus on keeping property tax increases to a minimum. Currently the state is in the process of preparing the biennium budget and there continues to be strong support for imposing a tax levy freeze on technical college districts, as well as decreases in WTCS funding. These political pressures, along with reductions in state support, create an environment where the District will be challenged to provide the same level of service to its customers with fewer resources.

Even though the District faces these challenges, it is planning for the future by aligning long term financial planning with its Vision 2012 to order to continue to be fiscally responsible and meet the financial needs of operations in the future. Also, new areas of revenue growth are being pursued, including partnering with local companies for support of our programs so we can meet their training needs.

The District is in a sound financial position and it is committed to maintaining that position.

Requests for Information

This financial report is designed to provide a general overview of Gateway Technical College's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer / Vice President Administration, 3520 – 30th Avenue, Kenosha WI 53144-1690.

BASIC FINANCIAL STATEMENTS

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Net Assets
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
<u>Current assets</u>		
Cash and cash equivalents	\$ 8,433,339	\$ 9,849,846
Short-term investments	11,000	11,000
Restricted assets - cash and cash equivalents	4,045,583	4,642,896
Receivables:		
Property taxes	13,281,678	12,166,747
Accounts, net of reserve of \$191,065 and \$163,243 for 2007 and 2006, respectively	2,159,056	1,646,127
Federal and state aid	1,101,044	858,714
Prepaid expenses	<u>1,301,846</u>	<u>1,264,053</u>
Total Current assets	<u>30,333,546</u>	<u>30,439,383</u>
 <u>Non-current assets</u>		
Capital assets	68,477,110	64,787,065
Less: accumulated depreciation	<u>(30,900,985)</u>	<u>(29,393,673)</u>
Total Capital assets, net of depreciation	<u>37,576,125</u>	<u>35,393,392</u>
 TOTAL ASSETS	 <u>67,909,671</u>	 <u>65,832,775</u>
 LIABILITIES		
<u>Current liabilities</u>		
Accounts payable and accrued liabilities	1,597,644	1,179,467
Accrued payroll and benefits	4,089,856	4,046,938
Accrued interest payable	254,946	247,373
Due to students and other groups	388,967	399,199
Deferred revenue	710,510	720,684
General obligation debt - current portion	<u>5,040,000</u>	<u>4,760,000</u>
Total Current liabilities	<u>12,081,923</u>	<u>11,353,661</u>
 <u>Non-current liabilities</u>		
General obligation debt	21,960,000	21,955,000
Deferred revenue	<u>1,190,731</u>	<u>1,262,469</u>
Total Non-current liabilities, less current portion	<u>23,150,731</u>	<u>23,217,469</u>
 TOTAL LIABILITIES	 <u>35,232,654</u>	 <u>34,571,130</u>
 NET ASSETS		
Invested in capital assets, net of related debt	14,108,750	13,302,497
Restricted for:		
Debt service	672,012	1,035,418
Student financial assistance:		
Expendable	191,654	264,205
Nonexpendable	11,000	11,000
Student organizations	526,780	414,459
Unrestricted	<u>17,166,821</u>	<u>16,234,066</u>
 TOTAL NET ASSETS	 <u>\$32,677,017</u>	 <u>\$31,261,645</u>

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Operating revenues</u>		
Student tuition and program fees, net of scholarship allowances of \$ 3,140,577 and \$ 3,201,514 for 2007 and 2006, respectively	\$ 9,204,502	\$ 8,540,801
Federal grants	12,791,779	13,584,444
State grants	2,706,640	2,554,174
Contract revenue	2,161,695	2,189,500
Auxiliary enterprise revenues	558,428	462,974
Miscellaneous - institutional revenue	<u>885,364</u>	<u>800,678</u>
Total Operating revenues	<u>28,308,408</u>	<u>28,132,571</u>
<u>Operating expenses</u>		
Instruction	47,587,891	45,931,954
Instructional resources	1,225,491	1,227,300
Student services	8,775,637	7,656,716
General institutional	6,893,336	7,115,812
Physical plant	6,237,124	5,911,484
Student aid	8,919,036	9,784,156
Public services	317,558	300,708
Auxiliary services	993,729	891,585
Depreciation	<u>2,583,246</u>	<u>2,501,129</u>
Total Operating expenses	<u>83,533,048</u>	<u>81,320,844</u>
Net Operating loss	<u>(55,224,640)</u>	<u>(53,188,273)</u>
<u>Non-operating revenues (expenses)</u>		
Property taxes	49,101,201	47,291,043
State appropriations	7,131,956	7,464,990
State capital grants	-	1,305
Federal capital grants	7,900	1,730
Other grants	-	143,210
Gain on sale of capital assets	535,930	-
Investment income	911,205	714,778
Interest expense	<u>(1,048,180)</u>	<u>(1,085,376)</u>
Total Non-operating revenues (expenses)	<u>56,640,012</u>	<u>54,531,680</u>
Change in Net assets	1,415,372	1,343,407
Net assets - beginning of year	<u>31,261,645</u>	<u>29,918,238</u>
Net assets - end of year	<u>\$ 32,677,017</u>	<u>\$ 31,261,645</u>

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Cash Flows
For the years ended June 30, 2007 and 2006

<u>Cash flows from operating activities</u>	<u>2007</u>	<u>2006</u>
Tuition and fees received	\$ 8,809,785	\$ 8,490,288
Federal and state grants received	15,256,089	16,431,372
Contract revenues received	1,998,540	2,257,737
Payments to employees	(59,943,025)	(56,687,106)
Payments for materials and services	(20,511,433)	(21,960,118)
Auxiliary enterprise revenues received	561,163	464,000
Other receipts	<u>813,625</u>	<u>737,956</u>
Net cash used for operating activities	<u>(53,015,256)</u>	<u>(50,265,871)</u>
 <u>Cash flows from non-capital financing activities</u>		
Local government property taxes received	47,986,270	46,719,930
State appropriations received	6,981,956	7,464,990
Principal paid on pension obligation	(850,000)	(335,000)
Interest paid on pension obligation	<u>(63,031)</u>	<u>(97,570)</u>
Net cash provided by noncapital financing activities	<u>54,055,195</u>	<u>53,752,350</u>
 <u>Cash flows from capital and related financing activities</u>		
State and federal grants received for capital assets	7,900	3,035
Gifts and other grants received for capital assets	-	287,484
Proceeds from sale of capital assets	725,018	-
Purchases of capital assets	(4,859,518)	(3,226,871)
Proceeds from issuance of capital debt	5,680,000	5,500,000
Principal paid on capital debt	(4,545,000)	(4,260,000)
Interest paid on capital debt	<u>(977,576)</u>	<u>(983,919)</u>
Net cash used for capital and related financing activities	<u>(3,969,176)</u>	<u>(2,680,271)</u>
 <u>Cash flows from investing activities</u>		
Investment income received	915,417	712,989
Proceeds on sales of investments	<u>-</u>	<u>1,000,000</u>
Net cash provided for investing activities	<u>915,417</u>	<u>1,712,989</u>
 Net increase (decrease) in cash and cash equivalents	(2,013,820)	2,519,197
 <u>Cash and cash equivalents</u>		
Beginning of year	<u>14,492,742</u>	<u>11,973,545</u>
 End of year	<u>\$ 12,478,922</u>	<u>\$ 14,492,742</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Cash Flows-Continued
For the years ended June 30, 2007 and 2006

<u>Reconciliation of operating (loss) to net cash used by operating activities:</u>	<u>2007</u>	<u>2006</u>
Operating loss	\$ (55,224,640)	\$ (53,188,273)
Adjustment to reconcile operating loss to net cash used by operating activities:		
Depreciation	2,583,246	2,501,129
Changes in assets and liabilities:		
(Increase) decrease		
Receivables	(759,471)	325,985
Prepaid expenditures	(37,793)	(249,921)
Increase (decrease)		
Accounts payable and accrued liabilities	472,629	(53,536)
Accrued payroll and benefits	42,918	472,544
Due to agency organizations	(10,232)	(42,699)
Deferred revenue - other	<u>(81,913)</u>	<u>(31,100)</u>
Net cash used for operating activities	<u>\$ (53,015,256)</u>	<u>\$ (50,265,871)</u>

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies

The Board of Directors (Board) of the Gateway Technical College District (the District) oversees the operations of what is generally referred to as Gateway Technical College under provisions of Chapter 38 of the Wisconsin Statutes. The geographic area of the District includes all of Kenosha County and Walworth County and nearly all of Racine County. The District operates campuses located in the cities of Elkhorn, Burlington, Kenosha and Racine, as well as an aviation center at the Kenosha airport and learning centers in the surrounding communities. All of the instructional programs are fully accredited by the North Central Association of Colleges and Schools. The District also operates a public radio station WGTD.

The Board consists of nine members appointed by the county board chairs for Kenosha, Racine and Walworth counties. The members are appointed to staggered three-year terms. 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 the District which includes, but is not limited to, the authority to execute contracts, to exercise control over facilities and properties, to determine the outcome or disposition of matters affecting the recipients of the services being provided, and to approve the hiring or retention of key management personnel who implement Board policy and directives.

The accounting policies of the District conform to generally accepted accounting principles as applicable to public colleges and universities as well as those prescribed by the Wisconsin Technical College System Board (WTCSB). The District reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant accounting policies.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity

In May 2002, GASB issued statement No. 39, "Determining Whether Certain Organizations are Component Units." This statement amends Statement 14, "The Financial Reporting Entity," to provide additional guidance to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. Generally, it requires reporting, as a component unit, a separate affiliated organization whose economic resources entirely or almost entirely benefit the primary government. Additional criteria includes the primary government has access to a majority of economic resources of the affiliated organization and those resources are significant to the primary government.

Gateway Technical College Foundation, Inc. (Foundation) is a not-for-profit corporation whose purpose is to solicit, hold, manage, invest, and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of the District and its students. The Foundation has an independent board and is not fiscally accountable to the district. The financial resources of the Foundation are not significant to the District as a whole and accordingly, financial information related to the Foundation is not presented in these financial statements.

(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 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 revenues 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 intra-District transactions have been eliminated.

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.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies (continued)

(c) Budgetary Data

The District's reporting structure used in the preparation of 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 process includes an administrative compilation and review of campus and departmental requests, public hearings, and approval by the District Board prior to June 30 of each year. Capital outlays for multi-year projects are budgeted annually in the Capital Projects Fund upon planned inception of the project.

Property taxes are levied on a calendar year basis by various taxing municipalities located in Kenosha, Racine and Walworth Counties. The District records as revenue its share of the local tax when levied.

The budgetary reporting utilized by the District recognizes encumbrances as expenditures. The budget does not incorporate changes related to GASB Statements Nos. 34, 35, 37 and 38.

The legal level of control for each budget is by function within each fund. Budget amendments during the year are legally authorized. Budget transfers (between funds and functional areas within funds) and changes in expenditures (appropriations) require approval by a vote of two-thirds of the entire membership of the Board and require publishing a Class I public notice in the District's official newspaper within 10 days according to Wisconsin Statutes. The budget was modified during the year and also subsequent to the fiscal year end. Expenditures may not exceed appropriations. Unencumbered appropriations lapse at the end of each fiscal year and encumbered appropriations are carried over to the next fiscal year as a reserve of fund balance. Management is authorized to transfer appropriations within functions without the approval of the board.

(d) Property Tax and Student Receivables

In October of each year, the District communicates its property tax levy to the municipal treasurers in its service area. The levy consists of two parts - an operating levy and a debt service levy. Property taxes are then levied by the municipal treasurers in December.

Taxpayers have various options of paying their assessment depending upon the municipality's payment schedules. Payments are due from the municipalities by the 15th or 20th of the month following the taxpayers' due date. The first payment is due January 15 and the last payment is due August 20. Property taxes receivable at June 30 generally represent the District's share of the outstanding second installment of property taxes due from municipal treasurers.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies (continued)

(d) Property Tax and Student Receivables (continued)

The municipal and/or county treasurers review their unpaid property tax assessments in early August and are required by law to remit the balance of the District's levy on or before August 20.

Collection of delinquent taxes or the subsequent filing of tax liens are the responsibility of governmental agencies other than the District. Because the District receives all tax receivables from the intergovernmental collection intermediaries, no reserve for uncollectible taxes is recorded.

Student receivables, covering tuition and fees, textbooks, and student loans, are valued net of the estimated uncollectible amounts.

(e) Cash, Cash Equivalents and Investments

Cash includes amounts in petty cash, demand deposits, and other short-term interest bearing deposits. For purposes of the statement of cash flows, cash on hand, demand deposits with financial institutions, investments in the Local Government Investment Pool, and other short-term investments with maturity dates of less than ninety days, from when purchased, are considered cash equivalents. Investments are stated at cost, which approximates fair value.

(f) Prepaid Expenses

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

(g) Capital Assets

Capital assets include land, land improvements, buildings, equipment, leasehold improvements and leasehold interest. Equipment assets having a cost of \$5,000 or more per unit and building or remodeling projects of \$15,000 or more are capitalized. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on buildings and equipment is provided in amounts sufficient to charge the cost of the depreciable assets to operations on the straight-line basis, mid-year convention, over the estimated service lives, which range from three to twenty years for equipment, ten to twenty years for land improvements, twenty years for the leasehold interest and leasehold improvements, and forty years for buildings and improvements.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies (continued)

(h) Compensated Absences

Employees are granted vacation and sick leave benefits in varying amounts in accordance with the provisions of union contracts and District policy. Liabilities for vacation and salary related payments, including social security taxes, are recorded when incurred. Vacation benefits lapse if not utilized in the year subsequent to that in which they are earned. In the event of retirement or death, the District is obligated to pay all unused vacation benefits. Included in other accrued liabilities is the amount of compensated absences outstanding at June 30, 2007 and 2006, which was \$275,000 and \$225,000 respectively.

Sick leave benefits are available for subsequent use, but they do not vest. The District does not compensate employees for unused sick leave at retirement or termination.

(i) Tuition and Fees

Tuition and fees are recorded as revenue in the period in which the related activity or instruction takes place. Tuition and fees attributable to the summer school program are prorated on the basis of student class days occurring before and after June 30.

(j) Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned. Non-current deferred revenue relates to funds received but not earned for an extended time period over future fiscal years.

(k) Self-Insurance

The District was self-insured, until September 30, 2004, for a portion of the risks related to employee health and dental claims. Effective with October 1, 2004 the District is now fully covered under a front-end deductible premium plan through WEA Trust, underwritten by WEA Insurance Corporation.

(l) Scholarship Allowances 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). Aid is generally reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies (continued)

(l) Scholarship Allowances and Student Aid (continued)

The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash or credit for book charges. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total District basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

(m) Classification of Revenue

The District has classified its revenues as either operating or non-operating revenues 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 nonexchange transactions, such as capital grants, 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 Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, such as state appropriations, the local property tax levy and investment income.

(n) Net Assets

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

Invested in capital assets, net of related debt: This represents the net book value of capital assets (land, buildings and equipment), less the debt incurred to acquire or construct the assets, net of unexpended proceeds.

Restricted net assets: Restricted net assets include resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies (continued)

(n) Net Assets (continued)

- Restricted net assets for debt service can only be used to repay debt service costs (principal and interest) as they are levied for that specific purpose.
- Restricted net assets for student financial assistance or student organizations can only be used for student financial assistance activities or student organizations respectively.
- Restricted net assets for student financial assistance that are to be held permanently as endowment funds.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. 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 towards restricted resources and then towards unrestricted resources.

(o) New Accounting Pronouncements

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement established standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial report. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (i.e., life insurance) when provided separately from a pension plan. The District is required to implement the statement for the fiscal year ending June 30, 2009.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(2) Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments are classified in the District's Statement of Net Assets and Statement of Cash Flows as follows:

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents		
Cash on hand	\$ 26,002	\$ 3,559
Repurchase agreements	374,960	1,751,257
Wisconsin Local Government Investment Pool	4,060,303	3,788,735
Demand deposits	<u>8,017,657</u>	<u>8,949,191</u>
Total Cash and Cash Equivalents	<u>12,478,922</u>	<u>14,492,742</u>
 Investments		
Certificates of Deposit	<u>11,000</u>	<u>11,000</u>
 Total Cash, Cash Equivalents and Investments	<u>\$ 12,489,922</u>	<u>\$ 14,503,742</u>

Cash, cash equivalents and investments are classified as follows at June 30:

Restricted for		
Capital Projects	\$ 3,107,625	\$ 3,349,105
Debt Service	926,958	1,282,791
Student Financial Assistance	<u>11,000</u>	<u>11,000</u>
	4,045,583	4,642,896
Unrestricted	8,444,339	9,860,846
Total Cash, Cash Equivalents and Investments	<u>\$ 12,489,922</u>	<u>\$ 14,503,742</u>

The cash, repurchase agreements, demand deposits, and certificates of deposit are fully insured or collateralized by securities being held by the Federal Reserve Bank in the District's name. The value of the collateral for the deposits and repurchase agreements as of June 30, 2007 and 2006 was \$28,420,634 and \$27,810,106 respectively.

The District is authorized by Wisconsin Statute 66.0603 to invest in the following instruments:

- Securities and/or repurchase agreements issued or guaranteed as to principal and interest by the U.S. Government or its agencies.
- Certificates of deposit (or time deposits) placed with authorized commercial banks, savings and loan associations, credit unions, or trust companies.
- The Wisconsin Local Government Investment Pool (LGIP).
- Investment grade bonds or securities of any county; city; drainage district; technical college district; village; town; or school district in Wisconsin.
- Repurchase agreements with public depositories if the agreement is secured by federal bonds or securities.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(2) Cash, Cash Equivalents and Investments (continued)

- Bonds issued by a local exposition district, local professional baseball park or football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is limited to obligations of the U.S. Treasury and U.S. Agencies.

The District had the following investments and maturities as of June 30:

<u>June 30, 2007</u> <u>Investment Type</u>	Fair <u>Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1 - 2</u>
Repurchase Agreements	\$ 374,960	\$ 374,960	\$ -
Certificate of deposits	11,000	11,000	-
Wisconsin Local Government Investment Pool	<u>4,060,303</u>	<u>4,060,303</u>	<u>-</u>
	<u>\$ 4,446,263</u>	<u>\$ 4,446,263</u>	<u>\$ -</u>

<u>June 30, 2006</u> <u>Investment Type</u>	Fair <u>Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1 - 2</u>
Repurchase Agreements	\$ 1,751,257	\$ 1,751,257	\$ -
Certificate of deposits	11,000	11,000	-
Wisconsin Local Government Investment Pool	<u>3,788,735</u>	<u>3,788,735</u>	<u>-</u>
	<u>\$ 5,550,992</u>	<u>\$ 5,550,992</u>	<u>\$ -</u>

As of June 30, 2007 and 2006, the fair value of the District's share of investments was substantially equal to the carrying value.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments as listed above. The District's investment policy, in addition, minimizes its credit risk by requiring security of the investment as the first priority and limiting investments to financial institutions, the Wisconsin Local Government Investment Pool and the Wisconsin Investment Trust. The certificates of deposit are fully insured through the combination of FDIC insurance and the Wisconsin Public Deposit Guarantee Fund. The repurchase agreements are collateralized with U.S. Government securities. All the securities underlying the repurchase agreements had a Moody's Aaa rating or Standard and Poor's AAA rating. The Wisconsin Local Government Investment pool does not carry a credit quality rating.

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. Any investment that represents 5 percent or more of total investments is required to be disclosed. Exempt

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(2) Cash, Cash Equivalents and Investments (continued)

from this disclosure are investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investments pools, and other pooled investments. The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2007 and June 30, 2006 the District had 8.4% and 31.5% respectively in repurchase agreements. The repurchase agreements mature each day and are collateralized by U.S. government securities and therefore, concentration risk is not applicable.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that in the event of the failure of counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreements are collateralized by securities held by the Federal Reserve Bank in the District's name and the investment in the Local Government Investment pool is not exposed to custodial credit risk.

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, but all investments held at June 30, 2007 and 2006 mature in less than one year.

(3) Property Tax

The District's property tax is apportioned each fall, based on the equalized value as established by the State of Wisconsin - Department of Revenue, to the various collecting municipalities within the service area. The District records as revenue its share of the property tax in the year it is levied.

The combined tax rate for the fiscal years ended June 30, 2007, and 2006, were as follows:

	2007		2006	
	Mill Rate	Amount Levied	Mill Rate	Amount Levied
Operating levy	\$ 1.08577	\$ 43,143,282	\$ 1.16826	\$ 41,545,000
Debt service levy	0.14974	5,950,000	0.16169	5,750,000
Total Property Tax Levy		\$ 49,093,282		\$ 47,295,000

The state enacted legislation to exempt computer equipment for property tax purposes and provide supplemental aid to hold taxing units harmless from loss of revenue. The District received \$197,856 and \$244,490 in state aid revenue in lieu of property tax for the year ended June 30, 2007, and 2006, respectively. The District is limited by state law to an operational property tax mill rate of \$1.50 per \$1,000 of equalized valuation as determined by the State of Wisconsin Department of Revenue. The debt service property tax mill rate per \$1,000 of equalized valuation is not limited by state law.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(3) Property Tax (continued)

Property tax revenue recognized in the financial statements total \$49,101,201 and \$47,291,043 for the years ended June 30, 2007, and 2006, respectively, which includes the District's property tax levy and miscellaneous other tax collection related adjustments.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(4) Capital Assets

Following are the changes in the District's capital assets for the years ended June 30, 2007, and 2006:

	2007			
	Balance July 1, 2006	Additions	Disposals	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 2,161,188	\$ 278,725	\$ 60,000	\$ 2,379,913
Construction in progress	<u>223,187</u>	<u>2,669,963</u>	<u>1,738,389</u>	<u>1,154,761</u>
Total capital assets not depreciated	<u>2,384,375</u>	<u>2,948,688</u>	<u>1,798,389</u>	<u>3,534,674</u>
Capital assets, being depreciated:				
Land improvements	1,841,008	276,658	-	2,117,666
Buildings and improvements	42,602,021	1,937,916	-	44,539,937
Equipment	15,999,235	1,486,410	1,221,372	16,264,273
Leasehold Interest	958,193	-	-	958,193
Leasehold Improvement	<u>1,002,233</u>	<u>60,134</u>	<u>-</u>	<u>1,062,367</u>
Total capital assets being depreciated	<u>62,402,690</u>	<u>3,761,118</u>	<u>1,221,372</u>	<u>64,942,436</u>
 Total Cost of Capital Assets	 <u>64,787,065</u>	 <u>6,709,806</u>	 <u>3,019,761</u>	 <u>68,477,110</u>
Less: Accumulated depreciation for				
Land improvements	319,682	175,030	-	494,712
Buildings and improvements	20,199,792	1,057,137	-	21,256,929
Equipment	8,683,160	1,287,736	1,075,934	8,894,962
Leasehold Interest	128,399	48,811	-	177,210
Leasehold Improvement	<u>62,640</u>	<u>14,532</u>	<u>-</u>	<u>77,172</u>
Total Accumulated Depreciation	<u>29,393,673</u>	<u>2,583,246</u>	<u>1,075,934</u>	<u>30,900,985</u>
 Net Capital Assets	 35,393,392	 <u>\$ 4,126,560</u>	 <u>\$ 1,943,827</u>	 37,576,125
Plus capital project funds borrowed but not spent	3,349,105			3,107,625
Less: General obligation debt	<u>(25,440,000)</u>			<u>(26,575,000)</u>
 Total Invested in Capital Assets, Net of Related Debt	 <u>\$ 13,302,497</u>			 <u>\$ 14,108,750</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(4) Capital Assets (continued)

	2006			Balance June 30, 2006
	Balance July 1, 2005	Additions	Disposals	
Capital assets, not being depreciated:				
Land	\$ 2,161,188	\$ -	\$ -	\$ 2,161,188
Construction in progress	873,272	932,190	1,582,275	223,187
Total capital assets not depreciated	3,034,460	932,190	1,582,275	2,384,375
Capital assets, being depreciated:				
Land improvements	1,826,008	15,000	-	1,841,008
Buildings and improvements	41,915,599	686,422	-	42,602,021
Equipment	14,593,689	1,596,456	190,910	15,999,235
Leasehold Interest	795,883	162,310	-	958,193
Leasehold Improvement	-	1,002,233	-	1,002,233
Total capital assets being depreciated	59,131,179	3,462,421	190,910	62,402,690
Total Cost of Capital Assets	62,165,639	4,394,611	1,773,185	64,787,065
Less: Accumulated depreciation for				
Land improvements	226,195	93,487	-	319,682
Buildings and improvements	19,075,464	1,124,328	-	20,199,792
Equipment	7,695,370	1,171,863	184,073	8,683,160
Leasehold Interest	79,588	48,811	-	128,399
Leasehold Improvement	-	62,640	-	62,640
Total Accumulated Depreciation	27,076,617	2,501,129	184,073	29,393,673
Net Capital Assets	35,089,022	\$ 1,893,482	\$ 1,589,112	35,393,392
Plus capital project funds borrowed but not spent	1,945,097			3,349,105
Less: General obligation debt	(24,200,000)			(25,440,000)
Total Invested in Capital Assets, Net of Related Debt	\$ 12,834,119			\$ 13,302,497

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(4) Capital Assets (continued)

Horizon Center

Major renovations and construction of a small addition began on the former Aviation Center and in August 2007 it opened as the Horizon Center for Transportation Technology. The cost of the project is being funded through general obligation debt and donations from various organizations. As of June 30, 2007 approximately \$825,000 is reflected in construction in progress for this project.

Burlington Building

On October 25, 2004 the District entered into a twenty year lease with Burlington Area School District (BASD) for an instructional facility. BASD coordinated construction of the building for which the District was to contribute \$1,000,000 in the form of leasehold improvements. As of June 30, 2006 the construction was completed and \$1,002,233 was reflected as a leasehold improvement in the accompanying capital asset footnote and it is being amortized over the life of the lease or 20 years. As of June 30, 2007 approximately \$60,000 of leasehold improvements was added to the building.

(5) Long-Term Obligations

The following is a summary of the changes in long-term obligations for the years ended June 30, 2007, and 2006:

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2007</u>	<u>Due Within One Year</u>
General Obligation Debt	<u>\$ 26,715,000</u>	<u>\$ 5,680,000</u>	<u>\$ (5,395,000)</u>	<u>\$ 27,000,000</u>	<u>\$ 5,040,000</u>
	<u>July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2006</u>	<u>Due Within One Year</u>
General Obligation Debt	<u>\$ 25,810,000</u>	<u>\$ 5,500,000</u>	<u>\$ (4,595,000)</u>	<u>\$ 26,715,000</u>	<u>\$ 4,760,000</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(5) Long-Term Obligations (continued)

General obligation debt outstanding at June 30, 2007, and 2006, consists of the following notes and bonds:

	<u>2007</u>	<u>2006</u>
General obligation promissory notes, 4.30%-4.50%, payable in annual installments of \$250,000 to \$500,000, plus interest, to April 1, 2007 (issued for \$2,500,000 on August 1, 1998, through R.W. Baird & Co., to finance the acquisition of moveable equipment).	\$ -0-	\$ 500,000
General obligation taxable promissory notes, 5.6%-6.15%, payable in annual installments of \$165,000 to \$475,000, plus interest, to April 1, 2008 (issued for \$2,750,000 on April 15, 1999, through R.W. Baird & Co., to finance the liquidation of the pension liability owed to the State of Wisconsin).	425,000	1,275,000
General obligation promissory notes, 4.80%-4.85%, payable in annual installments of \$200,000 to \$910,000, plus interest to April 1, 2007 (issued for \$3,250,000 on October 1, 2000, through R. W. Baird & Co., to finance the acquisition of equipment and remodeling of various buildings district-wide).	-0-	910,000
General obligation promissory notes, 3.25% to 3.875%, payable in annual installments of \$100,000 to \$1,140,000, plus interest, to April 1, 2008 (issued for \$2,750,000 on October 1, 2001, through R.W. Baird & Co., to finance the acquisition of equipment).	1,140,000	1,805,000
General obligation promissory notes, 2.5% to 4.05%, payable in annual installments of \$100,000, plus interest, to April 1, 2007 (issued for \$500,000 on February 1, 2002, through R.W. Baird & Co., to finance the resurfacing of a parking lot).	-0-	100,000
General obligation promissory notes, 3.00% to 3.40%, payable in annual installments of \$95,000 to \$100,000, plus interest, to April 1, 2007 (issued for \$495,000 on June 1, 2002, through R.W. Baird & Co., to finance the construction of a child care center).	-0-	100,000
General obligation Applied Technology Center Bonds, 3.75% to 4.75%, payable in annual installments of \$75,000 to \$670,000, plus interest, to April 1, 2017 (issued for \$5,000,000 on June 1, 2002, through R.W. Baird & Co., to finance the construction of two technology centers, the BioCATT in Kenosha and CATI in Racine).	4,625,000	4,725,000

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(5) Long-Term Obligations (continued)

	<u>2007</u>	<u>2006</u>
General obligation promissory notes, 2.00% to 3.25%, payable in annual installments of \$150,000 to \$725,000 plus interest to April 1, 2007 (issued for \$3,250,000 on October 15, 2002, through R.W. Baird & Co., to finance the remodeling of various buildings district-wide and acquisition of equipment).	\$ 1,425,000	\$ 2,045,000
General obligation promissory notes, 2.00% to 2.75%, payable in annual installments of \$145,000 to \$350,000, plus interest, to April 1, 2008 (issued for \$1,000,000 on May 1, 2003, through R.W. Baird & Co., to finance the remodeling of various buildings and other facility improvements district-wide).	350,000	690,000
General obligation promissory notes, 2.00% to 3.70%, payable in annual installments of \$190,000 to \$215,000, plus interest, to April 1, 2013 (issued for \$3,750,000 on October 15, 2003, through R.W. Baird & Co., to finance the acquisition of equipment and various campus remodeling projects).	2,100,000	2,610,000
General obligation promissory notes, 2.00% to 4.00%, payable in annual installments of \$65,000 to \$80,000, plus interest, to April 1, 2011 (issued for \$500,000 on May 1, 2004, through R.W. Baird & Co., to finance various facility remodeling and repair projects).	300,000	370,000
General obligation promissory notes, 3.00% to 3.65%, payable in annual installments of \$105,000 to \$2,825,000, plus interest, to April 1, 2014 (issued for \$4,500,000 on September 1, 2004, through R.W. Baird & Co., to finance the acquisition of equipment and construct the Kenosha Campus Student Commons addition).	4,085,000	4,285,000
General obligation promissory notes, 3.00% to 4.50%, payable in annual installments of \$105,000 to \$410,000, plus interest, to April 1, 2015 (issued for \$2,000,000 on April 1, 2005, through R.W. Baird & Co., to finance the acquisition of equipment, various facility remodeling projects and the district's share of the cost of the Burlington Center building project).	1,615,000	1,800,000

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(5) Long-Term Obligations (continued)

	<u>2007</u>	<u>2006</u>
General obligation promissory notes, 3.125% to 3.60%, payable in annual installments of \$50,000 to \$2,510,000, plus interest, to April 1, 2015 (issued for \$4,500,000 on September 1, 2005, to Piper Jaffray, to finance the acquisition of equipment and various facility remodeling projects).	\$ 4,450,000	\$ 4,500,000
General obligation promissory notes, 3.60% to 3.75%, payable in annual installments of \$35,000 to \$200,000, plus interest, to April 1, 2013 (issued for \$1,000,000 on April 1, 2006, to Harris N.A., to finance various facility remodeling projects).	965,000	1,000,000
General obligation promissory notes, 4.0%, payable in annual installments of \$105,000 to \$1,610,000, plus interest, to April 1, 2011 (issued for \$3,500,000 on October 12, 2006 through R.W. Baird & Co., to finance the acquisition of equipment).	3,340,000	-0-
General obligation promissory notes, 4.00% to 4.25%, payable in annual installments of \$80,000 to \$185,000, plus interest, to April 1, 2016 (issued for \$1,800,000 on February 15, 2007 through R.W. Baird & Co., to finance the remodeling and construction of an addition for the Horizon Center).	1,180,000	-0-
General obligation promissory notes, 4.00% to 4.375%, payable in annual installments of \$80,000 to \$170,000, plus interest, to April 1, 2016 (issued for \$1,000,000 on March 15, 2007 through R.W. Baird & Co., to finance the acquisition of equipment).	<u>1,000,000</u>	<u>-0-</u>
Total General Long-Term Obligation Debt	<u>\$ 27,000,000</u>	<u>\$ 26,715,000</u>

Principal and interest is payable from irrevocable ad-valorem taxes levied on all taxable property in the District. The annual requirements to amortize all outstanding general obligation debt, including interest, are as follows:

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(5) Long-Term Obligations (continued)

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 5,040,000	\$ 1,011,796	\$ 6,051,796
2009	5,210,000	831,698	6,041,698
2010	5,005,000	662,866	5,667,866
2011	3,820,000	478,803	4,298,803
2012	1,865,000	329,308	2,194,308
2013 - 2017	<u>6,060,000</u>	<u>686,445</u>	<u>6,746,445</u>
	<u>\$ 27,000,000</u>	<u>\$ 4,000,916</u>	<u>\$ 31,000,916</u>

Chapter 67.03(1) of the Wisconsin State Statutes limits general obligation debt of the District to 5% of the equalized value of the taxable property located in the District. As of June 30, 2007, the 5% limitation was \$2,058,672,253 and the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$26,327,988. The 5% limit, as of June 30, 2006, was \$1,838,082,488; the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$25,679,582.

Chapter 67.03(1) of the Wisconsin State Statutes limits bonded indebtedness of the District to 2% of the equalized value of the taxable property located in the District. As of June 30, 2007, the 2% limitation was \$823,468,901 and the District's outstanding bonded indebtedness (net of resources available to pay principal and interest) was \$4,519,981. The 2% limit, as of June 30, 2006, was \$735,232,995; the District's outstanding bonded indebtedness (net of resources available to pay principal and interest) was \$4,617,919.

(6) Retirement System

The District participates in a public employee retirement system which covers substantially all full-time and certain part-time employees. A summary of information related to the retirement plan follows:

Wisconsin Retirement System

The District makes contributions to the Wisconsin Retirement System ("System"), a cost-sharing, multiple-employer, defined benefit public employee retirement system (PERS), on behalf of all eligible employees (instructors, administrators, and all other staff).

All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.0 percent of their salary to the plan. In addition, the District is required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits (currently 4.6 percent of covered employee's salary).

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(6) Retirement System (continued)

The District pays both the employee and employer required contributions to the plan as allowed by the System; its policy is to fund retirement costs accrued.

The payroll for Gateway Technical College employees covered by the WRS for the year ended June 30, 2007 was \$37,644,883; the employer's total payroll was \$40,116,370. The total required contribution paid for the year ended June 30, 2007 was \$3,952,896, which consisted of \$1,712,934 from the District and \$2,239,962, or 5.9% of payroll from the District on behalf of the employees. Total contributions for the years ended June 30, 2006 and 2005 were \$3,700,912 and \$3,561,292, respectively, equal to the required contributions for each year.

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

For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of the Wisconsin State Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

(7) Other Post-Employment Benefits

In addition to the pension benefits described in Note 6, the District provides post-employment health care benefits under contractual arrangements with both represented and non-represented employees. Employees must be 55 years old and have completed 25 years of service, 56 years old and 20 years of service or 57 years old and 15 years of service before they are eligible for benefits. The District pays eligible retirees health care benefits up to age 65. The District accounts for post-employment benefits on a pay-as-you-go basis. At June 30, 2007, and 2006, approximately 80 and 74, respectively, eligible retirees are receiving benefits at an annual cost of \$1,329,595 and \$1,188,883.

Governmental Accounting Standard No. 45 (GASB 45) "Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions" was issued in June 2004. GASB 45 will require the recognition of a current obligation as well as an unfunded prior service liability for other post retirement benefits. The District had an actuarial study completed as of June 30, 2007 to compute the estimated liability for retired and current employees.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(7) Other Post-Employment Benefits (continued)

The liability was computed using the provisions outlined in GASB 45 and amounted to \$11,014,298 of which \$6,603,948 related to current employees and \$4,410,350 related to retirees. Calculations were made using an assumed discount rate of 5.75 percent. GASB 45 will be effective for the District for the year ended June 30, 2009.

(8) Risk Management

The District maintains a risk management program which includes a comprehensive insurance program, a safety committee, an independent security service firm, an insurance consulting firm, and regular meetings with employees covering risk management.

Districts Mutual Insurance Company (DMI)

In July 2004 all sixteen WTCS technical colleges created Districts Mutual Insurance Company (DMI). Districts Mutual Insurance Company is a fully-assessable mutual company authorized under Wisconsin statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$200,000,000 per occurrence; general liability, auto, and educators' legal liability at \$5,250,000 per occurrence; and workers' compensation at the statutorily required limits.

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

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

Each member college was assessed an annual premium that included a capitalization component to establish reserves for the company. The total capitalization amount for all members totaled \$1,418,248 and \$1,593,038 in fiscal year 2007 and 2006, respectively.

For the year ended June 30, 2007, the District paid a premium of \$524,252, which included \$181,736 for the capitalization component. For 2006, the District paid a total premium of \$554,940 of which \$191,635 was for the capitalization component. Future premiums will be based on relevant rating exposure bases as well as the historical loss experience by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(8) Risk Management (continued)

Supplemental Insurance

In July 1997, the WTCS technical colleges formed the WTCS Insurance Trust to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. The trust is organized under Wisconsin Statutes 66.0301 and is governed by a board of trustees consisting of one trustee from each member college. Member entities include all sixteen WTCS technical colleges.

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

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

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

The District has purchased the following additional insurance through:

Wenk Insurance Agencies, Inc.

- Aircraft liability: \$10,000,000 limit each occurrence including passengers and medical services expense coverage of \$1,000 per person / \$6,000 each occurrence; \$1,000,000 aircraft physical damage; hangar keeper's liability; \$250,000 per aircraft / \$250,000 each loss; \$5,000 deductible.

Arthur J. Gallagher

- Multimedia liability: \$5,000,000 limit each claim; \$10,000 deductible each claim.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(9) Operating Leases

The District leases classroom, office, aviation facilities, and copier equipment under noncancelable operating leases. As of July 1, 2005, the District signed a ten year lease agreement with Kenosha Unified School District to lease the Lakeview Advanced Technology Center at the annual rate of \$44,800, subject to increases after four years. Also, effective with fiscal year 2005-06 the District leased an instructional facility from Burlington Area School District. The lease has a term of twenty years and annual lease payments averaging under \$200,000 per year.

Effective with July 1, 2007 the District will be leasing two aircraft, for 60 month terms, from Christiansen Aviation Inc. The commitments under the various lease agreements, described above, account for future minimum annual rental payments as follows:

<u>Year Ended June 30,</u>		<u>Amount</u>
2008	\$	651,437
2009		582,317
2010		530,552
2011		509,237
2012		501,275
Thereafter		<u>2,596,093</u>
Total required minimum lease payments	\$	<u>5,370,911</u>

Rental expenses for all operating leases aggregated \$636,383 and \$664,383 for the years ended June 30, 2007 and 2006, respectively.

The District currently subleases space at the Burlington Campus and also leases facilities located on the Elkhorn Campus, related to the Walworth County Education Consortium Alternative High School and the Walworth Job Center. The tenants have leases ranging from one year to five years. As of June 30, 2007 and June 30, 2006, the cost of the lease assets is \$889,836 for both years and the depreciation is \$161,012 and \$136,074 respectively. The commitments under the noncancelable leases provide for future minimum rentals as follows:

<u>Year Ended June 30,</u>		<u>Amount</u>
2008	\$	110,727
2009		108,148
2010		104,159
2011		<u>52,346</u>
Total future minimum lease revenue	\$	<u>375,380</u>

The District's other operating lease rentals are primarily month-to-month or year-to-year for various facilities, room, and equipment rentals. The total operating revenue received for June 30, 2007 and 2006 was \$234,524 and \$232,775, respectively.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(10) Expenses Classification

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

	<u>2007</u>	<u>2006</u>
Salaries and wages	\$ 40,010,460	\$ 39,186,439
Fringe benefits	19,975,483	18,174,037
Travel, memberships and subscriptions	705,682	723,762
Supplies and minor equipment	5,032,988	4,843,828
Contract services	2,502,591	2,193,068
Bank/Agency credit/collection fees	132,267	93,789
Rentals	636,383	664,383
Repairs and maintenance	635,382	641,042
Insurance	629,031	653,990
Utilities	1,579,719	1,709,410
Depreciation	2,583,246	2,501,129
Student aid	8,919,036	9,784,156
Student debt writeoff	<u>190,780</u>	<u>151,811</u>
Total Operating Expenses	<u>\$ 83,533,048</u>	<u>\$ 81,320,844</u>

(11) Joint Venture

The District had implemented a computerized database through a joint venture with Moraine Park Technical College and Waukesha County Technical College (WCTC) by forming the Wisconsin Public Access Library System (WISPALS) in 1989. It was organized as a consortium under Wis. Stats. 66.0301 and Gateway Technical College is the fiscal agent for the consortium. Since 1997 and as of June 30, 2007, seven additional technical colleges have joined. As of June 30, 2007 there are nine full members (CVTC, FVTC, GTC, LTC, MPTC, MSTC, NTC, NWTC, and WCTC), one participating member (WITC) and one service level agreement (Agnesian Healthcare). WISPALS is governed by the nine full member colleges' presidents and librarians, with each college having an equal vote. Through the joint venture each full member college owns one-ninth of the computer hardware and software that comprises WISPALS. The hardware and software is permanently housed at WCTC's Pewaukee campus. Operating costs of WISPALS are also shared equally by the nine full member colleges.

Gateway Technical College's share of the operating costs, for the years ended June 30, 2007 and 2006 was \$44,115 and \$67,363 respectively. The net assets for the joint venture decreased, by \$1,993 for the fiscal year. WISPALS has no joint venture debt outstanding.

The WISPALS financial statements can be obtained through the District by directing the request to the Administration Center, 3520 30th Avenue, Kenosha, WI 53144.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2007 and 2006

(12) Commitments and Contingent Liabilities

Child Care Center - In April 2003, the District entered into a ground lease agreement with the Gateway Technical College Foundation (Foundation) to lease a plot of land for construction of a building for use as a child care center. The Foundation entered into a lease agreement with a child care provider who would occupy the structure. The building, funded by the Foundation, is part of the project that included the District's construction of the Bioscience building.

The ground lease and the lease agreement are for 20 years. At the expiration of the ground lease, the title to the building including all improvements and appurtenances constructed by the Foundation will be transferred to the District. The Foundation funded the construction through loans of \$962,310. Debt service payments are the responsibility of the Foundation who will use the rental income provided by the tenant (child care provider) to finance the payments.

In the event of default by the tenant, the District will, in an effort to continue childcare services for students and employees of the District, and subject to state board approval, agree to pay up to \$500,000 toward any loan commitments made to the lenders, by the Foundation, for the construction of the building.

The District had contracted with third-party not-for-profit organizations to manage the operations of two of its advanced technology centers. One contract was discontinued by May 2006 and the other contract was discontinued by January 1, 2007.

BioCatt Inc. – In exchange for promoting business and workforce development, technology transfer and providing high end technology training, as well as operating supportive revenue-generating ventures at the BioCatt Center, the District was paying BioCatt Inc. \$91,200 per year. The term of the agreement was for ten years, subject to termination by the District. Effective with fiscal year 2006/07 the amount was reduced to \$45,000 and the contract was terminated on January 1, 2007.

As of June 30, 2007 the District has commitments outstanding for construction projects of approximately \$1,260,000. As of June 30, 2006 the commitments for construction projects were \$214,000.

(13) Subsequent Events

On September 6, 2007, the District issued \$4,500,000 Series 2007-08A General Obligation Promissory Notes, the proceeds of which are to be used for the acquisition of general moveable equipment (\$3,500,000) and financing various building remodeling and improvement project costs (\$1,000,000). Interest rates range from 3.95% to 4.25% with the first payment of principal due on April 1, 2010.

This information is an integral part of the accompanying Basic Financial Statements.

SUPPLEMENTARY INFORMATION

The following supplementary information is provided to document Gateway'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 College. 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 College and receives most of its revenue from local sources. It is used to account for all financial resources except those required to be accounted for in another fund.

GATEWAY TECHNICAL COLLEGE DISTRICT

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	<u>Budget Amounts</u>		<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$40,491,518	\$40,491,518	\$40,499,437	\$ 7,919
Intergovernmental revenue:				
State	7,346,300	7,346,300	7,131,956	(214,344)
Federal	-	-	12,125	12,125
Tuition and fees:				
Statutory program fees	10,290,000	10,290,000	10,079,808	(210,192)
Material fees	735,000	735,000	675,489	(59,511)
Other student fees	907,500	907,500	939,831	32,331
Miscellaneous - institutional revenue	<u>4,062,500</u>	<u>4,062,500</u>	<u>3,733,872</u>	<u>(328,628)</u>
 Total revenues	 <u>63,832,818</u>	 <u>63,832,818</u>	 <u>63,072,518</u>	 <u>(760,300)</u>
<u>Expenditures</u>				
Current:				
Instruction	42,642,631	42,642,631	42,532,800	109,831
Instructional resources	1,137,939	1,137,939	1,117,909	20,030
Student services	6,677,186	7,077,186	7,073,200	3,986
General institutional	6,925,598	6,525,598	6,421,975	103,623
Physical plant	<u>6,449,464</u>	<u>6,449,464</u>	<u>6,116,987</u>	<u>332,477</u>
 Total expenditures	 <u>63,832,818</u>	 <u>63,832,818</u>	 <u>63,262,871</u>	 <u>569,947</u>
 Revenues over (under) expenditures	 <u>-</u>	 <u>-</u>	 <u>(190,353)</u>	 <u>(190,353)</u>
<u>Fund balance</u>				
Beginning of year	<u>14,708,118</u>	<u>14,708,118</u>	<u>14,708,118</u>	<u>-</u>
End of year	<u>\$14,708,118</u>	<u>\$14,708,118</u>	<u>\$14,517,765</u>	<u>\$ (190,353)</u>

SPECIAL REVENUE FUND

The Special Revenue Fund is 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 legal or regulatory provisions. Gateway has two special revenue funds.

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Special Revenue Fund - Operating Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	<u>Budget Amounts</u>		<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ 2,294,164	\$ 2,294,164	\$ 2,294,164	\$ -
Intergovernmental revenue:				
State	1,196,540	1,196,540	1,169,101	(27,439)
Federal	2,412,385	2,412,385	2,137,891	(274,494)
Miscellaneous - institutional revenue	<u>146,413</u>	<u>146,413</u>	<u>23,770</u>	<u>(122,643)</u>
Total revenues	<u>6,049,502</u>	<u>6,049,502</u>	<u>5,624,926</u>	<u>(424,576)</u>
<u>Expenditures</u>				
Current:				
Instruction	4,329,124	4,329,124	3,972,171	356,953
Student services	1,026,713	1,026,713	1,012,346	14,367
General institutional	334,577	334,577	299,704	34,873
Public services	<u>359,088</u>	<u>359,088</u>	<u>330,975</u>	<u>28,113</u>
Total expenditures	<u>6,049,502</u>	<u>6,049,502</u>	<u>5,615,196</u>	<u>434,306</u>
Revenues over (under) expenditures	-	-	9,730	9,730
<u>Fund balance</u>				
Beginning of year	<u>2,207,750</u>	<u>2,207,750</u>	<u>2,207,750</u>	<u>-</u>
End of year	<u>\$ 2,207,750</u>	<u>\$ 2,207,750</u>	<u>\$ 2,217,480</u>	<u>\$ 9,730</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Special Revenue Fund - Non-Aidable Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	<u>Budget Amounts</u>		<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ 26,000	\$ 26,000	\$ 26,000	\$ -
Intergovernmental revenue:			-	
State	1,832,000	1,832,000	1,537,539	(294,461)
Federal	15,525,000	15,525,000	10,629,452	(4,895,548)
Tuition and fees - other student fees	510,000	510,000	513,718	3,718
Miscellaneous - institutional revenue	<u>1,702,600</u>	<u>1,702,600</u>	<u>1,441,322</u>	<u>(261,278)</u>
 Total revenues	 <u>19,595,600</u>	 <u>19,595,600</u>	 <u>14,148,031</u>	 <u>(5,447,569)</u>
<u>Expenditures</u>				
Current:				
Instruction	500	500	378	122
Student services	<u>19,595,100</u>	<u>19,595,100</u>	<u>14,107,883</u>	<u>5,487,217</u>
 Total expenditures	 <u>19,595,600</u>	 <u>19,595,600</u>	 <u>14,108,261</u>	 <u>5,487,339</u>
 Revenues over (under) expenditures	 -	 -	 39,770	 39,770
<u>Fund balance</u>				
Beginning of year	<u>689,664</u>	<u>689,664</u>	<u>689,664</u>	<u>-</u>
End of year	<u>\$ 689,664</u>	<u>\$ 689,664</u>	<u>\$ 729,434</u>	<u>\$ 39,770</u>

CAPITAL PROJECTS FUND

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of capital assets other than those financed by enterprise operations.

GATEWAY TECHNICAL COLLEGE DISTRICT

Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	<u>Budget Amounts</u>		<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental revenue:				
State	\$ 15,000	\$ -	\$ -	\$ -
Federal	5,000	5,000	7,900	2,900
Miscellaneous - institutional revenue	<u>150,000</u>	<u>715,000</u>	<u>719,707</u>	<u>4,707</u>
Total revenues	<u>170,000</u>	<u>720,000</u>	<u>727,607</u>	<u>7,607</u>
<u>Expenditures</u>				
Capital outlay:				
Instruction	3,020,000	3,195,000	3,193,620	1,380
Instructional resources	50,000	295,000	290,758	4,242
Student services	150,000	265,000	260,827	4,173
General institutional	300,000	300,000	298,284	1,716
Physical plant	2,000,000	4,575,000	4,566,109	8,891
Public services	<u>150,000</u>	<u>105,000</u>	<u>102,461</u>	<u>2,539</u>
Total expenditures	<u>5,670,000</u>	<u>8,735,000</u>	<u>8,712,059</u>	<u>22,941</u>
Revenues over (under) expenditures	(5,500,000)	(8,015,000)	(7,984,452)	30,548
<u>Other financing sources</u>				
Long-term debt issued	<u>5,500,000</u>	<u>5,680,000</u>	<u>5,680,000</u>	<u>-</u>
Total other financing sources	<u>5,500,000</u>	<u>5,680,000</u>	<u>5,680,000</u>	<u>-</u>
Net change in fund balance	-	(2,335,000)	(2,304,452)	30,548
<u>Fund balance</u>				
Beginning of year	<u>2,773,510</u>	<u>2,773,510</u>	<u>2,773,510</u>	<u>-</u>
End of year	<u>\$ 2,773,510</u>	<u>\$ 438,510</u>	<u>\$ 469,058</u>	<u>\$ 30,548</u>

DEBT SERVICE FUND

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Local government - tax levy	\$ 5,950,000	\$ 5,950,000	\$ 5,950,000	\$ -
Miscellaneous - institutional revenue	<u>87,000</u>	<u>125,000</u>	<u>129,774</u>	<u>4,774</u>
Total revenues	<u>6,037,000</u>	<u>6,075,000</u>	<u>6,079,774</u>	<u>4,774</u>
<u>Expenditures</u>				
Physical plant	<u>6,430,000</u>	<u>6,440,000</u>	<u>6,435,607</u>	<u>4,393</u>
Total expenditures	<u>6,430,000</u>	<u>6,440,000</u>	<u>6,435,607</u>	<u>4,393</u>
Revenues over (under) expenditures	(393,000)	(365,000)	(355,833)	9,167
<u>Fund balance</u>				
Beginning of year	<u>1,282,791</u>	<u>1,282,791</u>	<u>1,282,791</u>	<u>-</u>
End of year	<u>\$ 889,791</u>	<u>\$ 917,791</u>	<u>\$ 926,958</u>	<u>\$ 9,167</u>

ENTERPRISE FUNDS

Enterprise funds are used to account for operations (other than for the educational operations) that are financed and operated in a manner similar to a private business enterprise, where the intent of the College is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The operations of the District's childhood lab and various other minor services are accounted for in the enterprise funds in a manner similar to accounting for private enterprise operations.

GATEWAY TECHNICAL COLLEGE DISTRICT

Enterprise Fund Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	<u>Budget Amounts</u>		Actual on a Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ 331,600	\$ 331,600	\$ 331,600	\$ -
Intergovernmental revenue:				
Federal	12,000	12,000	12,311	311
Other student fees	168,800	168,800	151,078	(17,722)
Miscellaneous - institutional revenue	<u>451,000</u>	<u>486,000</u>	<u>572,541</u>	<u>86,541</u>
 Total revenues	 <u>963,400</u>	 <u>998,400</u>	 <u>1,067,530</u>	 <u>69,130</u>
<u>Expenses</u>				
Auxiliary services	<u>963,400</u>	<u>998,400</u>	<u>993,999</u>	<u>4,401</u>
 Total expenses	 <u>963,400</u>	 <u>998,400</u>	 <u>993,999</u>	 <u>4,401</u>
 Change in net assets	 -	 -	 73,531	 73,531
<u>Net Assets</u>				
Beginning of year	<u>467,008</u>	<u>467,008</u>	<u>467,008</u>	<u>-</u>
 End of year	 <u>\$ 467,008</u>	 <u>\$ 467,008</u>	 <u>\$ 540,539</u>	 <u>\$ 73,531</u>

INTERNAL SERVICE FUND

An internal service fund is used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The College's internal service fund was established in 1994 and was used to account for the operation of the District's self-insured health and dental employee benefits program. Effective in FY 2004-05 the District switched to a premium based plan.

GATEWAY TECHNICAL COLLEGE DISTRICT

Internal Service Fund Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2007

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ -	\$ -	\$ -	\$ -
Miscellaneous - institutional revenue	-	-	-	-
Total revenues	-	-	-	-
<u>Expenses</u>				
Auxiliary services	-	-	-	-
Total expenses	-	-	-	-
Operating income (loss)	-	-	-	-
<u>Transfers</u>				
Transfers out	-	-	-	-
Total transfers	-	-	-	-
Change in net assets	-	-	-	-
<u>Net Assets</u>				
Beginning of year	<u>1,354,492</u>	<u>1,354,492</u>	<u>1,354,492</u>	-
End of year	<u>\$ 1,354,492</u>	<u>\$ 1,354,492</u>	<u>\$ 1,354,492</u>	<u>\$ -</u>

**SCHEDULES TO RECONCILE BUDGET BASIS FINANCIAL STATEMENTS TO
BASIC FINANCIAL STATEMENTS**

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budgetary Combined Balance Sheet - All Fund Types
to the Statement of Net Assets
June 30, 2007

ASSETS	General Fund	Special Revenue Funds		Capital Projects Fund	Debt Service Fund	Enterprise Fund	Internal Service Fund	Agency Funds	Total	Reconciling Items	Statement of Revenues, Expense and Change in Net Assets
		Operating	Non-Aidable								
ASSETS											
<u>Assets</u>											
Cash and investments	\$ 8,444,239	\$ -	\$ 11,000	\$ 3,107,625	\$ 926,958	\$ 100	\$ -	\$ -	\$ 12,489,922	\$ -	\$ 12,489,922
Receivables:											
Property taxes	13,281,678	-	-	-	-	-	-	-	13,281,678	-	13,281,678
Accounts, net of reserve of \$ 191,065	2,117,728	12,451	38	-	-	6,057	-	22,782	2,159,056	-	2,159,056
Federal and state aid	-	991,019	109,583	-	-	442	-	-	1,101,044	-	1,101,044
Due from other funds	-	1,406,575	665,556	-	-	544,128	1,354,492	385,350	4,356,101	(4,356,101)	-
Prepaid expenditures	1,390,543	-	-	-	-	-	-	-	1,390,543	(88,697)	1,301,846
Capital assets	-	-	-	-	-	-	-	-	-	68,477,110	68,477,110
Less: accumulated depreciation	-	-	-	-	-	-	-	-	-	(30,900,985)	(30,900,985)
Total Assets	\$ 25,234,188	\$ 2,410,045	\$ 786,177	\$ 3,107,625	\$ 926,958	\$ 550,727	\$ 1,354,492	\$ 408,132	\$ 34,778,344	\$ 33,131,327	\$ 67,909,671
LIABILITIES AND FUND EQUITY											
<u>Liabilities</u>											
Accounts payable and accrued liabilities	\$ 1,508,207	\$ 36,250	\$ 36,758	\$ -	\$ -	\$ 1,204	\$ -	\$ 15,225	\$ 1,597,644	\$ -	\$ 1,597,644
Employee-related payables	3,633,454	148,493	19,985	-	-	8,984	-	3,940	3,814,856	-	3,814,856
Accrued vacation payable	275,000	-	-	-	-	-	-	-	275,000	-	275,000
Accrued interest	-	-	-	-	-	-	-	-	-	254,946	254,946
Due to other funds	4,356,101	-	-	-	-	-	-	-	4,356,101	(4,356,101)	-
Due to students and other groups	-	-	-	-	-	-	-	388,967	-	-	388,967
Deferred revenue	734,407	-	-	-	-	-	-	-	734,407	(23,897)	710,510
Long-term liabilities	-	-	-	-	-	-	-	-	-	28,190,731	28,190,731
Total liabilities	10,507,169	184,743	56,743	-	-	10,188	-	408,132	11,166,975	24,065,679	35,232,654
<u>Fund balances / net assets</u>											
Investment in capital assets	-	-	-	-	-	-	-	-	-	14,108,750	14,108,750
Net assets	-	-	-	-	-	-	-	-	-	15,271,790	17,166,821
Fund balances:											
Reserved for prepaid expenditures	1,390,543	-	-	-	-	540,539	1,354,492	-	1,895,031	(1,390,543)	-
Reserved for student organizations	-	-	526,780	-	-	-	-	-	1,390,543	-	-
Reserved for student financial assistance	-	-	202,654	-	-	-	-	-	526,780	-	526,780
Reserved for capital projects	-	-	-	469,058	-	-	-	-	202,654	-	202,654
Reserved for debt service	-	-	-	-	926,958	-	-	-	469,058	(469,058)	-
Unreserved - Designated for:											
Operations	12,387,222	2,217,480	-	-	-	-	-	-	14,604,702	(14,604,702)	-
State aid fluctuations/health insurance	740,000	-	-	-	-	-	-	-	740,000	(740,000)	-
Total fund balances / net assets	14,517,765	2,217,480	729,434	469,058	926,958	540,539	1,354,492	-	20,755,726	11,921,291	32,677,017
Reserve for encumbrances	209,254	7,822	-	2,638,567	-	-	-	-	2,855,643	(2,855,643)	-
Total Liabilities and Fund Equity	\$ 25,234,188	\$ 2,410,045	\$ 786,177	\$ 3,107,625	\$ 926,958	\$ 550,727	\$ 1,354,492	\$ 408,132	\$ 34,778,344	\$ 33,131,327	\$ 67,909,671

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budgetary Basis Financial Statements
to the Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2007

	General Fund	Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Enterprise Funds	Internal Service Fund	Total	Reconciling Items	Statement of Revenues, Expenses and Changes in Net Assets
		Operating	Non-Aidable								
Revenues											
Local government - tax levy	\$ 40,489,437	\$ 2,294,164	\$ 26,000	\$ -	\$ 5,950,000	\$ 331,600	\$ -	\$ 49,101,201	\$ -	\$ -	\$ 49,101,201
Intergovernmental revenue:											
State	7,131,956	1,169,101	1,537,539	-	-	-	-	9,838,596	-	-	9,838,596 (1)
Federal	12,125	2,137,891	10,629,452	7,900	-	12,311	-	12,799,679	-	-	12,799,679
Tuition and fees:											
Statutory program fees	10,079,808	-	-	-	-	-	-	10,079,808	(2,607,753)	(2,607,753)	7,472,055
Material fees	675,489	-	-	-	-	-	-	675,489	(173,761)	(173,761)	501,728
Other student fees	939,831	-	513,718	-	-	151,078	-	1,604,627	(373,908)	(373,908)	1,230,719
Miscellaneous - institutional revenue	3,733,872	23,770	1,441,322	719,707	129,774	572,541	-	6,620,986	(2,104,294)	(2,104,294)	4,516,692 (2)
Total revenues	63,072,518	5,624,926	14,148,031	727,607	6,079,774	1,067,530	-	90,720,386	(5,259,716)	(5,259,716)	85,460,670
Expenditures											
Instruction	42,532,800	3,972,171	378	3,193,620	-	-	-	49,698,969	(2,111,078)	(2,111,078)	47,587,891
Instructional resources	1,117,909	-	-	280,758	-	-	-	1,408,667	(183,176)	(183,176)	1,225,491
Student services	7,073,200	1,012,346	14,107,883	260,827	-	-	-	22,454,256	(13,678,619)	(13,678,619)	8,775,637
General institutional	6,421,975	299,704	-	298,284	-	-	-	7,019,963	(126,627)	(126,627)	6,893,336
Physical plant	6,116,987	-	-	4,566,109	-	-	-	10,683,096	(4,445,972)	(4,445,972)	6,237,124
Student aid	-	-	-	-	-	-	-	-	8,919,036	8,919,036	8,919,036
Public services	-	330,975	-	102,461	-	-	-	433,436	(115,878)	(115,878)	317,558
Depreciation	-	-	-	-	-	-	-	-	2,583,246	2,583,246	2,583,246
Auxiliary services	-	-	-	-	-	993,999	-	993,999	(270)	(270)	993,729
Debt Service:											
Principal	-	-	-	-	5,395,000	-	-	5,395,000	(5,395,000)	(5,395,000)	-
Interest and fiscal charges	-	-	-	-	1,040,607	-	-	1,040,607	7,573	7,573	1,048,180
Total expenditures	63,262,871	5,615,196	14,108,261	8,712,059	6,435,607	993,999	-	99,127,993	(14,546,765)	(14,546,765)	84,581,228
Revenues over (under) expenditures	(190,353)	9,730	39,770	(7,984,452)	(355,833)	73,531	-	(8,407,607)	9,287,049	9,287,049	879,442
Other financing sources (uses)											
Long-term debt issued	-	-	-	5,680,000	-	-	-	5,680,000	(5,680,000)	(5,680,000)	-
Gain/(loss) on sale/disposal of capital assets	-	-	-	-	-	-	-	-	535,930	535,930	535,930
Total other financing sources (uses)	-	-	-	5,680,000	-	-	-	5,680,000	(5,144,070)	(5,144,070)	535,930
Revenues and other financing sources over (under) expenditures	(190,353)	9,730	39,770	(2,304,452)	(355,833)	73,531	-	(2,727,607)	4,142,979	4,142,979	1,415,372
Fund balances											
Beginning of year	14,708,118	2,207,750	689,664	2,773,510	1,282,791	467,008	1,354,492	23,483,333	7,778,312	7,778,312	31,261,645 (3)
End of year	\$ 14,517,765	\$ 2,217,480	\$ 729,434	\$ 469,058	\$ 926,958	\$ 540,539	\$ 1,354,492	\$ 20,755,726	\$ 11,921,291	\$ 11,921,291	\$ 32,677,017

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budget (Non-GAAP) Basis Financial Statements
to the Statement of Revenues, Expenses and Changes in Net Assets (Continued)
June 30, 2007

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

Operating	\$	2,706,640
Non-operating - State Appropriations		7,131,956
Non-operating - Capital Grants		<u>-</u>
 Total	 \$	 <u>9,838,596</u>

(2) Other institutional revenue is reported in five separate lines on the Statement of Revenues, Expenses and Changes in Net Assets as follows:

Auxiliary enterprise revenues	\$	558,428
Contract revenue		2,161,695
Miscellaneous income		885,364
Investment income		<u>911,205</u>
 Total	 \$	 <u>4,516,692</u>

(3) Reconciliation of budgetary basis fund equity and net assets as presented on the Statement of Revenue Expenses, and Changes in Net Assets as follows:

		<u>2007</u>		<u>2006</u>
Budgetary basis fund equity	\$	20,755,726	\$	23,483,333
General capital assets - cost		68,477,110		64,787,065
Accumulated depreciation on capital assets		(30,900,985)		(29,393,673)
General obligation debt		(27,000,000)		(26,715,000)
Prepaid expense treated as a capital asset		(88,697)		(245,301)
Accrued interest on long-term debt		(254,946)		(247,373)
Summer school tuition and fees		95,636		110,481
Deferred revenue for government-wide basis		(1,262,470)		(1,334,209)
Encumbrances		<u>2,855,643</u>		<u>816,322</u>
 Net assets per basic financial statements	 \$	 <u>32,677,017</u>	 \$	 <u>31,261,645</u>

Statistical Section

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information 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 in this section was prepared by the District and was not subject to audit by the independent certified public accounting firm.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to assist the reader in understanding and assessing how the District's financial position has changed over time.	65
Revenue Capacity These schedules contain information to assist the reader in assessing the District's most significant local revenue source, the property tax.	68
Debt Capacity These schedules present information to assist the reader in understanding and assessing the District's current levels of outstanding debt burden and the District's ability to issue additional debt in the future.	75
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	78
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	81

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34/35 for the fiscal year ended June 30, 2002; schedules presenting government-wide information include information beginning in that year.

Column Headings: The columns headed "Year" in this section refer to the District's fiscal year (July 1 to June 30). Certain data included in this section is only available on a calendar-year basis; and if calendar-year data is presented, it is disclosed in the notes to the specific statement or schedule included in this section.

GATEWAY TECHNICAL COLLEGE DISTRICT

Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	2007	2006	2005	2004	2003	2002
Invested in Capital Assets, net of Related Debt	\$ 14,108,750	\$ 13,302,497	\$ 12,834,119	\$ 13,183,071	\$ 10,846,911	\$ 9,638,889
Restricted-expendable	1,390,446	1,714,082	1,331,530	1,157,455	1,170,809	1,259,196
Restricted-nonexpendable	11,000	11,000	11,000	11,000	11,000	11,000
Unrestricted	<u>17,166,821</u>	<u>16,234,066</u>	<u>15,741,589</u>	<u>16,387,471</u>	<u>16,140,333</u>	<u>15,885,745</u>
Total Net Assets	<u>\$ 32,677,017</u>	<u>\$ 31,261,645</u>	<u>\$ 29,918,238</u>	<u>\$ 30,738,997</u>	<u>\$ 28,169,053</u>	<u>\$ 26,794,830</u>

Note: The District implemented GASB Statements 34 and 35 beginning with the fiscal year ended June 30, 2003 and restated June 30, 2002 numbers for comparison.

GATEWAY TECHNICAL COLLEGE DISTRICT

Changes in Net Assets
Last Six Fiscal Years

	2007	2006	2005	2004	2003	2002
Operating Revenues						
Student tuition and program fees, net of scholarship allowances ⁽¹⁾	\$ 9,204,502	\$ 8,540,801	\$ 8,835,736	\$ 8,655,210	\$ 8,184,769	\$ 7,046,904
Federal grants	12,791,779	13,584,444	7,955,313	7,907,194	6,273,891	5,567,901
State grants	2,706,640	2,554,174	2,255,096	2,067,520	2,084,383	2,183,959
Contract revenue	2,161,695	2,189,500	2,431,502	2,183,387	2,044,834	1,947,188
Auxiliary enterprise revenues	558,428	462,974	505,014	661,192	631,257	599,434
Miscellaneous - institutional revenue ⁽¹⁾	885,364	800,678	678,927	816,372	498,600	600,186
Total operating revenues	<u>28,308,408</u>	<u>28,132,571</u>	<u>22,661,588</u>	<u>22,290,875</u>	<u>19,717,734</u>	<u>17,945,572</u>
Operating Expenses						
Instruction	47,587,891	45,931,954	45,544,656	43,543,083	39,395,033	36,350,024
Instructional resources	1,225,491	1,227,300	1,050,064	1,224,316	1,167,795	1,119,890
Student services ⁽¹⁾	8,775,637	7,656,716	7,773,264	7,754,847	7,121,054	6,871,836
General institutional	6,893,336	7,115,812	6,820,544	6,365,357	6,651,562	6,539,843
Physical plant	6,237,124	5,911,484	5,795,086	5,149,322	6,744,323	4,054,514
Student aid ⁽¹⁾	8,919,036	9,784,156	5,146,925	4,782,520	4,225,503	3,739,829
Public service	317,558	300,708	297,502	274,186	249,069	197,978
Auxiliary enterprise services	993,729	891,585	976,406	818,088	1,044,474	833,761
Depreciation	2,583,246	2,501,129	2,281,202	2,012,339	1,608,085	1,401,669
Total operating expenses	<u>83,533,048</u>	<u>81,320,844</u>	<u>75,685,649</u>	<u>71,924,058</u>	<u>68,206,898</u>	<u>61,109,344</u>
Operating loss	<u>(55,224,640)</u>	<u>(53,188,273)</u>	<u>(53,024,061)</u>	<u>(49,633,183)</u>	<u>(48,489,164)</u>	<u>(43,163,772)</u>
Non-operating revenues (expenses)						
Property Taxes	49,101,201	47,291,043	45,118,323	43,321,592	41,946,643	40,555,951
State appropriations	7,131,956	7,464,990	7,621,031	8,458,088	8,108,577	6,642,419
State capital grants	-	1,305	2,168	7,442	40,470	76,991
Federal capital grants	7,900	1,730	9,261	556,641	-	-
Other grants	-	143,210	32,687	189,873	703,385	-
Donated capital assets	-	-	-	550,840	-	-
Gain (loss) on sale of capital assets	535,930	-	53,250	(28,442)	-	-
Investment income	911,205	714,778	412,183	201,753	319,905	414,132
Interest expense	(1,048,180)	(1,085,376)	(1,045,601)	(1,054,660)	(1,102,850)	(1,021,961)
Total non-operating revenues	<u>56,640,012</u>	<u>54,531,680</u>	<u>52,203,302</u>	<u>52,203,127</u>	<u>50,016,130</u>	<u>46,667,532</u>
Increase/(Decrease) in Net Assets	<u>\$ 1,415,372</u>	<u>\$ 1,343,407</u>	<u>\$ (820,759)</u>	<u>\$ 2,569,944</u>	<u>\$ 1,526,966</u>	<u>\$ 3,503,760</u>

Note: The District implemented GASB Statements 34 and 35 beginning with the fiscal year ended June 30, 2003 and restated June 30, 2002 numbers for comparison.
(1) Effective with FY 2005/06 the prior years' numbers were reclassified to conform to the current presentation.

GATEWAY TECHNICAL COLLEGE

Expenses by Use
Last Five Fiscal Years
(accrual basis of accounting)

	2007		2006		2005		2004		2003		Total
	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	
<u>Expense Classifications</u>											
Salaries and wages	47.3%	\$ 40,010,460	47.6%	\$ 39,186,439	50.5%	\$ 38,745,098	50.5%	\$ 37,692,488	51.6%	\$ 35,347,582	51.0%
Fringe benefits	23.6%	19,975,483	22.1%	18,174,037	21.9%	16,810,431	21.9%	15,114,098	20.7%	13,644,307	19.7%
Travel, memberships and subscriptions	0.8%	705,682	0.9%	723,762	1.0%	757,681	1.0%	721,010	1.0%	629,687	0.9%
Supplies and minor equipment ⁽¹⁾	6.0%	5,032,988	5.9%	4,843,828	7.9%	6,049,499	7.9%	5,661,663	7.8%	7,112,153	10.3%
Contract services	3.0%	2,502,591	2.7%	2,193,068	3.2%	2,456,209	3.2%	2,556,530	3.5%	2,563,748	3.7%
Bank/Agency credit/collection fees	0.2%	132,267	0.1%	93,789	0.1%	72,761	0.1%	63,106	0.1%	53,770	0.1%
Rentals	0.8%	636,383	0.8%	664,383	0.5%	399,033	0.5%	442,924	0.6%	370,325	0.5%
Repairs and maintenance	0.8%	635,382	0.8%	641,042	0.7%	548,907	0.7%	692,438	0.9%	922,004	1.3%
Insurance	0.7%	629,031	0.8%	653,990	0.8%	636,080	0.8%	577,503	0.8%	416,838	0.6%
Utilities	1.9%	1,579,719	2.1%	1,709,410	2.1%	1,624,665	2.1%	1,507,900	2.1%	1,303,295	1.9%
Depreciation	3.1%	2,583,246	3.0%	2,501,129	3.0%	2,281,202	3.0%	2,012,339	2.8%	1,608,085	2.3%
Student aid	10.5%	8,919,036	11.9%	9,784,156	6.7%	5,146,925	6.7%	4,782,520	6.6%	4,225,503	6.1%
Student debt writeoff	0.2%	190,780	0.2%	151,811	0.2%	157,158	0.2%	99,539	0.1%	9,601	0.0%
Total operating expenses	98.8%	83,533,048	98.7%	81,320,844	98.6%	75,685,649	98.6%	71,924,058	98.5%	68,206,898	98.4%
Interest expense	1.2%	1,048,180	1.3%	1,085,376	1.4%	1,045,601	1.4%	1,054,660	1.4%	1,102,850	1.6%
Loss on disposal of assets	0.0%	-	0.0%	-	0.0%	-	0.0%	28,442	0.0%	-	0.0%
Total non-operating expenses	1.2%	1,048,180	1.3%	1,085,376	1.4%	1,045,601	1.4%	1,083,102	1.5%	1,102,850	1.6%
Total Expenses	100.0%	\$ 84,581,228	100.0%	\$ 82,406,220	100.0%	\$ 76,731,250	100.0%	\$ 73,007,160	100.0%	\$ 69,309,748	100.0%

Note: The District implemented GASB Statements 34 and 35 beginning with the fiscal year ended June 30, 2003 and restated June 30, 2002 numbers for comparison.

(1) Effective with FY 2006/07 these numbers were restated to provide further detail under the new categories listed.

GATEWAY TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Levy Distribution by Municipality
Fiscal Year 2007

<u>County</u>	<u>Municipality</u>	<u>Taxable equalized valuation</u>	<u>Percent of total</u>	<u>Total tax levy</u>
Kenosha	Town of:			
	Brighton	\$ 189,566,400	0.477072 %	\$ 234,210
	Bristol	575,785,300	1.449051	711,387
	Paris	222,570,800	0.560133	274,988
	Randall	518,783,000	1.305596	640,960
	Salem	1,133,030,900	2.851443	1,399,867
	Somers	763,510,200	1.921489	943,322
	Wheatland	315,607,000	0.794273	389,935
	Village of:			
	Genoa City	500,300	0.001259	618
	Paddock Lake	252,751,000	0.636086	312,275
	Pleasant Prairie	2,329,183,400	5.861741	2,877,721
	Silver Lake	185,279,100	0.466283	228,914
	Twin Lakes	793,459,700	1.996861	980,325
	City of Kenosha	5,942,894,601	14.956191	7,342,481
Racine	Town of:			
	Burlington	688,299,900	1.732211	850,399
	Dover	344,302,300	0.866489	425,388
	Norway	308,914,066	0.777429	381,665
	Raymond	430,696,100	1.083912	532,128
	Rochester	250,749,400	0.631049	309,803
	Waterford	745,169,500	1.875331	920,662
	Yorkville	449,406,300	1.130999	555,245
	Village of:			
	Caledonia	2,148,828,400	5.407851	2,654,892
	Elmwood Park	46,304,800	0.116533	57,210
	Mount Pleasant	2,562,339,300	6.448513	3,165,787
	North Bay	38,953,600	0.098033	48,128
	Rochester	80,752,500	0.203226	99,770
	Sturtevant	307,325,800	0.773432	379,703
	Union Grove	303,830,300	0.764635	375,384
	Waterford	415,399,900	1.045417	513,230
Wind Point	270,573,000	0.680938	334,295	
City of:				
Burlington	651,045,200	1.638453	804,370	
Racine	3,743,169,850	9.420252	4,624,711	

GATEWAY TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Levy Distribution by Municipality (continued)
Fiscal Year 2007

<u>County</u>	<u>Municipality</u>	<u>Taxable equalized valuation</u>	<u>Percent of total</u>	<u>Total tax levy</u>
Walworth	Town of:			
	Bloomfield	\$ 469,031,300	1.180388 %	\$ 579,491
	Darien	161,930,100	0.407522	200,066
	Delavan	999,975,200	2.516588	1,235,476
	East Troy	724,931,400	1.824399	895,657
	Geneva	747,107,900	1.880210	923,057
	Lafayette	235,063,400	0.591573	290,423
	LaGrange	694,146,300	1.746924	857,622
	Linn	1,506,260,499	3.790732	1,860,995
	Lyons	465,665,500	1.171917	575,333
	Richmond	238,517,300	0.600265	294,690
	Sharon	72,963,200	0.183623	90,147
	Spring Prairie	234,286,201	0.589617	289,462
	Sugar Creek	360,060,900	0.906148	444,858
	Troy	251,086,500	0.631897	310,219
	Walworth	210,071,100	0.528676	259,544
	Whitewater	296,622,200	0.746495	366,479
	Village of:			
	Darien	87,749,700	0.220835	108,415
	East Troy	305,237,100	0.768175	377,122
	Fontana	1,014,723,300	2.553704	1,253,697
	Genoa City	104,524,000	0.263050	129,140
	Mukwonago	5,253,800	0.013222	6,491
	Sharon	68,657,300	0.172786	84,826
	Walworth	206,374,500	0.519373	254,977
	Williams Bay	638,686,300	1.607350	789,101
	City of:			
	Delavan	601,452,000	1.513645	743,098
	Elkhorn	549,652,200	1.383283	679,099
	Lake Geneva	1,014,846,900	2.554015	1,253,850
	Whitewater	461,490,500	1.161410	570,174
	Totals	<u>\$ 39,735,348,517</u>	<u>100 %</u>	<u>\$ 49,093,282</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for		Collected within the		Collections		Total Collections to Date	
	the <u>Fiscal Year</u>		<u>Fiscal Year of the Levy</u>		in Subsequent		<u>Percentage</u>	
	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Year</u>	<u>Amount</u>	<u>of Levy</u>	
1998	30,536,419	71.08	21,706,741	71.08	8,829,673	30,536,414	100.00	
1999	32,375,164	71.74	23,226,473	71.74	9,148,691	32,375,164	100.00	
2000	34,448,589	72.25	24,889,663	72.25	9,558,926	34,448,589	100.00	
2001	37,464,985	71.69	26,859,023	71.69	10,605,962	37,464,985	100.00	
2002	40,573,084	72.40	29,374,807	72.40	11,198,277	40,573,084	100.00	
2003	41,928,338	72.87	30,552,660	72.87	11,375,678	41,928,338	100.00	
2004	43,338,000	73.66	31,921,546	73.66	11,416,454	43,338,000	100.00	
2005	45,043,000	74.26	33,447,366	74.26	11,595,634	45,043,000	100.00	
2006	47,295,000	74.27	35,128,253	74.27	12,166,747	47,295,000	100.00	
2007	49,093,282	72.95	35,811,604	72.95	-	35,811,604	72.95	

Tax Levies, Rates, and Collections

Personal property taxes, special assessments, special charges, and special taxes must be paid to the town, city or village treasurer in full by January 31. Municipalities also have the option of adopting payment plans which allow taxpayers to pay their real property taxes in installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. On or before January 15 and February 15 and on the 15th day of each month following a month in which an installment payment is due, the town, city or village treasurer settles with other taxing jurisdictions for all collections through the preceding month. On or before August 20, the county treasurer must settle in full with all the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Since in practice all delinquent real estate taxes are withheld from the county's share of the taxes and all delinquent personal property taxes are withheld from the shares of taxes of the respective city, and towns, the District receives 100 percent of the taxes it levies.

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Taxing Districts and Counties
2006 Equalized Valuation and Tax Levy

<u>Municipality</u>	<u>County</u>	<u>Equalized value</u>	<u>Tax levy</u>	<u>Percentage of total tax levy</u>
City of Kenosha	Kenosha	\$ 5,942,894,601	\$ 7,342,481	14.96 %
City of Racine	Racine	3,743,169,850	4,624,711	9.42
Village of Mount Pleasant	Racine	2,562,339,300	3,165,787	6.45
Village of Pleasant Prairie	Kenosha	2,329,183,400	2,877,721	5.86
Village of Caledonia	Racine	2,148,828,400	2,654,892	5.41
Town of Linn	Walworth	1,506,260,499	1,860,995	3.79
Town of Salem	Kenosha	1,133,030,900	1,399,867	2.85
City of Lake Geneva	Walworth	1,014,846,900	1,253,850	2.55
Village of Fontana	Walworth	1,014,723,300	1,253,697	2.55
Town of Delavan	Walworth	<u>999,975,200</u>	<u>1,235,476</u>	<u>2.52</u>
Total principal taxing districts		<u>\$ 22,395,252,350</u>	<u>\$ 27,669,477</u>	<u>56.4 %</u>
County:				
Racine		\$ 13,786,060,216	\$ 17,032,770	34.7 %
Kenosha		13,222,921,701	16,337,003	33.3
Walworth		<u>12,726,366,600</u>	<u>15,723,509</u>	<u>32.0</u>
		<u>\$ 39,735,348,517</u>	<u>\$ 49,093,282</u>	<u>100.0 %</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Property Taxpayers by County
Current Year and Nine Years Ago

County	Name of Business	Type of Business	Year Ended June 30, 2007			Year Ended June 30, 1998		
			2006 Equalized Valuation	Rank	Percent of District equalized valuation	1997 Equalized Valuation	Rank	Percent of District equalized valuation
Racine	S. C. Johnson & Son, Inc.	Manufacturing	\$ 118,584,274	1	0.30	\$ 53,191,600	2	0.27
	Racine Joint Venture (Regency Mall)	Shopping center	71,223,381	2	0.18	66,259,500	1	0.34
	All Saints Health Care	Health care services	42,411,782	3	0.11	17,443,700	4	0.09
	CNH Global ⁽¹⁾	Manufacturing	34,187,628	4	0.09	38,977,900	3	0.20
	Inland Southeast Mount Pleasant	Village Center strip mall	23,309,043	5	0.06	-	-	-
	Aurora Medical Group	Health care provider	22,031,425	6	0.06	-	-	-
	Continental 81 Fund LLC	Retail-Wal-Mart Stores	21,404,126	7	0.05	-	-	-
	Bombardier Motor Corp	Manufacturing	20,974,623	8	0.05	-	-	-
	American National Insurance	Insurance	20,037,358	9	0.05	-	-	-
	High Ridge Improvements	Corporation	17,040,135	10	0.04	-	-	-
	Rudd Lighting Inc.	Manufacturing	-	-	-	13,426,200	5	0.07
	Westgate Shopping Center	Retail Mall	-	-	-	11,487,800	6	0.06
	Shoemaker Properties LLC	Property management	-	-	-	9,844,500	7	0.05
	R-O Associates of Racine	Consulting services	-	-	-	8,950,000	8	0.05
	Fox River Plaza Partners	Shopping center	-	-	-	7,250,000	9	0.04
	Yorkville Investment Corp.	Investments	-	-	-	7,134,000	10	0.04
Racine county total			\$ 272,619,501		0.69	\$ 114,514,100		0.59
(1) Formerly known as J.I. Case Corporation								
Kenosha ⁽²⁾	Prime Outlets at Pleasant Prairie	Retail Mall	\$ 53,919,516	1	0.11	\$ -	-	-
	Cabot Acquisitions LLC	Manufacturing	42,881,977	2	0.11	-	-	-
	Southport Plaza Ltd. Partners	Shopping center	41,824,496	3	0.08	18,413,200	7	0.00
	Ohioclubco	Property development	31,166,968	4	0.08	24,019,300	5	0.09
	Edward Rose Assoc. Apartments	Property management	30,185,784	5	0.07	19,132,600	6	0.12
	Iris USA Inc.	Manufacturing	28,221,995	6	0.07	-	-	-
	Centerpoint Wispark Land Co. LLC	Business park	28,033,856	7	0.06	56,363,100	1	0.29
	Petretti Realty et Al.	Developer/Builder	27,795,661	8	0.06	16,960,100	9	0.09
	Daimler-Chrysler Corp.	Manufacturer	23,019,630	9	0.06	-	-	-
	Bit Holdings Forty-Nine Inc.	Commercial	22,664,302	10	0.00	-	-	-
	Dairyland Greyhound Park	Recreation/dog track	-	-	-	27,449,400	3	0.14
	First Horizon Group Ltd.	Property management	-	-	-	35,423,400	2	0.18
	Factory Outlet Centre Ltd.	Retail Mall	-	-	-	26,966,800	4	0.14
	Waste Management of WI	Landfill	-	-	-	16,959,700	10	0.09
	Aurora Medical Group, Inc.	Physician offices	-	-	-	17,880,200	8	0.09
Kenosha county total			\$ 232,912,692		0.59	\$ 259,567,800		1.33
(2) Estimated equalized valuations for 2006.								
Walworth	DLK Enterprises, Inc.	Farm/Real Estate	\$ 41,744,579	1	0.11	\$ 24,279,782	1	0.12
	Marcus Geneva Inc.	Resort	35,622,396	2	0.09	-	-	0.00
	Wal-Mart	Retail store	29,435,548	3	0.07	8,729,000	7	-
	Geneva Project	Property development	28,544,119	4	0.07	-	-	-
	Lake Lawn Lodge	Resort	25,611,685	5	0.06	14,032,700	2	0.07
	Versacold Cascade	Cold storage facility	18,688,259	6	0.05	-	-	0.00
	Kikkoman Foods Inc.	Manufacturing	17,820,460	7	0.04	11,919,600	4	-
	Paloma Geneva National LLC	Resort	13,082,386	8	0.03	10,040,000	6	0.05
	Lake Geneva Investors LLC	Investor	12,937,900	9	0.03	-	-	-
	Abbey	Resort	12,785,385	10	0.03	13,069,200	3	0.07
	Midwest Track Associates	Dog track	-	-	-	8,639,400	8	0.04
	Geneva National Development	Development company	-	-	-	11,414,600	5	0.06
	Avan Company	Resort	-	-	-	7,600,300	9	0.04
	Wrigley Estates	Lake Estate	-	-	-	6,858,700	10	0.04
Walworth county total			\$ 158,905,742		0.40	\$ 116,583,282		0.60
Grand total			\$ 664,437,935		1.67	\$ 490,665,182		2.52
Total District Equalized Valuation			\$ 39,735,348,517			\$ 19,503,890,279		

Sources: Robert W. Baird report, Information from county treasurer's office, Gateway's CAFR 1998

GATEWAY TECHNICAL COLLEGE DISTRICT

Property Tax Rates⁽¹⁾ - All Overlapping Governments
 (Per \$1,000 of General Property Full Values of Taxable Property)
 Calendar Year Taxes are Payable 1998-2007

County	Year	Gateway District Direct Rates			School districts elementary/ secondary	Local tax ⁽³⁾	County tax	Other taxes ⁽⁴⁾	Total property tax	State tax relief	Net total
		Operational ⁽²⁾	Debt Service	Direct Rate							
Racine	1998	1.35	0.21	1.56	9.85	8.22	4.68	0.91	25.22	(1.99)	23.23
	1999	1.34	0.22	1.56	9.22	8.04	4.63	0.84	24.29	(1.81)	22.48
	2000	1.34	0.20	1.54	9.16	8.08	4.60	0.75	24.13	(1.68)	22.45
	2001	1.41	0.19	1.60	9.16	7.83	4.72	1.06	24.37	(1.54)	22.83
	2002	1.43	0.19	1.62	9.09	7.43	4.76	1.04	23.94	(1.46)	22.48
	2003	1.37	0.19	1.56	8.15	7.22	4.76	1.06	22.75	(1.38)	21.37
	2004	1.30	0.18	1.48	8.12	7.04	4.59	1.11	22.34	(1.25)	21.09
	2005	1.24	0.17	1.41	8.03	6.71	4.33	1.11	21.59	(1.11)	20.48
	2006	1.17	0.16	1.33	7.17	6.36	4.07	1.06	19.99	(1.00)	18.99
2007	1.09	0.15	1.24	7.86	5.99	3.35	0.96	19.40	(1.14)	18.26	
Kenosha	1998	1.35	0.21	1.56	11.08	6.63	4.76	1.52	25.55	(2.13)	23.42
	1999	1.34	0.22	1.56	10.52	6.59	5.02	1.62	25.31	(1.93)	23.38
	2000	1.34	0.20	1.54	9.47	6.37	5.01	0.50	22.89	(1.66)	21.23
	2001	1.41	0.19	1.60	9.76	6.66	5.04	0.55	23.61	(1.51)	22.10
	2002	1.43	0.19	1.62	9.63	6.86	5.03	0.60	23.74	(1.40)	22.34
	2003	1.37	0.19	1.56	9.22	6.54	5.00	0.73	23.05	(1.31)	21.74
	2004	1.30	0.18	1.48	9.31	6.22	4.80	0.80	22.61	(1.24)	21.37
	2005	1.24	0.17	1.41	9.35	5.81	4.51	0.86	21.94	(1.14)	20.80
	2006	1.17	0.16	1.33	8.47	5.45	4.18	0.83	20.26	(1.05)	19.21
2007	1.09	0.15	1.24	8.46	5.14	3.91	0.86	19.61	(1.24)	18.37	
Walworth	1998	1.35	0.21	1.56	10.41	3.75	4.78	0.94	21.44	(1.80)	19.64
	1999	1.34	0.22	1.56	10.20	3.81	4.83	1.03	21.43	(1.79)	19.64
	2000	1.34	0.20	1.54	10.11	3.67	4.84	1.05	21.21	(1.73)	19.48
	2001	1.41	0.19	1.60	10.00	3.86	5.08	1.11	21.65	(1.72)	19.93
	2002	1.43	0.19	1.62	9.71	3.79	5.14	1.13	21.39	(1.57)	19.82
	2003	1.37	0.19	1.56	9.43	3.73	5.13	1.19	21.04	(1.46)	19.58
	2004	1.30	0.18	1.48	9.03	3.48	4.94	1.25	20.18	(1.33)	18.85
	2005	1.24	0.17	1.41	8.98	3.41	4.75	1.22	19.77	(1.22)	18.55
	2006	1.17	0.16	1.33	8.01	3.16	4.40	1.03	17.93	(1.09)	16.84
2007	1.09	0.15	1.24	7.43	2.88	4.11	1.03	16.69	(1.22)	15.47	

(1) Source - Wisconsin Department of Revenue Division of State and Local Finance, Bureau of Property Tax. The rates shown represent District-wide composite tax rates based on general property full values, excluding tax increment finance districts.

(2) The operational property tax includes tax levies for all District funds except the Debt Service Fund and this rate may not exceed \$1.50.

(3) Cities, towns, villages, and utility districts.

(4) Metropolitan sewerage, sanitary, and public inland lake protection districts.

GATEWAY TECHNICAL COLLEGE DISTRICT

Distribution of Real Property of Merged Equalized Values
Racine, Kenosha, and Walworth Counties⁽¹⁾
Calendar Years 1997-2006
(Figures in thousands)

Calendar Year	Residential	Commercial	Manufacturing	Agricultural	Swamp, waste and forest	Other	Personal Property	Total	District Equalized Valuation(2)	Total Direct Tax Rate
1997	15,063,572	3,024,898	685,699	575,597	62,666	324,427	(3)	19,736,859	19,503,890	1.56566
% of Total	76.3%	15.3%	3.5%	2.9%	0.3%	1.6%				
1998	15,971,651	3,291,954	770,741	542,661	69,474	353,256	(3)	20,999,737	20,680,398	1.56550
% of Total	76.1%	15.7%	3.7%	2.6%	0.3%	1.7%				
1999	17,035,258	3,548,727	864,170	512,676	80,386	406,612	606,418	23,054,247	22,286,343	1.54573
% of Total	73.9%	15.4%	3.7%	2.2%	0.3%	1.8%	2.6%			
2000	18,176,837	3,745,598	932,571	222,420	96,880	433,350	627,973	24,235,629	23,361,009	1.60374
% of Total	75.0%	15.5%	3.8%	0.9%	0.4%	1.8%	2.6%			
2001	19,616,133	3,955,765	977,878	223,089	99,827	446,971	679,978	25,999,641	25,054,873	1.61937
% of Total	75.4%	15.2%	3.8%	0.9%	0.4%	1.7%	2.6%			
2002	21,373,420	4,374,347	1,008,832	123,209	101,417	477,245	629,738	28,088,208	26,953,225	1.55559
% of Total	76.1%	15.6%	3.6%	0.4%	0.4%	1.7%	2.2%			
2003	23,455,469	4,700,585	1,038,551	87,813	119,114	503,104	646,437	30,551,073	29,223,904	1.48297
% of Total	76.8%	15.4%	3.4%	0.3%	0.4%	1.6%	2.1%			
2004	26,018,470	5,046,556	1,068,047	82,788	107,327	513,950	635,552	33,472,690	32,011,437	1.40709
% of Total	77.7%	15.1%	3.2%	0.2%	0.3%	1.5%	1.9%			
2005	29,295,258	5,508,464	1,042,155	83,169	113,746	544,035	649,894	37,236,721	35,561,554	1.32995
% of Total	78.7%	14.8%	2.8%	0.2%	0.3%	1.5%	1.7%			
2006	32,963,886	6,119,859	1,055,082	87,329	158,764	613,183	697,942	41,696,045	39,735,348	1.23551
% of Total	79.1%	14.7%	2.5%	0.2%	0.4%	1.5%	1.7%			

Source: Wisconsin Department of Revenue

⁽¹⁾ The District is comprised of almost all three counties. Kenosha and Walworth counties are 100% in the District while Racine county is approximately 96% within the District. Therefore, the above total column will be greater than the actual total equalized value for the District.

⁽²⁾ Due to varying assessment policies in the municipalities contained in the District, the District uses equalized value of taxable property for tax levy purposes. This equalized value of property approximates estimated actual (full) value of taxable property in the State of Wisconsin. The District equalized valuation is the equalized value of property, excluding tax incremental financing districts within the District.

⁽³⁾ Information for personal property for calendar years 1996 through 1998 is not available.

GATEWAY TECHNICAL COLLEGE DISTRICT

Ratio of Net Debt to Equalized Value and Net Debt Per Capita Fiscal Years 1998-2007

	Population ⁽¹⁾	Equalized Value- TID in ⁽²⁾	Gross Debt ⁽³⁾	Debt Service Net Assets Available ⁽⁴⁾	Net debt ⁽⁵⁾	
					Amount	Ratio to equalized valuation
<i>(Dollars in thousands, except per capita)</i>						
1998	409,474	\$ 20,100,873	\$ 15,100	235	\$ 14,865	0.07 % \$ 36
1999	413,218	21,413,741	17,715	563	17,152	0.08 42
2000	416,804	22,765,508	17,505	653	16,852	0.07 40
2001	432,167	23,924,832	17,960	478	17,482	0.07 40
2002	433,456	25,681,383	23,450	647	22,803	0.09 53
2003	440,943	27,733,860	23,820	735	23,085	0.08 52
2004	444,987	30,180,566	23,740	725	23,015	0.08 52
2005	449,954	33,048,145	25,810	848	24,962	0.08 55
2006	453,979	36,761,650	26,715	1,035	25,680	0.07 57
2007	457,155	41,173,445	27,000	672	26,328	0.06 58

(1) Wisconsin Department of Administration, Demographic Services Center. (2007 is an estimate.)

(2) The equalized value includes the TID in, beginning with 1997 the numbers were restated to reflect this.

(3) Includes general obligation promissory notes and bonds.

(4) Effective with the 2002 year and the implementation of GASB 35 the nets assets available is reflected on a GAAP basis and it no longer reflects a deferral of tax levy revenue. Prior years have not been restated.

(5) Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

GATEWAY TECHNICAL COLLEGE DISTRICT

Computation of Direct and Overlapping Debt Year ended June 30, 2007

Jurisdiction ⁽¹⁾	Net Debt Outstanding	Applicable to Gateway Technical College District	
		Percentage ⁽²⁾	Amount
District:			
Gateway Technical College District	\$ 27,000,000	100%	\$ 27,000,000
Towns:			
Racine County ⁽³⁾	21,813,885	varies	40,439,738
Kenosha County	36,631,517	100%	36,631,517
Walworth County	6,325,705	100%	6,325,705
Town Total	<u>64,771,107</u>		<u>83,396,960</u>
Villages:			
Racine County	53,330,642	100%	53,330,642
Kenosha County	99,352,016	100%	99,352,016
Walworth County	52,837,074	100%	52,837,074
Village Total	<u>205,519,732</u>		<u>205,519,732</u>
Cities:			
Racine County	85,722,691	100%	85,722,691
Kenosha County	148,468,746	100%	148,468,746
Walworth County	64,943,252	100%	64,943,252
City Total	<u>299,134,689</u>		<u>299,134,689</u>
Counties:			
Racine County	50,349,260	96.48%	48,576,966
Kenosha County	84,429,932	100%	84,429,932
Walworth County	42,510,000	100%	42,510,000
County Total	<u>177,289,192</u>		<u>175,516,898</u>
School Districts:			
Racine County	114,953,527	100%	114,953,527
Kenosha County	181,180,379	100%	181,180,379
Walworth County	123,074,645	100%	123,074,645
School District Total	<u>419,208,551</u>		<u>419,208,551</u>
Sanitary Districts Total	<u>46,984,859</u>	varies	<u>26,189,446</u>
Total Direct and Overlapping debt	<u>\$ 1,239,908,130</u>		<u>\$ 1,235,966,276</u>

Source: Debt outstanding data provided by each governmental unit. (Sanitary district number from R.W. Baird & Co. report.)

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses located in the District boundaries. This process recognizes that, when considering the District'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 the District is the equalized property value of property of the overlapping government located in the District as a percentage of total equalized value of all property for the overlapping government.

(3) All towns are 100%, except the Town of Norway, which is 35.98% in the Gateway District

GATEWAY TECHNICAL COLLEGE DISTRICT

Demographic Statistics for Kenosha, Racine, and Walworth Counties Historical Comparisons 1998-2007

<u>Year</u>	District Population (1)	Number of households (2)	Total Personal Income (3)	Per Capita Income (4)	Unemployment Rate (5)	Public and private school enrollment (6)
1998	409,474	156,997	10,969,617	25,823	3.9	80,732
1999	413,218	159,106	11,347,365	26,445	3.7	82,040
2000	416,804	160,210	12,122,313	28,093	3.7	83,487
2001	432,167	162,614	12,498,647	28,715	5.0	84,454
2002	433,456	168,470	12,849,089	29,197	5.9	85,646
2003	440,943	170,231	13,256,698	29,749	5.9	86,145
2004	444,987	172,795	14,107,953	31,119	5.6	85,875
2005	449,954	173,958	14,415,595	31,238	5.5	84,526
2006	453,979	174,696	(7)	(7)	5.3	87,500
2006	457,155	(7)	(7)	(7)	(7)	(7)

(1) Wisconsin Department of Administration, Demographic Services Center. (2006 is an estimate)

(2) Editor Publisher Market Guide, 2006, New York, N. Y.

(3) U.S. Department of Commerce Bureau of Economic Analysis. (Amounts in thousands.)

(4) U.S. Department of Commerce Bureau of Economic Analysis.

(5) Wisconsin Department of Workforce Development, Office of Economic Advisors.

(6) Wisconsin Department of Public Instruction

(7) Information not yet available.

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Employers
Current Year and Nine Years Ago

County	Name of Business	Type of Business	Year Ended June 30, 2007			Year Ended June 30, 1998		
			Number of Employees	Rank	Percent of District Population	Number of Employees	Rank	Percent of District Population
Racine	All Saints Health Care	Health care services	3,742	1	0.82 %	3,000	2	0.73 %
	Regency Mall	Retail shopping center	3,000	2	0.66	2,800	3	0.68
	CNH Global ⁽¹⁾	Manufacturing, agricultural & construction equipment	3,000	3	0.66	2,367	5	0.58
	S. C. Johnson & Son, Inc.	Manufacturing, commercial & institutional cleaning products	2,900	4	0.63	3,040	1	0.74
	Racine School District	Education	2,472	5	0.54	2,634	4	0.64
	City of Racine ⁽²⁾	Government	1,328	6	0.29	1,050	8	0.26
	Gateway Technical College ⁽²⁾	Education	1,148	7	0.25	-	-	0.00
	In-Sink-Erator Division	Manufacturing	1,100	8	0.24	970	10	0.24
	Racine County	Government	895	9	0.20	1,160	6	0.28
	Madine Manufacturing	Heat exchange manufacturing	656	10	0.14	-	-	-
	Lincoln Lutheran of Racine	Nursing home	-	-	-	1,050	7	0.26
	Western Publishing Company	Commercial publisher, books, games, videos	-	-	-	1,000	9	0.24
	(1)Formerly known as J.I. Case Corporation	Racine county sub-total	20,241	-	4.43 %	19,071	-	4.66 %
	(2)Includes full-time and part-time employees.							
Kenosha	Kenosha Unified School District No. 1 ⁽¹⁾	Education	2,570	1	0.56 %	2,054	1	0.50 %
	Daimler-Chrysler Corp.	Manufacturer, jeep engines	1,800	2	0.39	1,546	2	0.38
	Kenosha Memorial Hospital	Health care services	1,500	3	0.33	1,020	3	0.25
	Kenosha County	Government	1,001	4	0.22	900	5	0.22
	Snap-On Tools Corporation	Manufacturer, hand tools & electronics	1,000	5	0.22	1,000	4	0.24
	City of Kenosha ⁽²⁾	Government	762	6	0.17	850	6	0.21
	University of Wisconsin-Parkside	Education	679	7	0.15	600	9	0.15
	Kenosha Beef	Beef processing	350	8	0.08	-	-	-
	Jockey International	Manufacturing, underwear & nightwear	320	9	0.07	-	-	-
	Ocean Spray Cranberries	Manufacturing, cranberry & other fruit products	303	10	0.07	750	8	0.18
	Dairyland Greyhound Park	Greyhound racing	-	-	-	800	7	0.20
	St. Catherine's Hospital	Health care services	-	-	-	521	10	0.13
	Tri-Clover, Inc.	Manufacturer, pumps & valves	-	-	-	521	10	0.13
	(1)Includes full-time and part-time employees.	Kenosha county sub-total	10,285	-	2.25 %	10,041	-	2.45 %
	(2)Regular full-time only.							
Walworth*	University of Wisconsin-Whitewater ⁽¹⁾	Education	1,000+	1	na	2,224	1	0.54 %
	Walworth County	Government	1,000+	2	na	1,038	2	0.25
	Grand Geneva, LLC	Resort	500-999	3	na	-	-	-
	Pentair, Inc.	Water & fluid power pumps	500-999	4	na	-	-	-
	Wal-Mart	Discount department store	500-999	5	na	-	-	-
	Miniature Precision Components	Automotive industry parts supplier	500-999	6	na	375	9	0.09
	Aurora Health Care of Southern Lakes	Medical/Surgical Hospital	500-999	7	na	-	-	-
	Elkhorn Area School District	Elementary & secondary schools	250-499	8	na	-	-	-
	School District of Delavan-Darien	Elementary & secondary schools	250-499	9	na	-	-	-
	The Abbey Resort Mgmt LLC	Resort	250-499	10	na	434	7	0.11
	Trostel Ltd.	Packaging seals & assemblies	-	-	-	700	3	0.17
	Lakeland Medical Center	Nursing home	-	-	-	619	4	0.15
	Sta-Rite Industries	Manufacturer, pumps & plastic products	-	-	-	611	5	0.15
	ECM Motor, Co.	Electric motors	-	-	-	300	10	0.07
	Road Master Corp.	Manufacturer, bicycles	-	-	-	521	6	0.13
	Waukesha Fluid Handling	Manufacturer, fluid handling equip.	-	-	-	428	8	0.10
	(1)Estimates, not FTE figures	Walworth county sub-total ⁽³⁾	6,875	-	1.50 %	7,250	-	1.77 %
	(3)Based on median of ranges.							
	Source: Robert W. Baird report	Total	37,401	-	8.18 %	36,362	-	8.88 %

GATEWAY TECHNICAL COLLEGE DISTRICT

Employment Trends by Equal Employment Opportunity Categories
Historical Comparisons
1997-2006

<u>Category</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Administrative/Managerial:	50	51	51	52	58	57	56	56	55	54
Female percent	48	45	53	48	52	51	54	54	58	59
Minority percent	10	10	8	10	12	11	13	12	9	9
Faculty:	237	234	240	234	257	252	255	264	266	266
Female percent	57	57	56	58	55	57	57	56	57	57
Minority percent	8	7	7	8	7	7	8	8	8	9
Professional/Noninstructional:	39	40	40	42	31	39	38	39	35	34
Female percent	72	68	65	67	74	67	68	67	83	71
Minority percent	5	5	5	7	16	10	11	18	20	21
Secretarial/Clerical:	107	107	111	105	104	113	114	113	110	106
Female percent	95	95	95	95	99	96	97	96	97	88
Minority percent	16	19	17	13	16	18	18	19	18	22
Technical/Paraprofessional:	96	94	94	94	105	100	100	109	108	104
Female percent	61	61	63	64	62	65	64	62	62	62
Minority percent	19	17	18	19	22	22	22	26	25	26
Service/Maintenance:	31	32	31	31	33	33	33	35	35	36
Female percent	16	19	16	16	18	15	18	17	14	11
Minority percent	26	28	32	26	33	36	42	37	34	36
Total:	560	558	567	558	588	594	596	616	609	600
Female percent	63	62	63	63	63	63	64	63	64	62
Minority percent	12	12	12	12	14	14	15	16	15	16

Information provided by the Affirmative Action Office

GATEWAY TECHNICAL COLLEGE DISTRICT

Enrollment Statistics
Historical Comparisons
Last Ten Fiscal Years

Student Enrollment ⁽¹⁾

Fiscal year ended June 30	Aidable			Non-Aidable		Unduplicated Total
	Associate degree	Technical Diploma	Vocational Adult	Non-post- secondary (ABE)	Community service program	
1998	7,032	2,202	14,378	6,740	37	26,451
1999	7,250	2,248	13,572	6,697	20	26,153
2000	7,254	2,246	12,435	6,687	11	25,512
2001	7,307	2,265	13,419	6,898	0	26,485
2002	8,214	2,840	13,274	8,101	22	28,252
2003	8,512	3,296	12,892	8,097	0	28,524
2004	8,910	3,480	11,714	7,813	0	27,511
2005	8,747	3,001	12,049	7,181	0	26,955
2006	9,008	2,746	10,874	6,918	0	25,540
2007	9,046	2,803	9,425	6,595	0	23,999

Full-Time Equivalent ⁽²⁾

Fiscal year ended June 30	Aidable			Non-Aidable		Total
	Associate degree	Technical Diploma	Vocational Adult	Non-post- secondary (ABE)	Community service program	
1998	2,165	479	244	639	1	3,528
1999	2,198	422	246	602	1	3,469
2000	2,247	441	199	611	0	3,498
2001	2,441	426	224	633	0	3,724
2002	2,903	528	229	859	1	4,520
2003	3,216	575	208	981	0	4,980
2004	3,330	576	197	912	0	5,015
2005	3,296	534	200	821	0	4,851
2006	3,580	426	183	853	0	5,042
2007	3,392	622	158	831	0	5,003

Source: Wisconsin Technical College System Board

(1) Student enrollment represents the unduplicated count of students enrolled in District courses. A student may be enrolled in more than one program, but is counted only once in the Unduplicated Total. Therefore, the Unduplicated Total column does not equal the sum of the individual programs. (VE215350A)

(2) A full-time equivalent (FTE) is equal to 30 annual student credits based on a mathematical calculation which varies somewhat by program and which is subject to state approval and audit of student and course data. (VE215570A)

Note: In 1998 the Wisconsin Technical College System Board created a new classification - Non-Post-Secondary. For years prior to 1998 the FTE's were reported under the Technical Diploma category.

GATEWAY TECHNICAL COLLEGE DISTRICT

Per Credit Course Fee History
Last Ten Fiscal Years

Year	<u>Post Secondary/ Vocational Adult⁽¹⁾</u>				<u>Non-Aidable⁽²⁾</u>			
	Resident Program Fees	Percent change		Out of State Program Fees ⁽³⁾	Percent change	Avocational programs	Percent change	
1998	54.20	5.9	%	427.20	8.2	82.50	3.1	%
1999	57.00	5.2		440.90	3.2	85.00	3.0	
2000	59.25	3.9		454.20	3.0	89.00	4.7	
2001	61.50	3.8		481.35	6.0	93.00	4.5	
2002	64.00	4.1		499.60	3.8	97.00	4.3	
2003	67.00	4.7		513.70	2.8	100.00	3.1	
2004	70.00	4.5		489.75	(4.7)	105.00	5.0	
2005	76.00	8.6		488.10	(0.3)	108.00	2.9	
2006	80.50	5.9		510.30	4.5	115.00	6.5	
2007	87.00	8.1		536.30	5.1	120.00	4.3	

Additional Per Credit Fees

Material Fees

Fees for instructional materials consumed by students and instructors are required by s.38.24(1)(c), Wisconsin Statutes. These material fees are to be charged to all students on a uniform basis unless exempted by state statute, administrative code, or State Board action. There are 21 material fee categories ranging from \$4.00 per credit to \$300 per credit. Courses are assigned to one of the material fee categories based on the amount of instructional materials required for the course. The minimum fee that is to be charges for any non-exempt enrollment is \$4.00, regardless of the credit value.

Student Activity Fee

A supplemental fee is charged to all students enrolling in post-high school courses. This fee supports co-curricular activities including Student Government, student newspaper, multicultural and entertainment activities, and student organizations and clubs. The fee was set at 5% of program fees.

Notes:

- (1) Postsecondary/Vocational Adult program fees are established by the Wisconsin Technical College System Board.
- (2) Avocational fees are established by the Gateway District Board.
- (3) The total per credit cost requires adding the resident fee to out-of-state tuition. Out-of-state tuition excludes those students covered by reciprocal agreements.

GATEWAY TECHNICAL COLLEGE DISTRICT

Program Graduate Follow-up Statistics⁽¹⁾
 Historical Comparisons
 Last Ten Fiscal Years

Year	Number of graduates	Number of respondents	Total number in labor force	Percent employed	Percent employed in related occupation	Percent employed in District	Average Hourly Salary ⁽²⁾	Percent Satisfied with Training
1997	1,160	900	832	94	72	71	11.43	96
1998	1,000	807	747	93	78	68	11.89	97
1999	947	784	738	94	73	62	12.51	95
2000	905	733	680	93	75	63	13.59	96
2001	1,070	851	763	91	75	70	14.08	96
2002	1,429	1,180	1,057	89	67	74	14.15	97
2003	1,799	1,473	1,316	87	63	71	13.70	97
2004	2,029	1,600	1,404	89	61	68	14.10	97
2005	1,782	1,439	1,254	88	66	65	15.12	98
2006	1,745	1,403	1,213	91	66	57	15.51	96

Source: Gateway Technical College Research, Planning & Development Department.

(1) Based on a survey of district graduates conducted six months after graduation. Only graduates of associate degree and technical diploma programs are included.

(2) Salary is reported only for graduates who are employed full-time in their field of training.

GATEWAY TECHNICAL COLLEGE DISTRICT

Square Footage of District Facilities Last Five Fiscal Years

<u>County</u>	<u>Location</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Racine	Racine Campus					
	Main Building	16,115	16,115	16,115	16,115	16,115
	Lake Building	76,362	76,362	76,362	76,362	76,362
	Tech Building	109,336	109,336	109,336	109,336	109,336
	Racine Building	69,490	69,490	69,490	69,490	69,490
	Connecting Passages	<u>3,270</u>	<u>3,270</u>	<u>3,270</u>	<u>3,270</u>	<u>3,270</u>
	Racine Campus Sub-Total	274,573	274,573	274,573	274,573	274,573
	CATI	42,186	42,186	42,186	42,186	42,186
	Burn Building-Town of Dover (Land lease)	1,440	1,440	1,440	1,440	1,440
	Racine County Job Center (Leased)	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>
	Racine County Sub-Total	<u>318,199</u>	<u>318,199</u>	<u>319,639</u>	<u>319,639</u>	<u>319,639</u>
Kenosha	Kenosha Campus					
	Administration Building	17,353	17,353	17,353	17,353	17,353
	Conference Building	29,365	29,365	29,365	29,365	29,365
	BioCatt Building	30,405	30,405	30,405	30,405	-
	Child Care (ECP)	18,085	18,085	18,085	18,085	-
	Academic Building	113,965	113,965	113,965	96,835	96,835
	Horticultural Buildings	5,873	5,873	5,873	5,873	5,873
	Sciences Building	55,992	55,992	55,992	55,992	55,992
	Service Building	13,456	13,456	13,456	13,456	13,456
	Storage Buildings	2,350	2,350	2,350	2,350	2,350
	Technical Building	<u>63,634</u>	<u>63,634</u>	<u>63,634</u>	<u>63,634</u>	<u>63,634</u>
	Kenosha Campus Sub-Total	350,478	350,478	350,478	333,348	284,858
	Leased Facilities:					
	Horizon Center (Land lease) ⁽¹⁾	24,277	23,477	23,477	23,477	23,477
	Lakeview Technology Center	23,200	23,200	23,200	23,200	23,200
	Kenosha County Job Center	<u>1,026</u>	<u>1,026</u>	<u>1,026</u>	<u>1,026</u>	<u>1,026</u>
	Kenosha County Sub-Total	<u>398,981</u>	<u>398,181</u>	<u>398,181</u>	<u>381,051</u>	<u>332,561</u>
Walworth	Elkhorn Campus					
	Alternative High School	7,474	7,474	7,474	7,474	7,474
	South Building	38,596	38,596	38,596	38,596	38,596
	North Building	42,230	42,230	42,230	42,230	42,230
	Job Center Building	6,500	6,500	6,500	6,500	6,500
	Garage Building	<u>1,673</u>	<u>1,673</u>	<u>1,673</u>	<u>1,673</u>	<u>1,673</u>
	Elkhorn Campus Sub-Total	96,473	96,473	96,473	96,473	96,473
	Burlington Campus (Leased)					
	380 Building	12,000	12,000	12,000	12,000	12,000
	496 Building	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>
	Walworth County Sub-Total	<u>141,473</u>	<u>141,473</u>	<u>141,473</u>	<u>141,473</u>	<u>141,473</u>
	 Total District Square Footage	 <u>857,627</u>	 <u>856,827</u>	 <u>856,827</u>	 <u>839,697</u>	 <u>791,207</u>

Source: Strategic Facility Planning Guide prepared by Architectural Associates LTD (June 2003) and District staff.

(1) Formerly known as the Aviation Center

INSURANCE COVERAGE SUMMARY

Fiscal Year 2006-07

[Unaudited]

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
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Insurance Coverages Purchased through Districts Mutual Insurance

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
Property Coverage	DMI	7/1/06 - 6/30/07	Covers all real and personal property, all risk; \$25,000 Deductible	\$	79,938
			Blanket Property Limit	250,000,000	
			Certified Terrorism	250,000,000	
			Non-Certified Terrorism	250,000,000	
			Accounts Receivable	15,000,000	
			Fine Arts	15,000,000	
			Valuable Papers and Records	15,000,000	
			Extra Expense	20,000,000	
			Miscellaneous Unnamed Locations	15,000,000	
			Newly Acquired Property (180 days reporting)	15,000,000	
			Building Ordinance including Demolition & ICC & Increased Time to Rebuild	25,000,000	
			Debris Removal - the greater of 25% of the loss or	15,000,000	
			Earth Movement and Volcanic Action (Annual Aggregate)	25,000,000	
			Flood and Water Damage (Annual Aggregate)	25,000,000	
			Flood in FEMA Zones designated using letters A or V (Annual Aggregate)	10,000,000	
			Property in the Course of Construction	15,000,000	
			Transit	2,500,000	
			Ingress/Egress (1 mile limitation, 30 days limitation)	5,000,000	
			Interruption by Civil Authority (1 mile radius limitation, 30 day limitation)	5,000,000	
			Leasehold Interest	1,000,000	
			Service Interruption - Property Damage & Time Element Combined (Water, Communication including overhead transmission lines, Power including overhead transmission lines)	1,000,000	
			Mobile Equipment	1,000,000	
			Expediting Expenses	5,000,000	
			Pollutant Clean-Up and Removal (Annual Aggregate)	475,000	
			Claims Preparation Expenses (Subject to max. 5% of combined PD & TE Loss)	25,000	
			Defense Costs	250,000	
			Exhibition, Exposition, Fair or Trade Show	325,000	
			Fire Department Service Charges	325,000	
			Protection of Property	325,000	
			Radioactive Contamination	250,000	
Royalties	250,000				

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
Boiler and Machinery	Hartford Steam Boiler	7/1/06 - 6/30/07	Comprehensive coverage; \$25,000 deductible	100,000,000	\$ 4,517
			Combined property/time element	1,000,000	
			Property Damage	Included	
			Off-Premises Property Damage	25,000	
			Business Income	Included	
			Extra Expense	Included	
			Service Interruption	1,000,000	
			Contingent Business Income	25,000	
			Perishable Goods (Spoilage/Ammonia Contamination)	250,000	
			Data Restoration	250,000	
			Demolition	1,000,000	
			Ordinance or Law	1,000,000	
			Expediting Expenses	250,000	
			Hazardous Substances	250,000	
			Newly Acquired Locations (365 days)	10,000,000	
			Broad Comprehensive Coverage (Including Production Machines, Computer Equipment)	Included	
			Repair or Replacement	Yes	

***Special Provisions: Same Site Requirement (Deleted) - Joint Loss Agreement, Brands & Labels, Errors & Omissions (Included) - Connected Ready for Use Restriction (None) - Extended period of Restoration (30 days) - Property Perils, i.e. lightning, explosion, wind, flood, earthquake, earth movement, freeze, ice, snow, sleet, hail, etc. (Excluded) Water Damage (Excluded if Covered Elsewhere) - Deliberate Acts (Excluded) - Computer Date Recognition (date recognition losses excluded, but not excluded resultant accidents)*

Notice of Cancellation (90 days/10 days Non-Payment) - Safety and Efficiency Improvement Valuation (Additional 25% of PD Loss)

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
Workers' Compensation	DMI	7/1/06 - 6/30/07	Workers' Compensation - Wisconsin Benefits	Statutory	\$ 197,734
			- Bodily injury by accident, each accident	100,000	
			- Bodily injury by disease, each employee	500,000	
			- Bodily injury by disease, policy limit	100,000	

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
General Liability (Includes Professional, Automobile and Educators Legal Liability)	DMI	7/1/06 - 6/30/07	Each occurrence limit	5,000,000	\$ 60,327
			Fire Damage limit (any one fire)	500,000	
			Limited Above Ground Pollution Liability		
			- Each Claim and Policy Aggregate	1,000,000	
			Under/Uninsured motorists	5,000,000	
Garagekeepers Legal Liability (ACV up to...)	5,000,000				

INSURANCE COVERAGE SUMMARY

Fiscal Year 2006-07

[Unaudited]

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
			- Comprehensive deductible (each customer auto/each event)	500/2,500	
			- Collision deductible (each customer auto)	500	
			Policy Deductible	5,000	
			Automobile Physical Damage Deductible	2,500	
Educators Legal Liability (includes, Directors & Officers,			Employment Practices, and Employee Benefits Liability)		
			- Per Wrongful act and aggregate limit	5,000,000	
			- Per wrongful act and aggregate deductible	100,000	

TOTAL ANNUAL PREMIUMS PAID TO DISTRICTS MUTUAL INSURANCE: \$ 342,516

Insurance Coverages Purchased through the WTCS Insurance Trust

Crime	Travelers Casualty and Surety Company	7/1/06 - 6/30/07	Employee Dishonesty	750,000	\$ 4,948
			Forgery or Alteration	750,000	
			Theft, Disappearance, and Destruction	750,000	
			Robbery and Safe Burglary	500,000	
			Computer and Funds Transfer Fraud	750,000	
			Credit, Debit, or Charge Card Forgery	750,000	
			Employee Dishonesty per incidence deductible	15,000	

Foreign Travel Liability	ACE American Insurance Company	7/1/06 - 6/30/07	Foreign general liability - Each occurrence	1,000,000	\$ 2,500
			Products - Completed Operations - Aggregate	1,000,000	
			Personal and Advertising Injury - Aggregate	1,000,000	
			Premises Damage Limit - Each Occurrence	1,000,000	
			Medical Expense Limit - Any one person	10,000	
			Contingent Auto Liability - Combined Single Limit		
			- Each Accident	1,000,000	
			Foreign Hired Auto Physical Damage		
			- Any One Accident	1,000	
			- Any one policy period	10,000	
			Foreign Employee Benefits Liability (\$1,000 Deductible)		
			- Each Claim	1,000,000	
			- Aggregate	1,000,000	
			Foreign Voluntary Workers' Compensation		
			- State of Hire Benefits	Statutory	
			Foreign Employers Liability		
			- Bodily injury by accident, each accident	1,000,000	
			- Bodily injury by disease, each employee	1,000,000	
			- Bodily injury by disease, policy limit	1,000,000	

Business Travel Accident	Arthur J. Gallagher	7/1/06 - 6/30/07	Annual Aggregate	1,000,000	\$ 297
			Benefits for Scheduled Losses	100,000	
			Coverage is Applicable for Business or Pleasure		
			Assistance Services		
			Medical Evacuation		
			Repatriation		

Industrial Aid Aircraft	Arthur J. Gallagher	7/1/06 - 6/30/07	Aviation Occupational Accident	3,000,000	\$ 21,300
			Retention	250,000	

Multimedia Liability	Arthur J. Gallagher	7/1/06 - 6/30/07	Errors and Omissions		\$ 4,372
			Maximum Limit of liability for each claim	5,000,000	
			Retentions each and every claim	10,000	

TOTAL ANNUAL PREMIUMS PAID TO WTCS INSURANCE TRUST: \$ 33,417

Aviation Insurance Coverages Purchased through Wenk Insurance Agency

Aviation Insurance	Wenk Aviation Insurance Agencies	7/1/06 - 6/30/07	Liability Coverage		\$ 48,583
			Single Limit Including Passengers and Property Damage	10,000,000	
			Expenses for Medical Services Each Occurrence	6,000	
			Aircraft Physical Damage Coverages as indicated in policy	1,000,000	
			Hangarkeepers (per occurrence)	250,000	
			Deductible	5,000	
			Products	1,000,000	

TOTAL ANNUAL INSURANCE PREMIUMS PAID: \$ 424,516

CAMPUSES

Elkhorn
Kenosha
Racine

2007-2008 Associate Degree Programs at Gateway Technical College *(current as of date printed)*

Length of Program (full time)

Most programs may be started on any campus.

ASSOCIATE DEGREES

■	Accounting (10-101-1)	2 Years
■	Administrative Assistant (10-106-6)	2 Years
■	Aeronautics – Pilot Training (10-402-1)	2 Years
■	Air Conditioning, Heating, and Refrigeration Technology (10-601-1)	2 Years
■	Automated Manufacturing Systems Technician (10-628-3)	2 Years
■	Automotive Technology (10-602-3)	2 Years
■	Bioscience Technician (10-007-4)	2 Years
■	Civil Engineering Technology (10-607-1)	2 Years
■	* Clinical Laboratory Technician (shared program with MATC) (10-513-1)	2 Years
■	✓ Criminal Justice - Law Enforcement (10-504-1)	2 Years
■	Culinary Arts (10-316-1)	2 Years
■	* Dental Hygiene (shared program with MATC) (10-508-1)	2 Years
■	Early Childhood Education (10-307-1)	2 Years
■	Electrical Engineering Technology (10-662-1)	2 Years
■	Electromechanical Technology (10-620-1)	2 Years
■	Electronic Technician (10-605-1)	2 Years
■	Fire Protection Technician (10-503-2)	2 Years
■	Graphic Communications (10-204-3)	2 Years
■	Health Information Technology (10-530-1)	2 Years
■	Horticulture (10-001-1)	2 Years
■	Hotel/Hospitality Management (10-109-1)	2 Years
■	✓ Human Services Associate (10-520-3)	2 Years
■	+ Individualized Technical Studies (10-825-1)	2 Years
■	Industrial Mechanical Technician (10-462-1)	2 Years
■	✓ Information Technology – Computer Support Specialist (10-154-3)	2 Years
■	Information Technology – E-Business Programming (10-152-9)	2 Years
■	✓ Information Technology – Network Specialist (10-150-2)	2 Years
■	Information Technology – Programmer/Analyst (10-152-1)	2 Years
■	Information Technology – Web Developer/Administrator (10-152-3)	2 Years
■	Instructional Assistant (10-522-2)	2 Years
■	Interior Design (10-304-1)	2 Years
■	Interpreter Technician (10-533-2)	2 Years
■	* Judicial Reporting (shared program with LTC) (10-106-1)	2 Years
■	Marketing (10-104-3)	2 Years
■	Mechanical Design Technology (10-606-1)	2 Years
■	+ Nursing – Associate Degree (ADN/RN) (10-543-1)	2 Years
■	* Occupational Therapy Assistant (shared program with MATC) (10-514-1)	2 Years
■	Paramedic Technician (10-531-1)	2 Years
■	Physical Therapist Assistant (10-524-1)	2 Years
■	Radio Broadcasting (10-701-2)	2 Years
■	Radiography (10-526-1)	2 Years
■	* Respiratory Therapist (shared program with MATC) (10-515-1)	2 Years
■	Supervisory Management (10-196-1)	2 Years
■	+ Surgical Technology (10-512-1)	2 Years
■	Technical Communications (10-699-1)	2 Years

■ All courses taught at this campus
 ✓ First Year courses taught at this campus
 + Special Conditions; Contact Student Services
 * Shared program

Administration Center

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3300
262.564.3301
FAX/262.564.2816 TTY

Burlington Centers

380 McCanna Pkwy.
496 McCanna Pkwy.
Burlington, WI 53105-3622
262.767.5200
262.767.5201
FAX/262.767.5206 TTY

**Center for Advanced
Technology & Innovation**

Renaissance Business Park
2320 Renaissance Blvd.
Sturtevant, WI 53177
262.898.7500
262.898.7501 FAX

**Center for Bioscience
& Information Technology**

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3600
262.564.3601 FAX

Elkhorn Campus

400 County Road H
Elkhorn, WI 53121-2046
262.741.8200
262.741.8201
FAX/262.741.8206 TTY

**Horizon Center for
transportation technology**

4940 - 88th Avenue
Kenosha, WI 53144-7467
262.564.3900
262.564.3901 FAX

Kenosha Campus

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.2200
262.564.2201 FAX
FAX/262.564.2206 TTY

**LakeView Advanced
Technology Center**

9449 - 88th Avenue (Highway H)
Pleasant Prairie, WI 53158-2216
262.564.3400
262.564.3401 FAX

Racine Campus

1001 South Main Street
Racine, WI 53403-1582
262.619.6200
262.619.6201 FAX
262.619.6206 TTY

WGTD-FM/91.1

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3800
262.619.6800
262.564.3801 FAX

Gateway Technical College is the community college serving the student and workforce development needs of Kenosha, Racine, and Walworth counties.



www.gtc.edu