



2016 Comprehensive Annual Financial Report

(With Independent Auditor's Report)
For the Fiscal Years Ended June 30, 2016 and 2015
Serving Southeastern Wisconsin



choose Gateway.



Gateway Technical College





GATEWAY TECHNICAL COLLEGE DISTRICT

Racine/Kenosha/Elkhorn, Wisconsin

Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2016 and 2015
(With Independent Auditors' Report)

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GATEWAY TECHNICAL COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended June 30, 2016 and 2015

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Introductory Section



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December 23, 2016

**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 years ended June 30, 2016 and June 30, 2015 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).

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). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Gateway – Environment

Gateway Technical College District is one of 16 technical colleges in the Wisconsin Technical College System, providing quality workforce training and educational instruction which has been meeting the needs of area students, employers and the communities for more than 100 years.

Gateway's longstanding history has enabled it to become the outstanding institution it is today. In 1911, Gateway became the nation's first publicly funded continuation school (Racine Continuation School). In 1971 the district was established when the Kenosha/Walworth County and Racine County districts merged to form our name predecessor – Gateway Technical Institute. Gateway is a fully accredited two-year technical college that provides cutting-edge career education and technical training in Kenosha, Racine, and Walworth counties.

Over the years, Gateway has remained firm in its commitment to provide a quality education to all students to positively impact their lives, and to also impact the communities in which it serves. Gateway consistently strives to seek innovative ways to institute more flexible methods of education delivery, develop community, and business partnerships as well as incorporate green career initiatives. Gateway continues to distinguish itself as one of the top technical colleges in the nation.

In addition to three full-service campuses in Kenosha, Racine and Elkhorn, Gateway operates a center in Burlington and four advanced technology centers: Lakeview Advanced Technology Center in Pleasant Prairie, the Center for Bioscience and Information Technology in Kenosha, the SC Johnson integrated Manufacturing and Engineering Technology Center in Sturtevant and the Horizon Center for Transportation Technology in Kenosha. Gateway also owns and operates the public radio station WGTD-FM 91.1 at the Kenosha Campus.

Gateway serves more than 24,000 students, mainly from the counties of Kenosha, Racine and Walworth and remains an educational leader that aggressively ensures it delivers graduates who have learned real-world technical skills that get them hired.

The college is led by a board of trustees, administration, staff, and faculty who are committed to excellence and meeting the communities' needs.

Gateway Technical College Governance

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 3.2.1– Three Communities – Two Goals – One Vision

In order to provide more focus to the overall strategic direction of the college, Vision 3.2.1 was updated. The three communities and one vision remain the same. What's new are two overarching goals intended to bring a tighter focus to the plan. Goal 1 is focused on increasing enrollment and Goal 2 is focused on creating a culture of excellence and continual improvement. The objectives of the original plan are unchanged but have been realigned to fit under these two goals.

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

Five key strategic directions will lead Vision 3.2.1:

- Students will experience educational excellence and academic success.
- Gateway will empower students to attain credentials and find employment in their career field.
- Employees will work together in a college culture of innovation and opportunity.
- Gateway will strategically align programs and services with changing industry needs.
- Gateway will be valued as the community's college and a place of opportunity for all.

Significant Accomplishments and Recognitions

In fiscal year 2015-16 Gateway won the American Technical Education Association (ATEA) Innovation Program award for our Boot Camps as well as the National Coalition of Certification Centers (NC3) National Leadership award. In addition, this fiscal year, Gateway received the United States Fab Lab Network (USFLN) Regents Business Partnership Excellence Award. All of these accomplishments were achieved by Gateway's Business and Workforce Solutions team who continue to strive for innovation in educational offerings to our community.

Gateway hosted a coalition of national labor, political and corporate leaders interested in learning about the components of the college's career and technical education success as well as its solid partnerships with area businesses which leads to solid training and graduates entering the workforce quickly. American Federation of Teachers was a key component in bringing the group together, seeking to gather information to drive a national model for career-tech education programs.

Gateway received the 2016 Military Friendly School award for the fifth straight year. This award is given by Victory Media to the top 15 percent of colleges providing quality services and initiatives to embrace America's military service members, veterans, and their spouses to ensure their success as students.

Wisconsin First Lady Tonette Walker and Department of Workforce Development Secretary Reggie Newson recognized Gateway as an Exemplary Employer for its efforts to create inclusive workplaces that include people with disabilities. Specifically, Gateway was recognized for its efforts connected with its Fab Lab housed at the SC Johnson integrated Manufacturing and Engineering Technology Center in Sturtevant.

Gateway Technical College was again named one of the top places to work among large employers in southeastern Wisconsin, according to the Milwaukee Journal-Sentinel's Top 100 Workplaces 2015 list. Gateway ranked 16th in the large company category of businesses with 500 employees or more. This is the sixth year of the survey, and Gateway was named among the top in that category for five of those years, twice in the top 10.

Gateway Technical College's successful boot camp program was featured in a national press conference hosted by the White House as an illustration of how education and business can partner to better connect Americans to in-demand jobs. A Gateway Board of Trustees member and SC Johnson Chairman and CEO, Fisk Johnson, lauded the boot camps and their ability to provide intense, short-term training to unemployed and underemployed workers to give them the skills to successfully enter a solid career.

Economic Condition & Development

Wisconsin's economy is on the rebound. U.S. Bureau of Labor Statistics' unemployment and employment estimates showed Wisconsin's seasonally adjusted June 2016 unemployment rate at 4.2 percent, lower than the national rate of 4.9 percent. The unemployment rate in Kenosha County was 5.2 percent, Racine County 5.5 percent and Walworth County 4.5 percent in June

2016. Those rates compare to June 2015 numbers of 5.4 percent in Kenosha County, 5.9 percent in Racine County, and 5.0 percent in Walworth County.

As illustrated by the recent unemployment rates, the economy continues to gradually improve in the Gateway District as new business development moves into the area. Our area workforce, location, educational opportunities and infrastructure combined with our region's strong manufacturing base attract new companies. Through its ability to provide flexible and solid training, Gateway continues to be recognized as one of the reasons in which companies are drawn to the community and the district strives to quickly build strong partnerships with these new businesses.

Through its responsiveness to business needs as well as providing well-trained graduates ready to enter the workforce, Gateway Technical College has remained a generator for the area's economic engine. The college continues to make its mark to benefit area companies in expansion growth as well, kick starting new ways to bolster the economy through programs and education that has been recognized locally and statewide, as well as nationally.

The improving economy does, however, continue to present challenges to enrollment at Gateway. As the economy improves, enrollments tend to decline as potential students are choosing to enter the workforce rather than spending time and effort toward a degree or skills to gain them a job. Gateway's response to this challenge is to partner with new and existing businesses to provide the training to develop successful employees. As communicated by President Albrecht, Gateway's focus is "to partner with employers to dissect the jobs of today and implant the skills of the future to feed the engine of growth for business and workers."

Additional challenges that Gateway faced in recent as well as the current fiscal year, and will continue to face in coming fiscal years, is the increase in performance funding. This increase to 30 percent in FY 2017 with other potential changes in the future along with the rising cost of operational expenses, employee benefits and facility maintenance are obstacles that the district will face in the future.

In addressing these challenges, Gateway leaders have:

- Identified efficiency strategies that will allow for expansion in several areas including new programs, support services and updated facilities.
- Established and funded a task force that is dedicated to working on our enrollment challenge with the assistance of an outside firm to review our services and enrollment strategies in the next fiscal year.
- Identified partnerships to assist in creating energy savings over the next few years.
- Identified opportunities to grow our college including increased business training, international student recruitment, high school articulation, dual enrollment programming and customized delivery.

In addition, in February 2016, Gateway introduced the Gateway Promise scholarship program which will focus on helping those who desire to receive an education in the district do so tuition-free but, will also impact enrollment.

Gateway understands that our strength is in our shared goal of commitment to our students, community and staff and will rise to the challenges while continuing to contribute to our community's development.

Major Initiatives and Accomplishments

The commitment to excellence and innovation is guided by Vision 3.2.1, established under the leadership of Gateway President and CEO, Dr. Bryan D. Albrecht. Vision 3.2.1 is the new strategic direction that will guide Gateway Technical College faculty, staff, and administration through 2018. Following is a representative list of some of the major initiatives and accomplishments for the 2015-16 year.

Leadership of a Model College

In fiscal year 2015-16, Gateway demonstrated its leadership in the community and on a national level in a variety of ways to include the following:

- Gateway President and CEO, Dr. Bryan D. Albrecht, was named as the 2015 Entrepreneurial President by The National Association for Community College Entrepreneurship (NACCE). This award recognizes a college president nationally that has an “entrepreneurial mindset in building an entrepreneurial spirit throughout internal and external campus communities”
- The White House honored Gateway as one of the more than 230 Bright Spots in Hispanic Education for its commitment to improving the educational attainment of Hispanics.
- Gateway held an educational summit as part of its 22nd Annual Dr. Martin Luther King Jr. Celebration in January 2016, focused on literacy. The summit included leaders from across the Gateway Technical College District of Racine, Kenosha and Walworth counties. They addressed the current state of literacy in the region and key needs of area programs, highlighted successes, outlined best practices and discussed barriers and how to work together to improve the success of literacy programs throughout the district.
- The Commerce Department’s National Institute of Standards and Technology (NIST) named Gateway’s Quality Systems Manager to the Board of Examiners for the 2015 Malcom Baldrige National Quality award. The examiners are responsible for reviewing and evaluating applications submitted for the Baldrige award, which is the highest honor for organizational innovation and performance excellence.
- Another national group selected Gateway as a host site for professional development in the area of innovation and technical education. In October 2015, Gateway hosted the American Technical Education Association’s Region 3 Conference at the SC Johnson integrated Manufacturing and Engineering Technology Center. The conference, “Gateway to Innovation,” drew instructors from the Midwest and featured workshops on technical education, innovation and entrepreneurship on topics such as robotics, Fab Labs, telecom technology, opening technical-focused businesses and partnerships between colleges and high schools, among others.
- The Wisconsin Broadcasters Association recognized WGTD Radio Theater with two awards at its May 7th convention; the top award for Best Specialty Programming in Medium Market Radio and third place for Best Significant Community Impact in Medium Market Radio.
- In December 2015, Gateway’s Allied Health/Veterinary Sciences dean, was appointed to the Commission on Accreditation of Allied Health Education Programs (CAAHEP) as the national representative for Vocational Technical Education.

Service Learning – Serving the Community

Gateway faculty, staff and students understand that we are stronger as a community and nation when we help and support each other. That knowledge was demonstrated through participation in many service learning projects in the 2015-16 fiscal year. A few examples of Gateway’s service learning projects this year include the following:

- Students and staff in the new Animal Biology class on the Elkhorn Campus participated in a project in conjunction with Valley of the Kings (VOTK), a large cat sanctuary dedicated to providing homes for retired circus animals or exotics that were illegally kept as pets. Students designed an "enrichment" item to give to their assigned animal species. They then visited VOTK, gave the animal the enrichment item, and observed the behavior of the animal before, during, and after the enrichment item was given.
- Four Horticulture students and one faculty member traveled to Orange Walk, Belize. Students mentored 12 'Gateway Interns' from the Belize High School of Agriculture. Horticulture students and interns then taught lessons on parts of a seed, seed germination, seed planting and seed scheduling at Trinidad Primary School with plenty of time to prepare and plant the school garden.
- Cosmetology and barbering students along with an instructor, attended the Veterans of America Stand Down day at the Kenosha Job Center and provided 19 free haircuts.
- The HOSA student club hosted the Blood Center of Wisconsin preholiday blood drive on the Elkhorn campus.
- Several student clubs and human service class groups sponsored clothing drives for area charities.
- Members of Gateway's Association for Information Technology Professionals student chapter held free and donation-only public computer clinics. The clinics are very popular with the public and have served many who may have otherwise been unable to pay for computer problems to be resolved.
- Gateway Information Technology students and Peace Learning Circles held a series of free workshops in March and April designed to provide assistance and education in today's technology such as tablets, smartphones and other devices to the elderly population.

Community Partnerships

Gateway believes that community partnerships serve to strengthen both the quality of education we provide to our students and the value that the college adds to our communities.

Business and community partners provide industry insight which help Gateway tailor programs to meet real-world career needs, become a forum for best practices to better help students succeed and to provide ways for them to continue their education. In addition, partnering with local high schools provides students with dual-credit opportunities and prepares them to be career and college ready.

- In November 2015 Gateway signed two transfer agreements with George Williams College of Aurora University giving students in Nursing and Human Services expanded educational and career opportunities. The dual admission agreements will allow students to take classes at both institutions simultaneously, helping them to obtain their degrees more quickly.
- In 2016, Gateway partnered with Reader Precision Machining and Manufacturing Center to offer a state-of-the-art manufacturing education to students which will lead to solid, family-sustaining careers.

Green Initiatives

Gateway strives to be sustainable and "green" in its practices where practical, and has received local and national accolades for its leadership in this area. Its students engage in these practices, in the communities served by the college, through hands-on projects, while the college offers demonstrations and other opportunities for the public to learn how to live "greener." The college itself tries to operate sustainably and infuse these practices into program curriculum.

- Gateway was excited to partner with Greening Greater Racine to produce and promote EcoFest Racine on the Racine campus this fiscal year. This was a community celebration designed to share information and encourage participation in activities that help us live our lives in a more environmentally friendly way.
- Gateway Technical College once again held its Celebrate Earth Day on its Kenosha Campus and Elkhorn Campus, featuring fun, hands-on activities for those of all ages to learn how to be stewards of the environment. The event features many earth-friendly activities, informational booths, workshops and children's crafts across the campus, which has drawn thousands to the event.
- In November 2015, Gateway Technical College President and CEO, Dr. Bryan D. Albrecht, signed on to the American Campus Act on Climate Pledge to demonstrate the college's support for strong climate action by world leaders. A total of 218 colleges and universities representing 3.3 million students from 40 states are committed to taking action on climate by signing the national pledge and detailing how they would work to meet the pledge on their own campuses.
- In an effort to provide more opportunities for the public to learn about the environment and Gateway's sustainable efforts, the college produced "green" walking tours for its Racine, Elkhorn and Kenosha campuses. The walking tours point out best sustainable practices employed by the college, as well as some of its green equipment and efforts such as solar panels, prairie grassland restoration and animal habitat.

Facilities

Quality facilities and equipment help to provide the Gateway Experience in which students and the community engage. Fiscal year 2015-16 projects added resources and training opportunities to help students in their academic and career endeavors.

- Gateway Technical College's opened its new Reader Precision Machining and Manufacturing (RPM) Center on its Elkhorn Campus in April 2016, offering state-of-the-art manufacturing education which leads to solid, family-sustaining careers. The center consists of 3,000 square feet of remodeled space already existing on the Elkhorn Campus, with 3,200 square feet of added space.
- In the fall of 2015, construction was completed on the new Veterinary Sciences building on the Elkhorn campus which houses Gateway's new Veterinary Sciences program.
- In 2016, Gateway began offering walk-in health clinic services to its employees, free of charge to those enrolled in Gateway's health plan. Sites for these clinics are designated on each of the main campus locations.
- Work on the new Kenosha shooting range and Police Academy began this fiscal year with completion set for late 2016.

Student Success

Gateway provides students the opportunity to succeed in their future careers through innovative programs and state-of-the art instruction, and by continually improving its ancillary services and encouraging participation in activities outside the classroom that will enhance the student's education and career goals. Gateway is committed to being a catalyst to student success

- The Student Finance Specialist and Financial Aid team partnered with United Way to offer our SALT / VITA / FAFSA completion workshops. These workshops provided over 50 students the opportunity to complete a SALT Financial Literacy lesson on personal tax information, receive free tax preparation in partner with VITA (a volunteer tax preparation service), and complete their FAFSA accurately and early. This is a huge benefit to our students to complete their FAFSA early and know their financial aid eligibility.
- Fiat Chrysler Automobiles (FCA LLC), at Gateway's Horizon Center for Transportation Technology in Kenosha, announced a new automotive technician program which will

provide students with the training to be certified as Mopar Level 1 technicians. Gateway is the first college to engage in the training which will be embedded in its two-year Automotive Technician associate degree program. Gateway Technical College students will gain access to this first-in-the-nation certification training for Fiat Chrysler Automobiles, giving them the skills and industry credentials to better secure their career future in the automotive industry.

- In February 2016 Gateway announced its Gateway Promise program, a scholarship initiative which enables access, success and completion of a college degree. The program is designed to help ensure all qualifying students seeking an education in the college's district will be able to do so tuition-free. During the fiscal year, Gateway has received more than \$1.5 million in support of this initiative and the class of 2017 will be the first class eligible to qualify for Promise funds.
- Gateway floral design students and members of Gateway's Student chapter of American Institute of Floral Designers composed a masterpiece design which was on display at the Milwaukee Art Museum in March.
- The Gateway Foundation continues to provide crucial support that enables students to reach their educational goals and ultimately impact their lives, the lives of their families as well as the community. This fiscal year the Gateway Foundation received more than \$1.6 million in gifts from individuals including faculty, staff and alumni, corporations, service clubs and foundations to support this mission.
- Several Gateway Collegiate DECA students captured first-place, second-place and third-place honors at the 54th Wisconsin Collegiate DECA annual Spring Competitive Events Conference held March in Madison. Those students went on to compete at the international competition in Washington D.C., where they captured one third-place and several top 10 honors, as well.
- Gateway recognized 840 prospective candidates for graduation from all semesters of the fiscal year during the May commencement ceremony featuring keynote speaker Jim Hawkins, CEO and owner of Kenall Manufacturing.

Technology Initiatives

Gateway's information technology team continues to research alternative technologies in support of learning objectives. As a technical college, Gateway realizes the importance of offering skills training through the most up-to-date technology, as well as providing technology to its staff to better meet the needs of students, the community, and business partners. Some of the advancements in technology initiatives in fiscal year 2015-16 are as follows:

- Gateway continues to add apps within the Blackboard mobile application. As of fiscal 16, a total of 19 apps have been deployed within this tool for students use.
- Gateway deployed a new Self Service module for student planning that will greatly benefit students with more efficient and user friendly services.

Special Funding/Grants

Several grants and special funding received by Gateway this year include the following:

- Gateway was one of nearly two dozen community organizations, colleges and universities to receive a portion of a \$3.4 million grant from Aurora Health Care to support the development and expansion of community-based sexual assault and domestic violence prevention and treatment programs. Gateway was among four Kenosha County organizations that received a share of \$407,750 to help create and provide a consistent, cohesive approach to sexual violence awareness and victim services.
- In April 2016 Gateway was named one of nine colleges to receive a grant from the Goldman Sachs Gives Community College Fund. The \$100,000 award to the Gateway Technical College Foundation Inc. is part of an overall \$1 million donation from Goldman

Sachs Gives, a donor-advised fund, and will be matched by donors in each of the nine communities.

- In May 2016 Gateway was named the recipient of a \$14,000 grant to host the National Endowment for the Arts Big Read Project in Kenosha County, Racine County and Walworth County between September 2016 and June 2017.
- Wisconsin Economic Development Corporation awarded Gateway a \$50,000 grant to support its Launch Box Growth Accelerator program which assists 10 area entrepreneurial teams to help them start or grow their business.
- Gateway began a program in July 2015 to provide military veterans with even more credit toward earning a health care degree for their work and training while in the service. Through federal grant funding, the college began offering military skills assessment opportunities for those who have military occupation specialties in the related fields of dental assisting, surgical technology, physical therapist technician, corpsman or medic. The ACT for Healthcare is a program developed to bridge veterans with military healthcare training to healthcare programs, potentially saving them time and money in pursuing a healthcare career.
- Gateway received a federal grant to continue its TRiO Student Support Services program, an effort that assists colleges offering programming to low-income and students with disabilities and those who are the first in their families to attend college. The U.S. Department of Education, funded through the TRiO Student Support Services grant, awarded Gateway 100 percent of project funding in an annual amount of \$220,000, or \$1.1 million in total for the five-year grant period. The grant will help Gateway to implement student support services for students with disabilities to increase the retention, graduation and transfer rates of those students displaying the need for academic support.

New Programs/Academic Initiatives

Gateway strives to be flexible in its course and service delivery to help students achieve their goals. The 2015-16 year certainly exemplified flexibility with the addition of new offerings as well as the continued positive impact of established programs.

- Gateway began offering courses which will provide training for gas utility construction, a very in-demand career field in Wisconsin and across the nation. Students can begin their educational pathway to the career with several new courses open for enrollment now. Area employers indicate more than 500 job openings in this field in the next three years caused by newly created jobs, retirement or resignations. Wages start at about \$50,000 annually.
- Gateway's new Veterinary Sciences program began this fiscal year. This program includes a Veterinary Assistant technical diploma and a Veterinary Technician associate degree program. Gateway is the second college in the Wisconsin Technical College system to offer this program.
- The Higher Learning Commission has also approved Gateway's request to offer a technical diploma for Firefighter Technicians which will begin in fall 2016.

Management Systems and Controls

Gateway's 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 auditors' 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, 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.

Gateway's site-based management model requires each department to be responsible for the development and management of its budget. Starting in December and ending in May, the departments prepare, present and modify budget plans for the coming year. The budget is consolidated and reviewed by the Business Office and the Executive Leadership Council. In May, the District Board of Trustees reviews the preliminary budget and refers it to public hearing. Following the hearing, the Board considers the public input when adopting the budget at the May board meeting. Revenue and expenditure forecasts, as well as actual results versus budget, are presented to the District Board monthly and 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.

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 Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for Gateway's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

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 GFOA for their review.

Acknowledgment

The preparation of this report was accomplished by the Finance Department with the cooperative efforts of the Marketing and Communications department, Human Resources, Institutional Effectiveness, and with the professional services of Schenck SC. We convey our appreciation to the Gateway Board of Trustees for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bryan Albrecht". The signature is fluid and cursive, with the first name "Bryan" written in a larger, more prominent script than the last name "Albrecht".

Bryan D. Albrecht, Ed.D.
President & Chief Executive Officer

A handwritten signature in black ink, appearing to read "William Whyte". The signature is fluid and cursive, with the first name "William" written in a larger, more prominent script than the last name "Whyte".

William Whyte
Sr. Vice President of Operations

GATEWAY TECHNICAL COLLEGE

DISTRICT BOARD AND PRINCIPAL OFFICIALS

As of June 30, 2016

District Board

Chairperson	Gary Olsen	Employer Member
Vice Chairperson	William Duncan	Additional Member
Secretary	Susan Greenfield	Employee Member
Treasurer	Ronald J. Frederick	Additional Member
Member	Ram Bhatia	Additional Member
Member	Bethany Ormseth	Employer Member
Member	R. Scott Pierce	School District Administrator
Member	Roger Zacharias	Employee Member
Member	Pamela Zenner-Richards	Elected Official

Principal Officials

President / Chief Executive Officer	Bryan D. Albrecht, Ed.D.
Executive Vice President / Provost for Academic & Campus Affairs	Zina R. Haywood
Associate Provost/Vice President Institutional Effectiveness & Student Success	John Thibodeau, Ph.D.
Vice President Community and Government Relations	Stephanie L. Sklba
Sr. Vice President of Operations	William R. Whyte
Vice President Learning Innovation / Chief Information Officer	Jeffrey D. Robshaw
Vice President Business & Workforce Solutions	Deborah J. Davidson



Gateway Technical College District Board of Trustees

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.

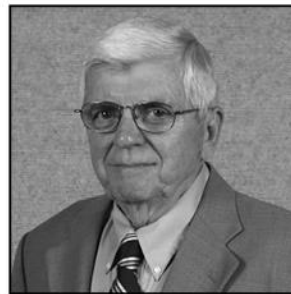
The Gateway Board monthly meetings are open to the public. Information on their meetings can be found at www.gtc.edu/board.



Ram Bhatia
Racine County



William Duncan
Walworth County



Ronald J. Frederick
Kenosha County



Susan Greenfield
Racine County



Gary Olsen
Walworth County



Bethany Ormseth
Kenosha County



R. Scott Pierce
Kenosha County

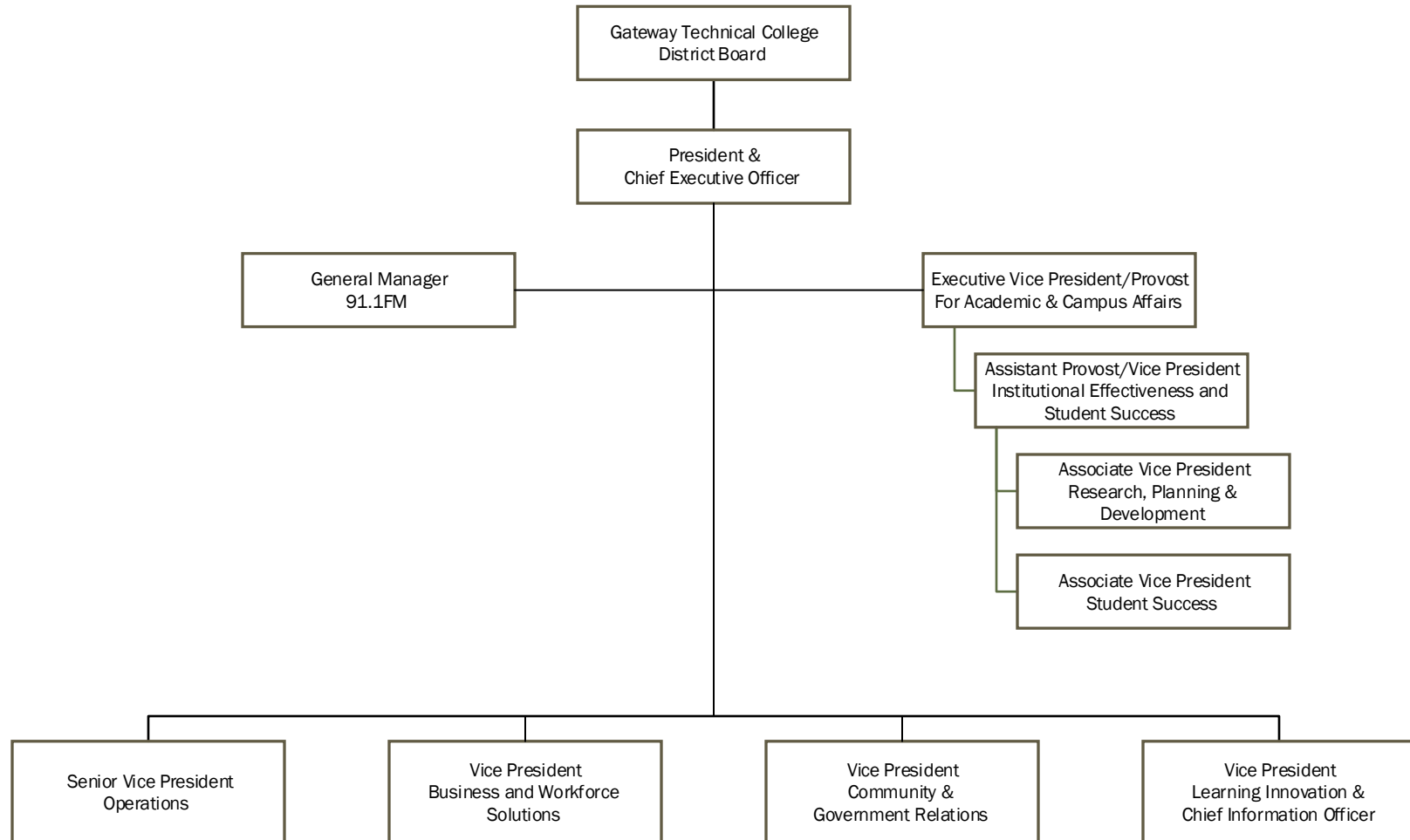


Roger Zacharias
Kenosha County



Pamela Zenner-Richards
Racine County

Gateway Technical College Organizational Chart As of June 30, 2016





Government Finance Officers Association

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

Presented to

**Gateway Technical College
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

To the District Board
Gateway Technical College District
Kenosha, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Gateway Technical College District, ("the District"), as of and for the year ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, Gateway Technical College Foundation, Inc. (the Foundation). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Gateway Technical College Foundation, Inc., a discretely presented component unit of the District, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 31 and the schedules relating to pensions and other post-employment benefits on pages 77 and 78 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplementary information and the other information, such as the introductory and statistical section, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Schenck SC

Certified Public Accountants
Sheboygan, Wisconsin
December 28, 2016

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, 2016.

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.

Statements of Net Position

The Statement of Net Position includes all assets, deferred outflows/inflows of resources, and liabilities. 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 Position.

Stated in Thousands (\$000)					
	<u>2016</u>	<u>2015</u>	<u>Incr (Decr) 2016-2015</u>	<u>2014</u>	<u>Incr (Decr) 2015-2014</u>
<u>Assets</u>					
Cash and other current assets	\$ 50,496	\$ 45,020	\$ 5,476	\$ 46,548	\$ (1,528)
Capital assets, net of accumulated depreciation	<u>76,804</u>	<u>83,122</u>	<u>(6,318)</u>	<u>66,044</u>	<u>17,078</u>
Total Assets	<u>127,300</u>	<u>128,142</u>	<u>(842)</u>	<u>112,592</u>	<u>15,550</u>
<u>Deferred Outflows</u>					
Deferred outflows related to pension	<u>27,992</u>	<u>6,669</u>	<u>21,323</u>	<u>-</u>	<u>6,669</u>
<u>Liabilities</u>					
Current	17,268	16,086	1,182	14,710	1,376
Non-Current	<u>57,783</u>	<u>49,568</u>	<u>8,215</u>	<u>44,866</u>	<u>4,702</u>
Total Liabilities	<u>75,051</u>	<u>65,654</u>	<u>9,397</u>	<u>59,576</u>	<u>6,078</u>
<u>Deferred Inflows</u>					
Deferred inflows related to pension	<u>11,260</u>	<u>49</u>	<u>11,211</u>	<u>-</u>	<u>49</u>
<u>Net Position</u>					
Net investment in capital assets	29,405	28,044	1,361	22,835	5,209
Restricted	1,871	10,228	(8,357)	2,345	7,883
Unrestricted	<u>37,705</u>	<u>30,836</u>	<u>6,869</u>	<u>27,836</u>	<u>3,000</u>
Total Net Position	<u>\$ 68,981</u>	<u>\$ 69,108</u>	<u>\$ (127)</u>	<u>\$ 53,016</u>	<u>\$ 16,092</u>

Total assets decreased \$.8 million or .7% in FY 2016 and increased \$15.5 million or 13.8% in FY 2015. Total liabilities increased by \$9.4 million or 14.3% in FY 2016 as compared to an increase of \$6.1 million or 10.2% in FY 2015. Overall, the total net position decreased by \$.1 million or .2% in FY 2016 while FY 2015 experienced a \$16.1 million or 30.4% increase for the fiscal year.

Fiscal Year 2016 Compared to Fiscal Year 2015

- In FY 15/16 cash and cash equivalents experienced an increase of 3.0 million or 9.3% as compared to an \$8.2 million or a 33.5% increase in FY14/15. Cash received from tuition and fees increased by 30.3% or \$2.5 million due to decreased scholarship allowances to offset tuition and fees revenue and federal and state grant receipts decreased by (\$4.2 million) or 11.5% due to less aid received because of decreased enrollment.
- Other current assets increased by \$2.4 million or 19.9% due mainly to an increase in federal and state aid receivables at year end.

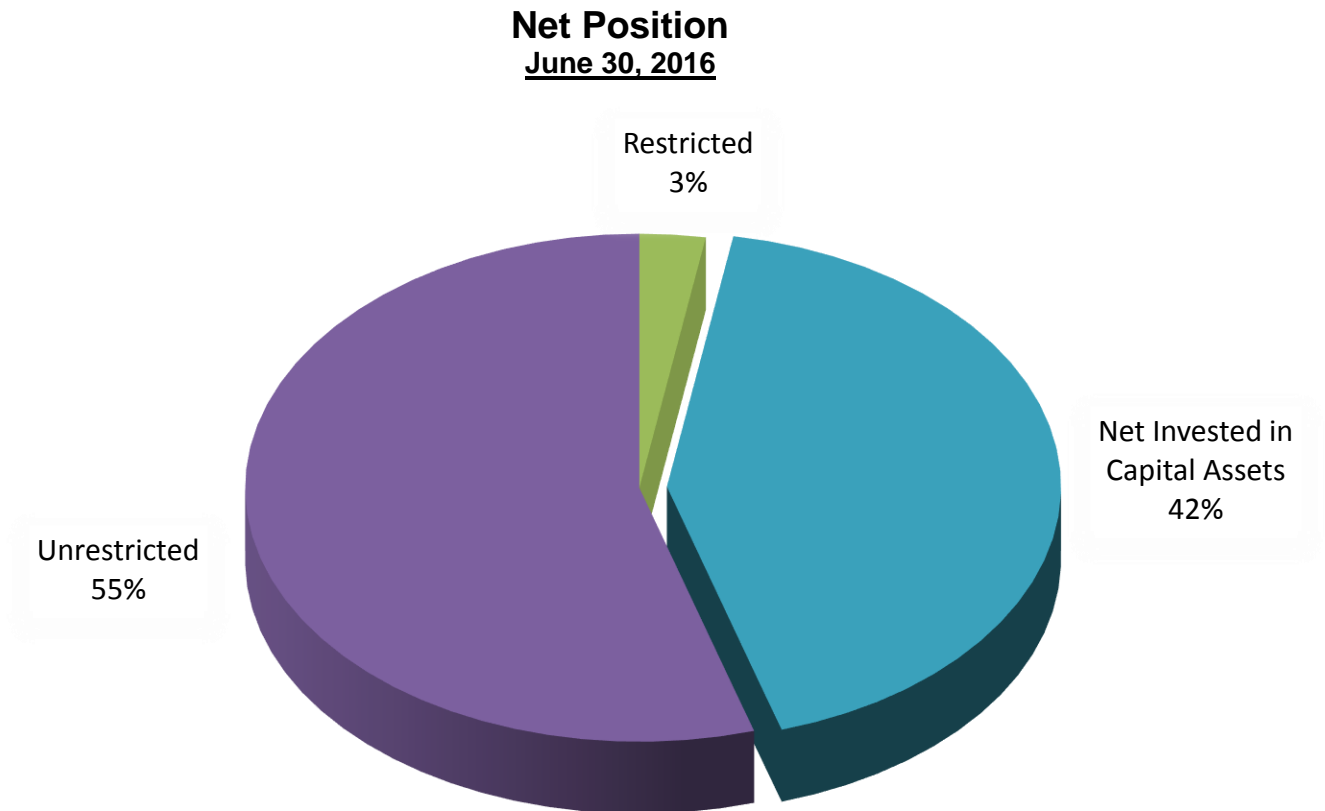
- Capital assets, net of accumulated depreciation, decreased by \$6.3 million or 7.6%. Besides net capital equipment and net intangible asset additions of approximately \$.7 million, there were various remodeling/constructions projects at all campuses.
- Deferred outflows relate to the Wisconsin Retirement System and increased \$21.3 million in FY 2016 as compared to \$6.7 million in FY 2015. The District implemented GASB Statement Nos. 68 and 71 during FY 2015. (Additional information can be found in footnote # 6 in the notes to the financial statements).
- Overall current liabilities increased 7.3% in FY 2016 compared to an increase of 9.4% in FY 2015. The increase in FY 16 is due mainly to an increase in accrued liabilities because of a year-end payroll accrual.
- Deferred inflows related to the Wisconsin Retirement system allocation of pension liability increased by \$11.2 million in 2016 (Additional information can be found in footnote # 6 in the notes to the financial statements).
- Long-term liabilities increased 16.6% or \$8.2 million as compared to FY 2015 increase of 10.5% or \$4.7 million. General obligation debt increased by approximately \$2.7 million in FY 2016, while the long-term liability for other post-employment benefits (OPEB) increased by \$226,143 or 7.6%. Additional information can be found in footnote #7 in the notes to the financial statements.

Fiscal Year 2015 Compared to Fiscal Year 2014

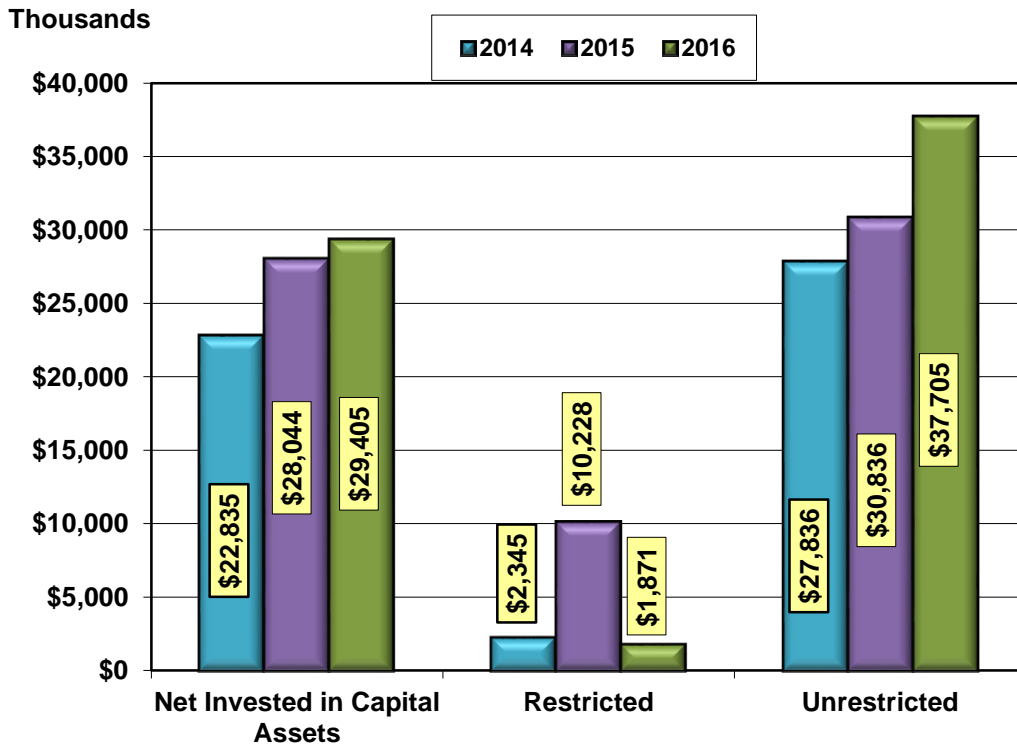
- Again in FY 14/15 cash and cash equivalents experienced a large increase of \$8.2 million or 33.5% as compared to a \$4.3 million or a 21.4% increase in FY13/14. Cash received from tuition and fees decreased by 9.6% or (\$.9 million) and federal and state receipts decreased by (\$3.0 million) or 7.6%.
- Other current assets decreased by (\$9.8 million) or 44.6% mainly due to a decrease in property tax receivables resulting from the change in the Property Tax Relief Act.
- Capital assets, net of accumulated depreciation, increased by \$17.1 million or 25.9%. Besides net capital equipment and net intangible asset additions of approximately \$.7 million, there were various remodeling/constructions projects at all campuses. Major projects in Elkhorn include: South Building expansion, Conference Center and Office renovation, and HVAC updates. On the Kenosha campus, major projects include remodeling the Student Support expansion, Student Services, Learning Success Center and a new roof on the Academic building. Projects in Racine include roof replacements on the Lake and Racine buildings.
- Overall current liabilities increased 9.4% in FY 2015 compared to an increase of 7.4% in FY 2014. General accounts payable was up by 30.2% or (\$.8 million), while unearned revenue decreased 9.0% or (\$.2 million). The current portion of general obligation debt increased by \$.6 million or 8.1%. Deferred outflows relate to the Wisconsin Retirement System and increased \$6.7 million. The FY 2014 balance was \$0 as the District implemented GASB Statement Nos. 68 and 71 during FY 2015.
- Long-term liabilities increased 10.5% or \$4.7 million as compared to FY 2014 increase of 8.3% or \$3.4 million. General obligation debt increased by approximately \$4.6 million in FY 2015, while the long-term liability for other post-employment benefits

(OPEB) increased by \$168,216 or 6.0%. Additional information can be found in footnote #7 in the notes to the financial statements.

- Total net position increased in FY 2015 by \$16.1 million, as compared to an increase of \$3.2 million in FY 2014. For FY 2015 there is an increase of \$5.2 million net investment in capital assets, a \$7.9 million increase in restricted assets, and a \$3.0 million increase in unrestricted assets. The increase in FY 2015 reflects the addition of the District's pension asset as required by GASB 68.



Comparative Net Position Fiscal Years 2014, 2015 and 2016



Statements of Revenues, Expenses and Changes in Net Position

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

Stated in Thousands (\$000)

	<u>2016</u>	<u>2015</u>	<u>Incr (Decr) 2016-2015</u>	<u>2014</u>	<u>Incr (Decr) 2015-2014</u>
<u>Operating Revenues</u>					
Student fees	\$ 10,893	\$ 8,359	\$ 2,534	\$ 9,242	\$ (883)
Federal & state grants	32,704	36,936	(4,232)	39,928	(2,992)
Local Grants	100	102	-	-	
Contract revenues	3,169	2,648	521	2,149	499
Auxiliary & miscellaneous revenues	<u>1,615</u>	<u>1,692</u>	<u>(77)</u>	<u>1,701</u>	<u>(9)</u>
Total Operating Revenues	<u>48,481</u>	<u>49,737</u>	<u>(1,254)</u>	<u>53,020</u>	<u>(3,385)</u>
<u>Operating Expenses</u>					
Instruction	57,309	55,475	1,834	55,803	(328)
Instructional resources	1,291	1,254	37	1,181	73
Student services	14,134	13,333	801	11,529	1,804
General institutional	9,925	8,767	1,158	8,385	382
Physical plant	7,737	7,887	(150)	7,510	377
Student aid	19,037	20,998	(1,961)	24,334	(3,336)
Public services	334	374	(40)	358	16
Auxiliary services	483	509	(26)	440	69
Depreciation	<u>6,803</u>	<u>5,976</u>	<u>827</u>	<u>4,997</u>	<u>979</u>
Total Operating Expenses	<u>117,053</u>	<u>114,573</u>	<u>2,480</u>	<u>114,537</u>	<u>36</u>
<u>Non-operating Revenues (Expenses)</u>					
Property taxes	30,423	28,771	1,652	60,150	(31,379)
State appropriations	38,923	38,467	456	5,500	32,967
Loss on disposal of capital assets	(116)	(61)	(55)	35	(96)
Investment income	61	47	14	41	6
Interest expense & debt issuance costs	<u>(1,570)</u>	<u>(1,557)</u>	<u>(13)</u>	<u>(1,449)</u>	<u>(108)</u>
Total Non-operating Revenues (Expenses)	<u>67,721</u>	<u>65,667</u>	<u>2,054</u>	<u>64,277</u>	<u>1,390</u>
<u>Capital Contributions</u>					
Federal & state capital grants	472	184	288	298	(114)
Other capital grants/donations	<u>252</u>	<u>516</u>	<u>(264)</u>	<u>186</u>	<u>330</u>
Total Capital Contributions	<u>724</u>	<u>700</u>	<u>24</u>	<u>484</u>	<u>216</u>
Net increase (decrease) in net position	(127)	1,531	(1,656)	3,244	(1,815)
Net Position - beginning of year	69,108	67,577		49,772	
Net Position - end of year	<u>\$ 68,981</u>	<u>\$ 69,108</u>		<u>\$ 53,016</u>	

OPERATING REVENUES include the charges for services offered by the District and other federal and state operating grants. During FY 2016 the District generated \$48.4 million of operating revenue which is a 2.5% decrease or (\$1.3 million) over FY 2015. Significant changes for the fiscal years are as follows:

Fiscal Year 2016 Compared to Fiscal Year 2015

- Student tuition and fees revenue increased by \$2.5 million or 30.2% primarily because less scholarship allowances were received in FY 2016 which reduce the net tuition and program fee revenue reflected. FTE's were 4,784 in FY 2016 as compared to 4,919 in FY 2015. This is the fifth consecutive year the college has experienced a decrease in FTE after the significant increases seen in fiscal years 2009 through 2011.
- Federal grants decreased by 13.7% or (\$4.5 million) in FY 2016 compared to a decrease of 10.8% or (\$3.9 million) in FY 2015. The decrease is due to the reduction of federal loans and Pell grants received in FY 2016 versus FY 2015.
- State grants increased slightly by 5.8% or .3 million due to an increase of funds received for special revenue project grants.
- Contract revenue increased 19.7% or .5 million for FY 2016.

Fiscal Year 2015 Compared to Fiscal Year 2014

- Student tuition and fees dropped by approximately (\$883,115) or 9.6%. FTE's were 4,919 in FY 2015 as compared to 5,419 in FY 2014. This is the fourth consecutive year the college has experienced a decrease in FTE after the significant increases seen in fiscal years 2009 through 2011.
- Federal grants decreased by 10.8% or (\$3.9 million) in FY 2015 compared to a decrease of 14.7% or (\$6.3 million) in FY 2014. The decrease is due to the reduction of federal loans and Pell grants received in FY 2015 versus FY 2014.
- State grants increased by \$956,909 or 29.2% due to an increase of funds received for special revenue project grants.
- Contract revenue increased \$499,062 or 23.2% for FY 2015.

OPERATING EXPENSES are costs incurred for providing education, training and related services. Overall operating expenses increased 2.2% or (2.5 million) in FY 2016 as compared to remaining flat in FY 2015. Changes within operating expenses for the fiscal years are as follows:

Fiscal Year 2016 Compared to Fiscal Year 2015

- Student aid expenditures dropped (\$1.9 million) or 9.4%. The significant reduction is due to a combination of factors; student FTE dropped by 2.7% and as a result less students' applied for loans and Pell grants.
- Pension expense increased by \$3.3 million in FY 2016, significantly up from a .2 decrease in FY 2015.
- General institutional expense increased by \$.9 million due mainly to an increase in administrative and technical employee salary expenses.

Fiscal Year 2015 Compared to Fiscal Year 2014

- Student aid expenditures dropped (\$3.3 million) or 13.7%. The significant reduction is due to a combination of factors; student FTE dropped by 9.2% and as a result less students' applied for loans and Pell grants.
- Student Services expenses increased 15.7% or \$1.8 million due to restructuring of additional support for student services.
- Instructional expenses decreased by (\$328,705) due to savings in instructor's salaries and related benefits. As enrollment declines the use of adjunct instruction in place of full-time instructors allows for cost savings in benefits, while still meeting the needs of our students.
- General institutional increased by approximately \$382,000 mainly due to an increase in administrative and technical employee salary expenses. Vacant positions were filled and an Office of Quality Systems was fully staffed in FY 2014.
- Physical Plant expenses increased by \$377,000 due mainly to increased repairs expenses.
- Depreciation expense increased \$979,000 or 20.0% as compared to a FY 2014 increase of \$453,000 or 10.0%.

NON-OPERATING REVENUES represent funds that are obtained to support operations, but are not directly related to operating activity. Wisconsin legislation subsidizes the operating expenses of the sixteen technical colleges by authorizing an allocation of state revenue and giving the colleges the authority to levy property taxes in the municipalities they serve. Overall, non-operating revenues, net of interest expense, increased by \$2.0 million or 3.1% in FY 2016 compared to a \$1.4 million increase or 2.2% in FY 2015. The significant components of the fiscal years are as follows:

- Property taxes are a primary source of revenue for the District comprising 25.7% of our revenue source in FY 2016. Overall property tax revenues for the year were \$30.4 million, an increase of \$1.7 million or 5.7% more than recognized in FY 2015.

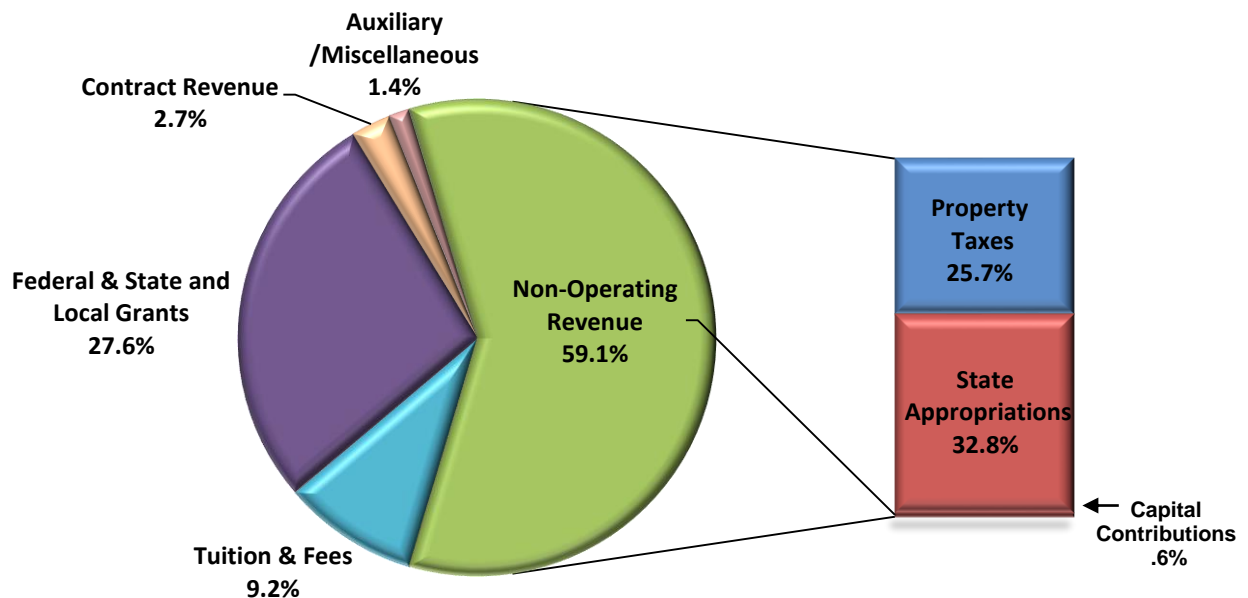
The 2013 Wisconsin Act 20, among other things, eliminated the mill rate limitation that had been in place for technical districts in previous fiscal years and in its place introduced a tax levy limitation (the "Tax Levy Limit"). 2013 Wisconsin Act 145 signed into law March 24, 2014 replaces the tax levy limit with a revenue limit beginning in fiscal 2015. Act 145 also shifts a portion of funding for technical college districts in the state from property taxes levied to a state aid payment. This shift in revenues has been in place for the past two fiscal years. In FY 2016 there was a slight increase in the District's tax levy to \$30.4 million, up from \$28.8 million in FY2015. State appropriations increased only \$.4 million or 1.2% compared to a \$33 million or 600% increase in FY2015. The amount of state aids received is based on a complicated formula that takes into consideration activities of the other fifteen technical colleges in Wisconsin, including actual expenditures, student FTE's, and equalized property valuations of each district.

NON-OPERATING EXPENSES consist of interest expense and debt issuance costs on long-term debt. Effective with FY 2013 the District implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. As a result of this regulation, debt issuance costs are now recognized as an expense in the year they are incurred. Previously these costs were deferred and amortized over the life of the debt. Due to this implementation, FY 2015 reflected a decrease of approximately \$108,000 or 7.4% for the expense, while FY 2016 reflects an increase of approximately \$12,600. As deferred bond premium is recognized, it is used to reduce debt issuance expenses.

CAPITAL CONTRIBUTION REVENUE is revenue due to donations of cash or capital equipment and grant funds to be used exclusively for the purchase of capital assets. Overall contribution revenues remained flat in FY 2016 as compared to a \$.2 million increase in FY 2015.

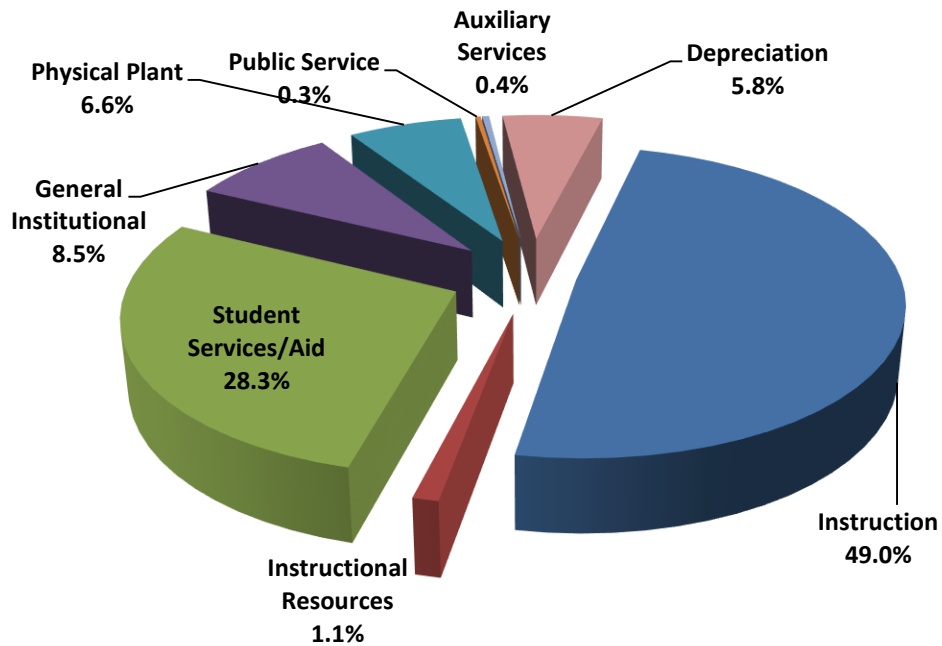
The following graphs represent the distribution of revenues and operating expenses for the fiscal year ended June 30, 2016.

Revenues **June 30, 2016**



Operating Expenses

June 30, 2016



Statements 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>2016</u>	<u>2015</u>	<u>Incr (Decr)</u> <u>2016-2015</u>	<u>2014</u>	<u>Incr (Decr)</u> <u>2015-2014</u>
Cash Used By Operating Activities	\$ (59,263)	\$ (57,605)	\$ (1,658)	\$ (55,315)	\$ (2,290)
Cash Provided By Non-Capital Financing Activities	68,913	76,165	(7,252)	65,744	10,421
Cash Used By Capital and Related Financing Activities	(6,660)	(10,361)	3,701	(6,137)	(4,224)
Cash Provided By Investing Activities	<u>61</u>	<u>47</u>	<u>14</u>	<u>40</u>	<u>7</u>
Net Increase in Cash and Cash Equivalents	<u>\$ 3,051</u>	<u>\$ 8,246</u>	<u>\$ (5,195)</u>	<u>\$ 4,332</u>	<u>\$ 3,914</u>

Fiscal Year 2016 Compared to Fiscal Year 2015

The cash and cash equivalents balance increased from \$32.8 million in FY 2015 to \$35.9 million in FY 2016. Overall, in FY 2016, cash and cash equivalents increased by 3.1 million or 9.3% as compared to the FY 2015 increase of \$8.2 million or 33.5%.

The District used \$1.7 million or 2.9% additional cash for operating activities in FY 2016 compared to \$2.3 million or 4.1% in FY 2015. The significant factor in the increase was cash received from federal and state funds was down by 15.6% or (\$5.8 million) due to the decrease in enrollment the amount of financial aid funds coming into the college decreased.

Overall cash provided by non-capital financing activities decreased by \$7.3 million or 9.5%. Local government property taxes received decreased by \$7.6 million or 20.1% while state appropriations received increased by \$.3 million or .8%.

Overall net cash used for capital and related financing activities decreased by 35.7% or \$3.7 million in FY 2016 as compared to an increase of 68.8% or \$4.2 million in FY 2015. Purchases of capital assets and funds spent on construction/remodeling decreased by \$5.3 million or 36.9% compared to \$5.3 million or 57.3% increase in FY 2015. Additionally, the District issued \$1.0 million or .8% less debt for capital projects compared to a \$2.0 million increase or 18.2% from FY 2015. The District also refunded 1.3 million of debt in FY15. Please see footnote #5 for further details.

Cash provided by investing activities remained flat as the rate of return on investments remained very low.

Fiscal Year 2015 Compared to Fiscal Year 2014

The cash and cash equivalents balance increased from \$24.6 million in FY 2014 to \$32.8 million in FY 2015. Overall, in FY 2015, cash and cash equivalents increased by \$8.2 million or 33.5% as compared to the FY 2014 increase of \$4.3 million or 21.4%.

The District used \$2.3 million or 4.1% additional cash for operating activities in FY 2015 compared to \$1.4 million or 2.5% less in FY 2014. A few of the significant factors were: Cash received from tuition and fees was down 9.6% or (\$.9 million) and cash received from federal and state funds was down by 7.5% or (\$3.0 million). Due to the decrease in enrollment, receipts were down and correspondingly the amount of financial aid funds coming into the college decreased.

The main offset to overall operating receipt reductions of (\$4.9 million) was the reduction in operating funds spent for the disbursements for materials and services. Disbursements were down (\$4.2 million) or 10.0% in FY 2015. Corresponding to fewer funds received for student financial aid the cash disbursements to students was down by over (\$3.0) million.

Overall cash provided by non-capital financing activities increased by \$10.4 million or 15.9%. Local government property taxes received decreased by \$22.6 million or 37.6% while state appropriations received increased by \$33.0 million or 600% due to the shift from property tax levy to state aid.

Overall net cash used for capital and related financing activities increased by 68.8% or \$4.2 million in FY 2015 as compared to an increase of 19.5% or \$1.0 million in FY 2014. Purchases of capital assets and funds spent on construction/remodeling increased by \$5.3 million or 57.3% compared to (\$1.1 million) or 10.6% decrease in FY 2014. Additionally, the District issued \$2.0 million or 18.2% more debt for capital projects compared to a \$1.0 million decrease or 8.3% from FY 2014. The District also refunded 1.3 million of debt in FY15. Please see footnote #5 for further details.

Cash provided by investing activities remained flat as the rate of return on investments remained very low.

Capital Asset and Debt Administration

Stated in Thousands (\$000)

	<u>2016</u>	<u>2015</u>	<u>Incr (Decr)</u> <u>2016-2015</u>	<u>2014</u>	<u>Incr (Decr)</u> <u>2015-2014</u>
Land and Land Improvements	\$ 8,748	\$ 8,609	\$ 139	\$ 8,058	\$ 551
Less Accumulated Depreciation	(2,571)	(2,203)	(368)	(1,860)	(343)
Buildings, Improvements and Leasehold Interest/Improvement	95,769	90,046	5,723	78,140	11,906
Less Accumulated Depreciation	(41,913)	(38,301)	(3,612)	(35,251)	(3,050)
Intangible Assets	2,036	1,934	102	1,459	475
Less Accumulated Depreciation	(1,341)	(924)	(417)	(573)	(351)
Equipment	34,229	33,330	899	31,887	1,443
Less Accumulated Depreciation	(20,148)	(20,142)	(6)	(19,265)	(877)
Construction in Progress	<u>1,995</u>	<u>2,665</u>	<u>(670)</u>	<u>3,449</u>	<u>(784)</u>
Cost of Capital Assets Net of Accumulated Depreciation	<u>\$ 76,804</u>	<u>\$ 75,014</u>	<u>\$ 1,790</u>	<u>\$ 66,044</u>	<u>\$ 8,970</u>
Capital asset related debt outstanding at Year End	<u>\$ 47,399</u>	<u>\$ 46,970</u>	<u>\$ 429</u>	<u>\$ 43,208</u>	<u>\$ 3,762</u>

Fiscal Year 2016 Compared to Fiscal Year 2015

Overall capital assets, net of accumulated depreciation, increased by \$1.8 million from FY 2015 to FY 2016. The largest increase was in building improvements net of accumulated depreciation of \$2.1 million. Remodeling improvements were completed at each campus; however the major additions in 2016 were at the Elkhorn Campus which included a \$1.4 million remodel of Elkhorn's manufacturing center and a \$1.1 million remodel of the former Job center which now houses the new Veterinary Sciences program.

The District had general obligation debt, relating to capital assets, outstanding of \$47.4 million at June 30, 2016, an increase of \$.4 million, as compared to \$47.0 million at June 30, 2015. The District maintained the highest rating of Aaa from Moody's Investors Services for the debt issues. Gateway meets all of its debt service requirements, including timely repayment of all debt payments. Current debt issued for buildings and improvements is repaid in 10 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 in footnote #5 in the financial statements.

Fiscal Year 2015 Compared to Fiscal Year 2014

Capital assets, net of accumulated depreciation, increased by \$9.0 million from FY 2014 to FY 2015. The largest increase was in building improvements net of accumulated depreciation of \$8.9 million. Remodeling improvements were completed at each campus; however the major additions in 2015 were at the Kenosha Campus. Such improvements included a \$1.6 million remodel of student support expansion, \$1.5 million remodel of

Student Services, \$1.5 million Learning Success Center remodel and \$.5 million Academic building roof.

Intangible assets, net of accumulated depreciation increased slightly by \$.1 million due to several initiatives in acquiring and implementing software packages to enhance the services and operations of the college.

The District had general obligation debt, relating to capital assets, outstanding of \$47.0 million at June 30, 2015, an increase of \$3.8 million, as compared to \$43.2 million at June 30, 2014. The District maintained the highest rating of Aaa from Moody's Investors Services for the debt issues. Gateway meets all of its debt service requirements, including timely repayment of all debt payments. Current debt issued for buildings and improvements is repaid in 10 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 in footnote #5 in the financial statements.

Overall Financial Position

Gateway's financial position remains strong for fiscal year 2016 as evidenced by the following indicators:

- The District's financial position is evaluated periodically by Moody's Investors Services. Moody's revised its rating methodology in January 2014 which resulted in a downgraded rating for various school districts and municipalities, but Gateway Technical College District maintained its high Aaa rating. The most recent credit report cites the following: *"Assignment of the Aaa rating reflects the district's sizeable tax base strategically located between the cities of Milwaukee (Aa2 Stable) and Chicago (Baa1 Negative); sound financial operations supported by healthy reserves; and an average debt burden with rapid principal amortization; and affordable pension liabilities."*
- Gateway's 2016 debt service as a percentage of operating expenses was the 3rd lowest of all the colleges.
- Cash and cash equivalents increased by \$3.1 million or 9.3%.
- The current ratio, current assets compared to current liabilities, was at 2.9 times as of June 30, 2016.

The District has a diversified revenue base consisting of property taxes, state aid, student fees, contracted services and grants. This mix of revenue sources has provided the District with adequate resources to continue to achieve its mission of training and economic development; yet it continues to face new challenges.

Economic Factors and Challenges

The Gateway District consists of Kenosha, Racine and Walworth Counties located in Southeastern Wisconsin. The counties in this region share similar challenges in terms of economic development, such as the need for high-skilled jobs and infrastructure to support growing communities. Gateway continues to provide a leadership role in delivering training services to meet these needs. Although the District has a strong financial position,

there are always concerns and challenges that need to be considered, monitored, and addressed, including the following:

- Enrollment continues to be a challenge throughout the technical college system. Enrollment decreased to 4,784 or 2.7% in 2016 compared to 4,919 or 9.0% in 2015. Gateway continues to focus on finding and implementing new enrollment initiatives to address this challenge.
- Changing funding levels and unfunded initiatives of the state and federal government continue to place ever-increasing demands on the college. This may result in decreases in service levels for some of these activities and/or a reallocation of local funds to cover the activity in other areas if the service is deemed critical enough. In addition, due to budget constraints at both the state and federal levels, there remains uncertainty that some funding sources may not be available or may be reduced in future years. The District continues to closely monitor these funding sources.
- Technical college responsiveness to employers/business/industry is essential to Wisconsin's business growth, job creation, competitiveness, closing the skills gap and prosperity. Local funding and local governance/control are essential to this responsiveness. Due to 2013 Wisconsin Act 145 signed into law March 24, the college can no longer increase its operational tax levy except by an increase in its valuation due to net new construction or unless approved by referendum. In the future, this can potentially reduce the district's ability to be responsive to our communities if the state funding is reduced. Although currently the bill allows the technical colleges the ability to raise their tax levies if the state fails to provide the funding.

The above mentioned challenges can only be met through strong planning processes, fiscal policies, and practices. Gateway continues to be successful in collaborating with local K-12 education districts, local businesses and community partners for supporting our training and technology needs. Gateway is well known and highly respected for its quality instruction and services. The District's commitment to meet these needs is reflected in our Vision 3.2.1 strategic plan, our strong efforts on continuous quality improvement and our focus on our students. Even with the challenges that face Gateway, the college is confident that its long-term financial planning will allow it to effectively meet the financial needs of its future operations. Our current financial position is positive and we are positioned to maintain this positive status into the future.

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 Sr. Vice President of Operations, 3520 – 30th Avenue, Kenosha, WI 53144-1690.

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BASIC FINANCIAL STATEMENTS

GATEWAY TECHNICAL COLLEGE DISTRICT
Statements of Net Position
June 30, 2016 and 2015

	2016		2015	
	District	Foundation	District	Foundation
ASSETS				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 27,009,650	\$ 4,695,650	\$ 27,408,145	\$ 4,079,664
Restricted assets - cash and cash equivalents	8,896,108	-	5,446,698	-
Receivables:				
Property taxes	8,400,144	-	8,027,502	-
Accounts, net of reserve of \$237,000 and \$145,000 for 2016 and 2015, respectively	1,714,359	14,691	1,534,375	-
Federal and state aid	3,704,320	-	2,128,591	-
Prepaid expenses	771,795	4,465	474,393	1,564
Total Current Assets	<u>50,496,376</u>	<u>4,714,806</u>	<u>45,019,704</u>	<u>4,081,228</u>
<u>Non-Current Assets</u>				
Capital assets	142,776,675	1,369,364	136,584,199	1,369,364
Less: accumulated depreciation	(65,972,679)	(329,856)	(61,570,022)	(298,006)
Net pension asset	-	-	8,108,266	-
Total Non-Current Assets	<u>76,803,996</u>	<u>1,039,508</u>	<u>83,122,443</u>	<u>1,071,358</u>
Total Assets	<u>127,300,372</u>	<u>5,754,314</u>	<u>128,142,147</u>	<u>5,152,586</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>27,991,681</u>	<u>-</u>	<u>6,669,316</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>155,292,053</u>	<u>5,754,314</u>	<u>134,811,463</u>	<u>5,152,586</u>
LIABILITIES				
<u>Current Liabilities</u>				
Accounts payable	3,381,829	60,678	3,616,691	311,776
Accrued payroll and benefits	1,784,037	-	1,062,508	-
Accrued vacation	628,761	-	598,490	-
Accrued interest payable	379,156	706	372,205	1,116
Due to student groups/organizations	341,060	-	396,591	-
Unearned revenue	1,538,345	-	1,599,554	-
General obligation debt - current portion	9,215,000	-	8,440,000	-
Notes payable	-	117,801	-	113,960
Total Current Liabilities	<u>17,268,188</u>	<u>179,185</u>	<u>16,086,039</u>	<u>426,852</u>
<u>Non-Current Liabilities</u>				
General obligation debt	48,695,444	-	45,959,874	-
Notes payable	-	158,869	-	275,925
Other postemployment benefits	3,217,188	-	2,991,045	-
Net pension liability	5,325,004	-	-	-
Unearned revenue	545,076	-	616,816	-
Total Non-Current Liabilities, less current portion	<u>57,782,712</u>	<u>158,869</u>	<u>49,567,735</u>	<u>275,925</u>
Total Liabilities	<u>75,050,900</u>	<u>338,054</u>	<u>65,653,774</u>	<u>702,777</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>11,259,571</u>	<u>-</u>	<u>49,433</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	29,405,384	-	28,043,849	-
Restricted for:				
Debt service	612,563	-	700,822	-
Pension benefits	-	-	8,108,266	-
Student financial assistance - expendable	140,858	-	126,378	-
Student organizations	1,117,844	-	1,293,125	-
Scholarships and other activities	-	3,920,480	-	3,108,920
Unrestricted	<u>37,704,933</u>	<u>1,495,780</u>	<u>30,835,816</u>	<u>1,340,889</u>
Total Net Position	<u>\$ 68,981,582</u>	<u>\$ 5,416,260</u>	<u>\$ 69,108,256</u>	<u>\$ 4,449,809</u>

The accompanying notes are an integral part of these statements.

GATEWAY TECHNICAL COLLEGE DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2016 and 2015

	2016		2015	
	District	Foundation	District	Foundation
<u>Operating Revenues</u>				
Student tuition and program fees, net of scholarship allowances of \$8,227,905 and \$10,236,306 for 2016 and 2015, respectively	\$ 10,893,182	\$ -	\$ 8,358,987	\$ -
Federal grants	28,229,715	-	32,707,370	-
State grants	4,473,934	-	4,228,572	-
Local grants	99,930	-	102,347	-
Contract revenue	3,169,078	-	2,648,419	-
Auxiliary enterprise revenues	297,187	-	267,355	-
Miscellaneous - institutional revenue	1,317,622	2,087,037	1,424,325	2,069,367
Total Operating Revenues	48,480,648	2,087,037	49,737,375	2,069,367
<u>Operating Expenses</u>				
Instruction	57,310,938	-	55,474,683	-
Instructional resources	1,291,616	-	1,254,306	-
Student services	14,134,379	-	13,332,974	-
General institutional	9,924,868	1,164,708	8,767,271	1,408,739
Physical plant	7,737,633	-	7,887,141	-
Student aid	19,033,629	-	20,997,405	-
Public services	333,587	-	374,190	-
Auxiliary services	483,319	-	509,387	-
Depreciation	6,802,725	31,850	5,976,124	30,572
Total Operating Expenses	117,052,695	1,196,558	114,573,481	1,439,311
Net Operating Income (Loss)	(68,572,047)	890,479	(64,836,106)	630,056
<u>Nonoperating Revenues (Expenses)</u>				
Property taxes	30,422,589	-	28,771,203	-
State appropriations	38,923,246	-	38,467,085	-
Gain (loss) on disposal of capital assets	(115,602)	-	(61,308)	-
Investment income (net of fees)	60,764	89,048	46,692	36,938
Interest expense & debt issuance costs	(1,569,534)	(13,076)	(1,556,932)	(17,675)
Total Nonoperating Revenues (Expenses)	67,721,463	75,972	65,666,740	19,263
<u>Capital Contributions</u>				
State capital grants	435,171	-	69,232	-
Federal capital grants	37,165	-	115,152	-
Contributions	184,000	-	208,750	-
Donated capital assets	67,574	-	306,990	-
Total Capital Contributions	723,910	-	700,124	-
Change in Net Position	(126,674)	966,451	1,530,758	649,319
Net Position - Beginning of Year	69,108,256	4,449,809	67,577,498	3,800,490
Net Position - End of Year	\$ 68,981,582	\$ 5,416,260	\$ 69,108,256	\$ 4,449,809

The accompanying notes are an integral part of these statements.

GATEWAY TECHNICAL COLLEGE DISTRICT
Statements of Cash Flows
For the years ended June 30, 2016 and 2015

	2016	2015
<u>Cash flows from operating activities</u>		
Tuition and fees received	\$ 10,828,868	\$ 8,326,163
Federal and state grants received	31,453,019	37,248,481
Contract revenues received	3,005,199	2,370,697
Payments to employees, including related benefits	(69,394,703)	(69,622,357)
Payments for materials and services	(36,593,394)	(37,388,733)
Auxiliary enterprise revenues received	297,187	267,355
Other receipts	1,140,882	1,193,777
Net cash used for operating activities	<u>(59,262,942)</u>	<u>(57,604,617)</u>
<u>Cash flows from non-capital financing activities</u>		
Local government property taxes received	30,049,947	37,617,301
State appropriations received	38,863,017	38,547,500
Net cash provided by noncapital financing activities	<u>68,912,964</u>	<u>76,164,801</u>
<u>Cash flows from capital and related financing activities</u>		
State and federal grants received for capital assets	307,396	115,187
Contributions received for capital assets	184,000	208,750
Proceeds from sale of capital assets	3,562	11,236
Purchases of capital assets	(9,102,816)	(14,427,422)
Proceeds from issuance of capital debt	12,000,000	14,315,000
Premium received on debt issuance	599,419	406,291
Debt issuance costs paid	(202,750)	(226,460)
Principal paid on capital debt	(8,845,000)	(9,300,000)
Interest paid on capital debt	(1,603,682)	(1,463,858)
Net cash used for capital and related financing activities	<u>(6,659,871)</u>	<u>(10,361,276)</u>
<u>Cash flows from investing activities</u>		
Investment income received	60,764	46,692
Net increase in cash and cash equivalents	3,050,915	8,245,600
<u>Cash and cash equivalents</u>		
Beginning of year	32,854,843	24,609,243
End of year	<u>\$ 35,905,758</u>	<u>\$ 32,854,843</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position		
Cash and cash equivalents	\$ 27,009,650	\$ 27,408,145
Restricted assets - cash and cash equivalents	8,896,108	5,446,698
	<u>\$ 35,905,758</u>	<u>\$ 32,854,843</u>

The accompanying notes are an integral part of these statements.

GATEWAY TECHNICAL COLLEGE DISTRICT
Statements of Cash Flows (Continued)
For the years ended June 30, 2016 and 2015

	2016	2015
<u>Reconciliation of operating loss to net cash used</u>		
<u>for operating activities:</u>		
Operating loss	\$ (68,572,047)	\$ (64,836,106)
Adjustment to reconcile operating loss to		
net cash used for operating activities:		
Depreciation	6,802,725	5,976,124
Changes in assets and liabilities:		
(Increase) decrease		
Receivables	(1,759,160)	(233,364)
Prepaid expenses and other assets	(297,402)	1,150,154
Increase (decrease)		
Accounts payable	223,820	553,494
Accrued payroll and benefits and vacation	721,529	(5,176)
Accrued vacation	30,271	9,740
Other post employment benefits	226,143	168,216
Due to student groups/organizations	(55,531)	7,840
Unearned revenue	95,667	(228,730)
Pension related asset/liability and deferred outflows/inflows	<u>3,321,043</u>	<u>(166,809)</u>
Net cash used for operating activities	<u>\$ (59,262,942)</u>	<u>\$ (57,604,617)</u>
 Non Cash Capital and Related Financing Activities:		
Donated capital assets	\$ 184,000	\$ 306,990

The accompanying notes are an integral part of these statements.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(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, Racine and Sturtevant, as well as an aviation center at the Kenosha airport and learning centers in the surrounding communities. The District is fully accredited by Higher Learning Commission of 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. 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, 2016 and 2015

(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity

In November 2010, GASB issued statement No. 61, *"The Financial Reporting Entity: Omnibus."* This statement amends Statements 14, *"The Financial Reporting Entity"*, and the related financial reporting requirements of Statement 34, *"Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments"* to provide additional guidance to determine whether certain organizations should be reported as component units based on the nature and significance of their relationship with the District. The primary government is financially accountable if it appoints a voting majority of the organization's governing body, or if the organization is fiscally dependent on *and* there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, 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.

It has been determined the Foundation's resources are significant to the District as a whole and to exclude would cause the District's financial statements to be incomplete. The Foundation has been reported as a discretely presented component unit in the District's financial statements in accordance with GASB 61.

The Foundation's financial statements can be obtained through the Gateway Technical College Foundation, Inc., 3520 30th Avenue, Kenosha, WI 53144-9986.

(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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies (continued)

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(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 Receivable

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies (continued)

(d) Property Tax Receivable (continued)

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. 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.

(e) Student Receivables

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

(f) 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 three months, from when purchased, are considered cash equivalents. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

(g) Prepaid Expenses

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

(h) Capital Assets

Capital assets include land, land improvements, buildings, intangible assets, 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 acquisition 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.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies (continued)

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, three to five years for intangible assets, ten to twenty years for land improvements and leasehold improvements, twenty years for the leasehold interest, and ten to forty years for buildings and building improvements.

(i) 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. Employees can carryover 80 vacation hours subsequent to the year in which they are earned. Any vacation benefits in excess of 80 hours 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. The amount of vacation benefits outstanding at June 30, 2016 and 2015 was \$628,761 and \$598,490 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.

(j) 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.

(k) Unearned Revenues

Unearned 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. Unearned revenues also include amounts received from grant and contract sponsors that relate to the next fiscal period. Non-current unearned revenue relates to funds received but not earned for an extended time period over future fiscal years.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies (continued)

(l) Deferred Outflow/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category. The item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category on the statement of net position. The item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining lives of the pension plan participants.

(m) 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.

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.

(n) 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.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies (continued)

(n) Classification of Revenue (continued)

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange 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.

(o) Net Position

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

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

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

- Restricted net position 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 position for student financial assistance or student organizations can only be used for student financial assistance activities or student organizations respectively.

Unrestricted net position: Unrestricted net position represents 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.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies (continued)

(p) Pensions

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

(q) Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

(2) Cash and Cash Equivalents

The District's cash and cash equivalents include cash on hand, demand deposits, and investments with maturities of 90 days or less. They are classified in the District's Statements of Net Position and Statements of Cash Flows as follows:

Cash and Cash Equivalents	2016	2015
Cash on hand	\$ 29,122	\$ 39,419
Demand deposits	31,806,959	28,664,670
Wisconsin Local Government Investment Pool	4,069,677	4,150,754
Total Cash and Cash Equivalents	<u>\$ 35,905,758</u>	<u>\$ 32,854,843</u>

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

Restricted for		
Capital Projects	\$ 6,318,946	\$ 3,143,797
Debt Service	2,577,162	2,302,901
	8,896,108	5,446,698
Unrestricted	27,009,650	27,408,145
Total Cash and Cash Equivalents	<u>\$ 35,905,758</u>	<u>\$ 32,854,843</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(2) Cash and Cash Equivalents (continued)

Custodial Credit Risk – Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will be not be able to recover collateral securities that are in the possession of an outside party. Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. The cash and demand deposits are fully insured or collateralized by securities being held by the Bank of New York Mellon Trust Company, N.A. in the District's name. The value of the collateral for the deposits as of June 30, 2016 and 2015 was \$31,538,630 and \$31,486,322 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.
- 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:

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(2) Cash and Cash Equivalents (continued)

<u>June 30, 2016</u>	Fair	Investment Maturities (in Years)	
<u>Investment Type</u>	<u>Value</u>	<u>Less than 1</u>	<u>1-2</u>
Wisconsin Local Government Investment Pool	<u>\$ 4,069,677</u>	<u>\$ 4,069,677</u>	<u>\$ -</u>
 <u>June 30, 2015</u>	Fair	Investment Maturities (in Years)	
<u>Investment Type</u>	<u>Value</u>	<u>Less than 1</u>	<u>1-2</u>
Wisconsin Local Government Investment Pool	<u>\$ 4,150,754</u>	<u>\$ 4,150,754</u>	<u>\$ -</u>

As of June 30, 2016 and 2015, the fair value of the District's share of investments was equal to the carrying value.

The District has invested funds in the Wisconsin Local Government Investment Pool (LGIP). The LGIP is an investment pool managed by the State of Wisconsin Investment Board (SIF) which allows governments within the state to pool their funds for investment purposes. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. Participants in the LGIP have the right to withdraw their funds in total on one day's notice.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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 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 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, 2016 and June 30, 2015, the concentration of credit risk was not applicable to the investments held by the District

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 District's policy requires that all securities, serving as collateral, are held by a third-party custodian in the District's name. The investment in the Local Government Investment Pool is not exposed to custodial credit risk.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(2) Cash and Cash Equivalents (continued)

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, 2016 and 2015 mature in less than one year.

Fair Value Measurements-The District implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending June 30, 2016. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District currently has no investments subject to fair value measurement.

(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, 2016, and 2015, were as follows:

	2016		2015	
	Mill Rate	Amount Levied	Mill Rate	Amount Levied
Operating levy	0.52358	\$ 19,908,031	0.51335	\$ 19,178,925
Debt service levy	0.27131	10,316,000	0.25696	9,600,000
Total Property Tax Levy		<u>\$ 30,224,031</u>		<u>\$ 28,778,925</u>

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 \$141,161 and \$80,932 in state aid revenue in lieu of property tax for the year ended June 30, 2016, and 2015, respectively. Beginning FY 2013-14 the operational limit of \$1.50 per \$1,000 of equalized valuation previously instituted by state law no longer exists. The debt service property tax mill rate per \$1,000 of equalized valuation is not limited by state law.

Property tax revenue recognized in the financial statements total \$30,422,589 and \$28,771,203 for the years ended June 30, 2016, and 2015, 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, 2016 and 2015

(4) Capital Assets

Following are the changes in the District's capital assets for the years ended June 30, 2016 and 2015:

	2016			
	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 2,379,913	\$ -	\$ -	\$ 2,379,913
Construction in progress	2,665,239	4,202,426	4,872,390	1,995,275
Total capital assets not depreciated	<u>5,045,152</u>	<u>4,202,426</u>	<u>4,872,390</u>	<u>4,375,188</u>
Capital assets, being depreciated:				
Land improvements	6,228,906	138,942	-	6,367,848
Buildings and improvements	86,413,453	5,584,569	-	91,998,022
Intangible assets	1,934,208	101,341	-	2,035,549
Equipment	33,329,917	3,418,049	2,519,232	34,228,734
Leasehold interest	958,193	-	-	958,193
Leasehold improvement	2,674,370	138,771	-	2,813,141
Total capital assets being depreciated	<u>131,539,047</u>	<u>9,381,672</u>	<u>2,519,232</u>	<u>138,401,487</u>
Total capital assets	<u>136,584,199</u>	<u>13,584,098</u>	<u>7,391,622</u>	<u>142,776,675</u>
Less accumulated depreciation for:				
Land improvements	2,203,101	367,449	-	2,570,550
Buildings and improvements	36,621,749	3,383,018	-	40,004,767
Intangible assets	923,513	417,976	-	1,341,489
Equipment	20,141,947	2,405,666	2,400,068	20,147,545
Leasehold interest	567,699	48,811	-	616,510
Leasehold improvement	1,112,013	179,805	-	1,291,818
Total accumulated depreciation	<u>61,570,022</u>	<u>6,802,725</u>	<u>2,400,068</u>	<u>65,972,679</u>
Net capital assets	75,014,177	<u>\$ 6,781,373</u>	<u>\$ 4,991,554</u>	76,803,996
Less capital asset related debt	<u>(46,970,328)</u>			<u>(47,398,612)</u>
Net investment in capital assets	<u>\$ 28,043,849</u>			<u>\$ 29,405,384</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(4) Capital Assets (continued)

	2015			
	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 2,379,913	\$ -	\$ -	\$ 2,379,913
Construction in progress	3,449,139	10,259,219	11,043,119	2,665,239
Total capital assets not depreciated	<u>5,829,052</u>	<u>10,259,219</u>	<u>11,043,119</u>	<u>5,045,152</u>
Capital assets, being depreciated:				
Land improvements	5,677,579	551,327	-	6,228,906
Buildings and improvements	74,507,825	11,905,628	-	86,413,453
Intangible assets	1,459,147	475,061	-	1,934,208
Equipment	31,887,344	2,871,075	1,428,502	33,329,917
Leasehold interest	958,193	-	-	958,193
Leasehold improvement	2,674,370	-	-	2,674,370
Total capital assets being depreciated	<u>117,164,458</u>	<u>15,803,091</u>	<u>1,428,502</u>	<u>131,539,047</u>
Total capital assets	<u>122,993,510</u>	<u>26,062,310</u>	<u>12,471,621</u>	<u>136,584,199</u>
Less accumulated depreciation for:				
Land improvements	1,860,259	342,842	-	2,203,101
Buildings and improvements	33,803,952	2,817,797	-	36,621,749
Intangible assets	573,228	350,285	-	923,513
Equipment	19,264,991	2,232,915	1,355,959	20,141,947
Leasehold interest	518,888	48,811	-	567,699
Leasehold improvement	<u>928,539</u>	<u>183,474</u>	<u>-</u>	<u>1,112,013</u>
Total accumulated depreciation	<u>56,949,857</u>	<u>5,976,124</u>	<u>1,355,959</u>	<u>61,570,022</u>
Net capital assets	66,043,653	<u>\$ 20,086,186</u>	<u>\$ 11,115,662</u>	75,014,177
Less capital asset related debt	<u>(43,208,407)</u>			<u>(46,970,328)</u>
Net investment in capital assets	<u>\$ 22,835,246</u>			<u>\$ 28,043,849</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(5) Long-Term Obligations

The following is a summary of the changes in long-term obligations for the years ended June 30, 2016 and 2015:

1

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
General Obligation Debt	\$ 53,170,000	\$ 12,000,000	\$ 8,845,000	\$ 56,325,000	\$ 9,215,000
Debt premium	1,229,874	599,419	243,850	1,585,443	-
Accrued OPEB obligation	<u>2,991,045</u>	<u>1,729,818</u>	<u>1,503,675</u>	<u>3,217,188</u>	<u>-</u>
Total long-term obligations	<u>\$ 57,390,919</u>	<u>\$ 14,329,237</u>	<u>\$ 10,592,525</u>	<u>\$ 61,127,631</u>	<u>\$ 9,215,000</u>

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>	<u>Due Within One Year</u>
General Obligation Debt	\$ 48,155,000	\$ 14,315,000	\$ 9,300,000	\$ 53,170,000	\$ 8,440,000
Debt premium	1,004,388	406,291	180,805	1,229,874	-
Accrued OPEB obligation	<u>2,822,829</u>	<u>1,708,372</u>	<u>1,540,156</u>	<u>2,991,045</u>	<u>-</u>
Total long-term obligations	<u>\$ 51,982,217</u>	<u>\$ 16,429,663</u>	<u>\$ 11,020,961</u>	<u>\$ 57,390,919</u>	<u>\$ 8,440,000</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(5) Long-Term Obligations (continued)

General obligation debt outstanding at June 30, 2016, and 2015, consists of the following notes:

	<u>2016</u>	<u>2015</u>
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).	\$ -0-	\$ 185,000
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 various facility remodeling projects).	-0-	170,000
General obligation promissory notes, 4.0%, payable in annual installments of \$135,000 to \$160,000, plus interest, to April 1, 2017 (issued for \$1,000,000 on December 6, 2007 through R.W. Baird & Co., to finance various facility remodeling projects).	160,000	315,000
General obligation promissory notes, 3.75% to 4.00%, payable in annual installments of \$125,000 to \$160,000, plus interest, to April 1, 2017 (issued for \$1,000,000 on January 4, 2008 through R.W. Baird & Co., to finance various facility remodeling projects focusing on Energy Management).	160,000	315,000
General obligation promissory notes, 3.00% to 3.70%, payable in annual installments of \$100,000 to \$1,195,000, plus interest, to April 1, 2018 (issued for \$4,500,000 on September 10, 2008 through R.W. Baird & Co., to finance the acquisition of equipment and various facility remodeling projects).	425,000	625,000
General obligation promissory notes, 2.50% to 3.00%, payable in annual installments of \$75,000 to \$150,000, plus interest, to April 1, 2018 (issued for \$1,000,000 on February 10, 2009 through R.W. Baird & Co., to finance various facility remodeling projects).	295,000	435,000

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(5) Long-Term Obligations (continued)

	<u>2016</u>	<u>2015</u>
General obligation promissory notes, 2.50% to 3.40%, payable in annual installments of \$70,000 to \$130,000, plus interest, to April 1, 2019 (issued for \$1,000,000 on May 13, 2009 through R.W. Baird & Co., to finance the Racine Welding Lab remodel and Broadband expansion).	\$ 375,000	\$ 490,000
General obligation promissory notes, 2.50% to 3.50%, payable in annual installments of \$95,000 to \$125,000, plus interest, to April 1, 2019 (issued for \$1,000,000 on July 09, 2009 through R.W. Baird & Co., to finance various facility remodeling projects).	370,000	485,000
General obligation promissory notes, 2.00% to 3.50%, payable in annual installments of \$275,000 to \$1,370,000, plus interest, to April 1, 2019 (issued for \$5,500,000 on October 14, 2009 through R.W. Baird & Co., to finance the acquisition of equipment and to construct the Horizon Center addition in Kenosha).	935,000	1,225,000
General obligation promissory notes, 2.00% to 3.50%, payable in annual installments of \$135,000 to \$155,000, plus interest, to April 1, 2019 (issued for \$5,500,000 on February 10, 2010 through R.W. Baird & Co., to finance various facility remodeling projects).	450,000	590,000
General obligation promissory notes, 2.00% to 3.50%, payable in annual installments of \$25,000 to \$850,000, plus interest, to April 1, 2020 (issued for \$4,610,000 on April 15, 2010 through R.W. Baird & Co., for refinancing and to finance various facility remodeling projects).	1,455,000	2,270,000
General obligation promissory notes, 2.00% to 3.50%, payable in annual installments of \$175,000 to \$900,000, plus interest, to April 1, 2020 (issued for \$4,500,000 on September 1, 2010 through R.W. Baird & Co., to finance the acquisition of equipment and construct a building addition at the Elkhorn campus).	1,220,000	1,500,000
General obligation promissory notes, 2.00% to 3.50%, payable in annual installments of \$195,000 to \$235,000, plus interest, to April 1, 2020 (issued for \$1,500,000 on November 8, 2010 through R.W. Baird & Co., to finance various facility remodeling projects and equipment).	900,000	1,105,000

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

5) Long-Term Obligations (continued)

	<u>2016</u>	<u>2015</u>
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$170,000 to \$210,000, plus interest, to April 1, 2021 (issued for \$1,500,000 on April 4, 2011 through UBS Financial Services, to finance various facility remodeling projects).	\$ 975,000	\$ 1,155,000
General obligation promissory notes, 2.00% to 4.00%, payable in annual installments of \$170,000 to \$210,000, plus interest, to April 1, 2021 (issued for \$1,500,000 on May 16, 2011 through R.W. Baird & Co., to finance various facility remodeling projects and equipment).	980,000	1,155,000
General obligation promissory notes, 1.10% to 2.35%, payable in annual installments of \$160,000 to \$1,100,000, plus interest, to April 1, 2021 (issued for \$4,500,000 on September 8, 2011 through UMB Bank, to finance the acquisition of equipment).	1,000,000	2,100,000
General obligation promissory notes, 2.00% to 2.50%, payable in annual installments of \$125,000 to \$330,000, plus interest, to April 1, 2021 (issued for \$2,500,000 on November 15, 2011 through BMO Harris Bank, N.A., to finance the construction of the Pike Creek Horticulture Building and various remodeling projects).	1,550,000	1,835,000
General obligation promissory notes, 1.50%, payable in annual installments of \$215,000 to \$285,000, plus interest, to April 1, 2021 (issued for \$2,000,000 on March 8, 2012 through Northland Securities, Inc., to finance the construction of the Culinary Arts addition and various remodeling projects.)	1,325,000	1,560,000
General obligation promissory notes, 1.75% to 2.50%, payable in annual installments of \$110,000 to \$145,000, plus interest, to April 1, 2022 (issued for \$1,000,000 on May 9, 2012 through BOSC, Inc. to finance the Student Admissions Center remodeling project).	775,000	890,000
General obligation promissory notes, 2.00% to 4.00%, payable in annual installments of \$730,000 to \$900,000, plus interest, to April 1, 2022 (issued for \$6,500,000 on July 12, 2012 through Hutchinson, Shockey, Erley & Co., to finance the acquisition of equipment, construction on the SC Johnson iMET Center, and various facility remodeling projects.)	5,020,000	5,770,000

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

5) Long-Term Obligations (continued)

	<u>2016</u>	<u>2015</u>
General obligation promissory notes, 1.50% to 3.00%, payable in annual installments of \$165,000 to \$210,000, plus interest, to April 1, 2022 (issued for \$1,500,000 on November 8, 2012 through Hutchinson, Shockey, Erley & Co., to finance various facility remodeling projects and acquisition of equipment.)	\$ 1,165,000	\$ 1,335,000
General obligation promissory notes, 2.00% to 2.40%, payable in annual installments of \$130,000 to \$160,000, plus interest, to April 1, 2022 (issued for \$1,500,000 on December 27, 2012 through Bernardi Securities, Inc., to finance the Racine Campus Learning Success Center relocation and various remodeling projects.)	885,000	1,020,000
General obligation promissory notes, 2.00% to 2.50%, payable in annual installments of \$135,000 to \$165,000, plus interest, to April 1, 2023 (issued for \$1,500,000 on April 1, 2013 through R.W. Baird & Co., to finance the SC Johnson iMET parking lot addition and various facility remodeling projects.)	1,080,000	1,225,000
General obligation promissory notes, 2.00% to 2.25%, payable in annual installments of \$50,000 to \$115,000, plus interest, to April 1, 2023 (issued for \$1,000,000 on May 9, 2013 through R.W. Baird & Co., to finance various facility remodeling projects.)	750,000	850,000
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$775,000 to 930,000, plus interest, to April 1, 2023 (issued for \$6,750,000 on July 2, 2013 through R.W. Baird & Co., to finance the Racine boiler and the acquisition of equipment.)	5,975,000	6,750,000
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$150,000 to 190,000, plus interest, to April 1, 2023 (issued for \$1,500,000 on August 1, 2013 through R.W. Baird & Co., to finance various facility remodeling projects and signage.)	1,200,000	1,350,000
General obligation promissory notes, 2.00% to 4.00%, payable in annual installments of \$125,000, plus interest, to April 1, 2023 (issued for \$1,125,000 on January 8, 2014 through R.W. Baird & Co., to finance various facility remodeling projects.)	875,000	1,000,000

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

5) Long-Term Obligations (continued)

	<u>2016</u>	<u>2015</u>
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$150,000 to 185,000, plus interest, to April 1, 2023 (issued for \$1,500,000 on February 6, 2014 through R.W. Baird & Co., to finance the Kenosha Student Success and Student Life Center expansion.)	\$ 1,195,000	\$ 1,350,000
General obligation promissory notes, 1.50% to 3.00%, payable in annual installments of \$770,000 to 985,000, plus interest, to April 1, 2024 (issued for \$7,000,000 on July 8, 2014 through Hutchinson, Shockey, Erley & Co., to finance various facility remodeling projects and acquisition of equipment.)	7,000,000	7,000,000
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$165,000 to 210,000, plus interest, to April 1, 2024 (issued for \$1,500,000 on August 4, 2014 through R.W. Baird & Co., to finance the Elkhorn South building remodel.)	1,500,000	1,500,000
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$165,000 to 210,000, plus interest, to April 1, 2024 (issued for \$1,500,000 on September 8, 2014 through R.W. Baird & Co., to finance the Kenosha Student Services remodel.)	1,500,000	1,500,000
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$150,000 to 805,000, plus interest, to April 1, 2024 (issued for \$2,815,000 on October 8, 2014 through R.W. Baird & Co., to finance various facility remodeling projects.)	1,970,000	2,715,000
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$135,000 to 180,000, plus interest, to April 1, 2024 (issued for \$1,500,000 on February 18, 2015 through R.W. Baird & Co., to finance the Elkhorn Veterinary Sciences and Racine Chiller projects.	1,265,000	1,400,000
General obligation promissory notes, 2.00% to 4.00%, payable in annual installments of \$435,000 to 1,070,000, plus interest, to April 1, 2025 (issued for \$8,000,000 on July 9, 2015 through R.W. Baird & Co., to finance various facility remodeling projects and acquisition of equipment.)	7,865,000	-0-

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(5) Long-Term Obligations (continued)

	<u>2016</u>	<u>2015</u>
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$35,000 to 185,000, plus interest, to April 1, 2025 (issued for \$1,500,000 on September 15, 2015 through R.W. Baird & Co., to finance the Elkhorn Manufacturing Lab and Racine Electrical Substation.)	\$ 1,355,000	\$ -0-
General obligation promissory notes, 2.00% to 4.00%, payable in annual installments of \$125,000, plus interest, to April 1, 2019 (issued for \$500,000 on October 8, 2015 through R.W. Baird & Co., to finance the Kenosha Boiler Repair.)	375,000	-0-
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$100,000 to 270,000, plus interest, to April 1, 2025 (issued for \$2,000,000 on December 9, 2015 through R.W. Baird & Co., to finance the Kenosha Shooting Range and Police Academy Remodel.)	<u>2,000,000</u>	<u>-0 -</u>
Total General Long-Term Obligation Debt	<u>\$ 56,325,000</u>	<u>\$ 53,170,000</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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 9,215,000	\$ 1,516,623	\$ 10,731,623
2018	8,335,000	1,291,570	9,626,570
2019	8,290,000	1,086,230	9,376,230
2020	7,675,000	857,435	8,532,435
2021	7,145,000	652,450	7,797,450
2022-2025	<u>15,665,000</u>	<u>929,311</u>	<u>16,594,311</u>
	<u>\$ 56,325,000</u>	<u>\$ 6,333,619</u>	<u>\$ 62,658,619</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(5) Long-Term Obligations (continued)

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, 2016, the 5% limitation was \$1,997,497,316 and the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$55,712,437. The 5% limit, as of June 30, 2015, was \$1,950,576,837; the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$52,469,178.

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, 2016, the 2% limitation was \$798,998,926 and the District's outstanding bonded indebtedness (net of resources available to pay principal and interest) was \$0. The 2% limit, as of June 30, 2015, was \$780,230,735 and the District's outstanding bonded indebtedness (net of resources available to pay principal and interest) was \$0.

(6) Retirement System

General Information about the Pension Plan

(a) Plan description

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

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

(b) Vesting

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

(c) Benefits provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(6) Retirement System (continued)

(c) Benefits provided (continued)

equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

(d) Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.8%	3.0%
2007	3.0	10.0
2008	6.6	0.0
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(6) Retirement System (continued)

(d) Post-Retirement Adjustments (continued)

Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

The District's contributions to the pension plan were \$3,130,667 and \$3,208,278 for the years ended June 30, 2016 and 2015 respectively.

Contribution rates as of June 30, 2016 and 2015 are:

<u>Employee Category</u>	<u>2016</u>		<u>2015</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%	7.7%	7.7%
Protective with Social Security	6.8%	9.5%	6.8%	9.5%
Protective without Social Security	6.8%	13.1%	6.8%	13.1%

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

At June 30, 2016 and 2015, the District reported a liability of \$5,325,004 and a net pension asset of \$8,108,266, respectively, for its proportionate share of the net pension liability (asset). The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015.

No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the District's proportion was .3276965%, which was a decrease of .00240787 % from its proportion measured as of December 31, 2014.

For the years ended June 30, 2016 and 2015, the District recognized pension expense of \$6,405,267 and \$3,170,579, respectively.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(6) Retirement System (continued)

(e) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 907,459	\$ 11,206,381
Changes in assumptions	3,725,605	-0-
Net differences between projected and actual earnings on pension plan investments	21,823,583	-0-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-0-	53,190
Employer contributions subsequent to the measurement date	1,535,034	-0-
Total	\$27,991,681	\$11,259,571

\$1,535,034 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 6,870,999	\$ 2,726,872
2017	6,870,999	2,726,872
2018	6,870,999	2,726,872
2019	5,724,459	2,719,954
2020	119,191	359,001

(f) Actuarial assumptions

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(6) Retirement System (continued)

(g) Actuarial assumptions (continued)

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(6) Retirement System (continued)

(g) Actuarial assumptions (continued)

Retirement Funds Asset Allocation Targets and Expected Returns As of December 31, 2015							
<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>		<u>Destination Target Asset Allocation %</u>		<u>Long-Term Expected Nominal Rate of Return %</u>		<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27	%	23	%	7.6	%	4.7
International Equities	24.5		22		8.5		5.6
Fixed Income	27.5		37		4.4		1.6
Inflation Sensitive Assets	10		20		4.2		1.4
Real Estate	7		7		6.5		3.6
Private Equity/Debt	7		7		9.4		6.5
Multi-Asset	4		4		6.7		3.8
Total Core Fund	107	%	120	%	7.4	%	4.5
<u>Variable Fund Asset Class</u>							
U.S. Equities	70	%	70	%	7.6	%	4.7
International Equities	30		30		8.5		5.6
Total Variable Fund	100	%	100	%	7.9	%	5.0
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75% Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations							

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(6) Retirement System (continued)

(g) Actuarial assumptions (continued)

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Proportionate share of the net pension liability (asset)	\$37,349,684	\$5,325,004	(\$19,686,841)

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

The District reported a payable as of June 30, 2016 and 2015 in the amount of \$479,949 and \$494,140, respectively, for the outstanding amount of contributions to the pension plan.

(7) Other Post-Employment Benefits (OPEB)

(a) Plan Description

The District administers a single-employer defined benefit OPEB plan. The plan is administered by the District and does not issue a stand-alone audited financial report. Membership of the plan at June 30 was as follows:

<u>Participant Count</u>	<u>2016</u>	<u>2015</u>
Active	605	591
Retirees	81	92
Covered spouses of retirees	49	68
Life only Retirees	279	261
Beneficiaries	<u>1</u>	<u>1</u>
Total participants	<u>1,015</u>	<u>1,013</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(7) Other Post-Employment Benefits (OPEB) (continued)

(a) Plan Description (continued)

Through June 30, 2012, in accordance with its collective bargaining agreements and District policy, the District provided post-employment health, dental, long-term care, and life insurance benefits for eligible represented and non-represented employees. The plan provided medical and life insurance benefits to eligible retirees and their spouses through the District's group medical, long-term care, and life insurance plans, which covers both active and retired members.

Effective July 1, 2012, the long-term care benefit was discontinued for all employees and retirees.

The District continues to provide health and dental benefits until the eligible retiree reaches age 65 while coverage for the spouse lasts until the retiree or spouse reaches age 65, whichever comes first.

For life insurance, eligible members (retired by June 30, 2012) are covered at one times annual salary to a maximum of \$150,000. Retirees after June 30, 2012 are covered to a maximum of \$50,000. At age 65, the benefit is reduced to 75% of amount of coverage prior to age 65 and reduced another 25% in each year at age 66 and 67.

The eligibility requirements for full benefits are based on years of service and age at retirement. Employees must be 55 years old and have completed 25 years of service, 56 years old and 20 years of service, 57 years old and 15 years of service, or 62 with 10 years of service before they are eligible for benefits.

Early retirement health and dental benefits have been eliminated for employees hired on or after July 1, 2014.

(b) Funding Policy

Contribution requirements were established through collective bargaining agreements and may only be amended through negotiations between the District and the respective union.

Effective July 1, 2012, the collective bargaining agreements were no longer in effect and changes to the benefit funding occurred.

The District pays the full cost of health coverage for eligible retirees and dependents retired prior to October 1, 2004. Retirees who retired prior to October 1, 2004 are not eligible for dental benefits. If retired between October 1, 2004 and June 30, 2012 retirees pay the amount of monthly contribution they paid immediately prior to retirement and they receive health and dental benefits. Long-term care benefits were discontinued as of June 30, 2012. Prior to July 1, 2012 the retiree's contribution amount varied depending on the year they retired. Effective July 1, 2012 new retirees were required to pay the same insurance contribution rates as active employees. Retiree health insurance premiums are

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

7) Other Post-Employment Benefits (OPEB) (continued)

(b) Funding Policy (continued)

no longer frozen at the time of retirement. Retirees not meeting eligibility requirements may continue coverage by paying the full premium.

For life insurance the retiree pays for coverage until age 67 and then the District funds 100% of the cost at age 67 and later. Individuals retiring on or after July 1, 2007 may retain their District group term life insurance and the District pays the full premium.

The District's contribution is based on a pay-as-you-go basis to fund current benefits and an additional amount to pre-fund benefits as determined annually by the District. For fiscal year 2016, the District contributed \$1,503,675 of which \$717,408 paid the current year normal cost and an additional \$786,267 to partially fund the transition obligation.

(c) Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Component	2016	2015
Annual required contribution	\$ 1,783,148	\$ 1,758,703
Interest on net OPEB	119,642	112,913
Adjustment to annual required contribution	(172,972)	(163,244)
Annual OPEB cost (expense)	1,729,818	1,708,372
Contributions made	(1,503,675)	(1,540,156)
Change in net OPEB obligation	226,143	168,216
OPEB obligation - beginning of year	2,991,045	2,822,829
OPEB obligation - end of year	<u>\$ 3,217,188</u>	<u>\$ 2,991,045</u>

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

7) Other Post-Employment Benefits (OPEB) (continued)

(d) Annual OPEB Cost and Net OPEB Obligation (continued)

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$ 1,712,010	87.8%	\$ 2,822,829
6/30/15	\$ 1,708,372	90.2%	\$ 2,991,045
6/30/16	\$ 1,729,818	86.9%	\$ 3,217,188

(e) Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 19,225,503
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 19,225,503</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 41,031,374
Ratio of UAAL to covered payroll	47%

Actuarial valuations of an ongoing plan involve estimates for the value of the reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information in future years that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents information about the amounts contributed to the plan by the District in comparison with the ARC, an amount that is actuarially determined in accordance with the parameters of GASB statement No. 45.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(7) Other Post-Employment Benefits (OPEB) (continued)

(e) Actuarial Methods and Assumptions

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

Valuation date	June 30, 2016
Actuarial cost method	Projected Unit Credit
Amortization method	Level ; 30-year open amortization period
Remaining amortization period	30 years
Actuarial assumptions:	
Discount rate	4.00%
Inflation rate	2.50%
Healthcare cost trend rate	10% initial
reduced by decrements to:	6% ultimate rate of return after 9+ years
Dental cost trend rate	5% annually next 9+ years
Projected salary increases	4%

(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 a blanket limit of \$400,225,000; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(8) Risk Management (continued)

Districts Mutual Insurance Company (DMI) (continued)

DMI operations are governed by a five-member board of directors. Member colleges do not exercise any control over the activities of DMI beyond election of the board of directors at the annual meeting. The board has the authority to adopt its own budget, set policy matters, and control the financial affairs of the company. For the fiscal years 2016 and 2015, the District paid a premium of \$538,861 and \$498,870 respectively. 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 DMI financial statements can be obtained through Districts Mutual Insurance Co., 212 W Pinehurst Trail, Dakota Dunes, SD 57049.

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: \$5,000,000 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, \$5,000 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: \$3,000,000 limit each occurrence including passengers and property damage and medical services expense coverage of \$3,000 per person / \$15,000 aggregate; Aircraft physical damage as indicated in the policy of \$130,000

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(8) Risk Management (continued)

Supplemental Insurance (continued)

and \$385,000; hangar keeper's liability; \$250,000 per aircraft / \$250,000 per occurrence; \$5,000 deductible.

Arthur J. Gallagher

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

(9) Operating Leases

The District leases vehicles, equipment, classroom, office, and aviation facilities under non-cancelable operating leases. Effective with fiscal year 2005-06 the District leased an instructional facility, known as the Burlington Center, from Burlington Area School District (BASD). The lease has a term of twenty years and annual lease payments averaging under \$180,000 per year. Effective with fiscal year 2009-10 the District signed another twenty year lease with BASD, for the leasing of the HERO Center. The annual lease payments are currently averaging under \$150,000 per year.

As of August 2010 the District began leasing the Center for Sustainable Living from the Gateway Technical College Foundation. The home, outbuildings, and acreage on the northwest side of the Kenosha campus were purchased for the college by the Foundation as a demonstration and learning site for sustainability practices. The 10 year lease has annual payments of \$31,927.

As of December 2014, the District began leasing the SIM House from the Gateway Technical College Foundation. The home and surrounding acreage was purchased for the college by the Foundation to be used for training purposes for the Police Academy SIM City. The 10 year lease has annual payments of \$19,313.

As of July 1, 2015, the District renewed the lease agreement with Kenosha Unified School District to lease the Lakeview Advanced Technology Center for five years at the annual rate of \$70,000.

The commitments under the various lease agreements, described above, account for future minimum annual rental payments as follows:

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(9) Operating Leases (continued)

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 725,337
2018	648,232
2019	636,832
2020	581,375
2021	357,523
2022 - 2026	1,272,537
2027 - 2030	<u>238,800</u>
Total required minimum lease payments	<u>\$ 4,460,636</u>

Rental expenses for all operating leases aggregated \$702,054 and \$732,774 for the years ended June 30, 2016 and 2015, respectively.

The District currently leases facilities located on the Elkhorn Campus, related to the Walworth County Education Consortium Alternative High School and the Walworth Job Center. As of June 30, 2016 and June 30, 2015, the cost of the lease assets is \$1,089,035 for both years and the depreciation is \$500,870 and \$464,883 respectively. Effective with fiscal year 2008-09, the District is leasing facilities furniture (15 year lease) to Racine County Economic Development Corporation at our SC Johnson iMET Center.

Effective with the 2014-15 fiscal year, the District is leasing antenna space to Business Only Broadband for an initial lease term of five years.

The commitments under the non-cancelable leases provide for future minimum rentals as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 133,525
2018	138,870
2019	116,376
2020	2,512
2021	1,668
2022-2023	<u>3,336</u>
Total future minimum lease revenue	<u>\$ 396,287</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, 2016 and 2015 was \$160,866 and \$175,295 respectively.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(10) Expenses Classification

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

	2016	2015
Salaries and wages	\$ 51,344,768	\$ 50,731,715
Fringe benefits	18,801,734	18,895,006
Travel, memberships, professional dev.	1,354,686	1,464,452
Supplies and minor equipment	11,638,941	7,983,678
Contract services	4,108,271	4,236,256
Bank/Agency credit/collection fees	113,000	100,306
Rentals	702,054	732,774
Repairs and maintenance	746,178	818,435
Insurance	618,252	540,802
Utilities	1,608,012	1,669,042
Depreciation	6,802,725	5,976,124
Student aid	19,033,456	20,997,578
Student debt write-off	180,618	427,313
Total Operating Expenses	<u>\$ 117,052,695</u>	<u>\$ 114,573,481</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 performed the duties of fiscal agent for the consortium through December 31, 2015. As of January 1, 2016 that responsibility was shifted to WiLS, a third party fiscal agent. Since 1997 and as of June 30, 2013, eight additional technical colleges have joined. Since June 30, 2015 there are eleven full members (CVTC, FVTC, GTC, LTC, MPTC, MSTC, NTC, NWTC, WCTC, WTC and WITC), and one service level agreement (Agnesian Healthcare). WISPALS is governed by the eleven full member colleges' presidents and librarians, with each college having an equal vote. Through the joint venture each full member college owns one-eleventh of the computer hardware and WCTC's Pewaukee campus. Operating costs of WISPALS are also shared equally by the eleven full member colleges.

Gateway Technical College's share of the operating costs, for the years ended June 30, 2016 and 2015 was \$55,472 and \$74,033 respectively. The net assets for the joint venture increased, by \$748 for the fiscal year. WISPALS has no joint venture debt outstanding.

The WISPALS financial statements can be obtained through WiLS, 1360 Regent Street, Madison, WI 53715.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(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 Inc., (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.

As of June 30, 2016 the District has commitments outstanding for construction projects of approximately \$2,874,910. As of June 30, 2015 the commitments for construction projects were \$576,464.

(13) Component Unit

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(13) Component Unit (continued)

1. Cash and Investments

The Foundation invests funds with Johnson Trust. Investments at June 30, 2016 and 2015 are as follows:

<u>June 30, 2016</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Equity	\$ 2,410,419	\$ 2,442,469	\$ 32,050
Fixed Income	2,041,181	2,080,641	39,460
Total Investments	<u>\$ 4,451,600</u>	<u>4,523,110</u>	<u>\$ 71,510</u>

Cash & Cash Equivalents	<u>172,540</u>
Total Cash and Investments	<u>\$ 4,695,650</u>

<u>June 30, 2015</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Equity	\$ 1,615,478	\$ 1,828,772	\$ 213,294
Fixed Income	1,811,892	1,809,110	(2,782)
Total Investments	<u>\$ 3,427,370</u>	<u>3,637,882</u>	<u>\$ 210,512</u>

Cash & Cash Equivalents	<u>441,782</u>
Total Cash and Investments	<u>\$ 4,079,664</u>

Investment income reported in the statement of revenues, expenses and changes in net position totaled \$89,048 and \$36,938 respectively for the years ended June 30, 2016 and 2015 and consisted of the following:

	<u>FY 2016</u>	<u>FY 2015</u>
Market appreciation	\$ 117,739	\$ 62,685
Interest and dividend income	110	329
Investment fees	<u>(28,801)</u>	<u>(26,076)</u>
Investment return	<u>\$ 89,048</u>	<u>\$ 36,938</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(13) Component Unit (continued)

2. Capital Assets

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 163,291	\$ -	\$ -	\$ 163,291
Capital assets, being depreciated:				
Buildings	1,206,073	-	-	1,206,073
	1,369,364	-	-	1,369,364
Less accumulated depreciation for:				
Buildings	298,006	31,850	-	329,856
Net capital assets	<u>\$ 1,071,358</u>	<u>\$ 31,850</u>	<u>\$ -</u>	<u>\$ 1,039,508</u>

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 130,000	\$ 33,291	\$ -	\$ 163,291
Capital assets, being depreciated:				
Buildings	1,119,810	86,263	-	1,206,073
	1,249,810	119,554	-	1,369,364
Less accumulated depreciation for:				
Buildings	267,434	30,572	-	298,006
Net capital assets	<u>\$ 982,376</u>	<u>\$ 150,126</u>	<u>\$ -</u>	<u>\$ 1,071,358</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(13) Component Unit (continued)

3. Long-term Debt

Long-term debt outstanding at June 30, 2016, and 2015 consists of the following issues:

	<u>FY 2016</u>	<u>FY 2015</u>
\$210,981 notes payable to Wells Fargo Bank with monthly installments of \$4,252 in principal and interest at 3.75%, with final payment due on March 1, 2018. Secured with real estate.	\$ 86,739	\$ 133,479
\$228,007 notes payable to Johnson Bank, due in monthly installments of \$4,205 including interest of 4.00%, with a final payment due May 21, 2018. This note is unsecured.	92,907	138,581
\$134,045 notes payable to Wells Fargo Bank with monthly installments of \$2,101 in principal and interest at 4.00%, with final payment due on August 15, 2020. Secured with real estate.	<u>97,024</u>	<u>117,825</u>
Total	276,670	389,885
Less amount due within one year	<u>117,801</u>	<u>113,960</u>
Total long-term debt	<u><u>\$ 158,869</u></u>	<u><u>\$ 275,925</u></u>

Long-term debt of \$276,670 is expected to mature as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 117,801
2018	105,736
2019	23,542
2020	24,501
2021	<u>5,090</u>
Total	<u><u>\$ 276,670</u></u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(13) **Component Unit (continued)**

4. **Operating Leases**

The Foundation leases a building to the District under non-cancelable operating leases with automatic renewal terms. The following is a schedule by years of future minimum lease rentals as of June 30, 2016.

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 167,529
2018	167,529
2019	167,529
2020	167,529
2021	167,529
Thereafter	<u>570,796</u>
Total	<u>\$ 1,408,441</u>

5. **Unrestricted, Temporary and Permanently Restricted Net Assets**

Net assets are classified for the following purposes at June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
June 30, 2016	\$ 1,495,780	\$ 2,494,746	\$ 1,425,734	\$5,416,260
June 30, 2015	\$ 1,340,889	\$ 2,447,985	\$ 660,935	\$4,449,809

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

(14) Subsequent Events

The District Board authorized various expenditure budget revisions for the Special Revenue Fund–Aidable and the Capital Projects fund. The purpose of these revisions was to appropriately eliminate all negative budget variances by function. These revisions were accomplished by reallocating among various budget functions without affecting the total budgeted expenditures.

Subsequent to June 30, 2016 the District issued \$11,000,000 in General Obligation Promissory Notes.

Date	Interest Rate	Amount	Purpose
7/6/2016	.05% - 2%	\$ 7,000,000	Proceeds to be used for \$5,500,000 in equipment and \$1,500,000 for various facility remodeling projects.
8/1/2016	2%	1,500,000	Proceeds to be used for various facility remodeling projects.
9/6/2016	2%	1,500,000	Proceeds to be used for various facility remodeling projects.
10/6/2016	2%	1,000,000	Proceeds to be used for various facility remodeling projects.
		<u>\$11,000,000</u>	

(15) Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The District will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB No. 75 is effective one year later. The District is currently evaluating the impact these standards will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedules of Other Post-Employment Benefit Plan Information June 30, 2016

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/11	\$ -	\$ 17,438,807	\$ 17,438,807	0%	\$ 41,151,310	42%
6/30/12	\$ -	\$ 17,861,024	\$ 17,861,024	0%	\$ 42,051,198	42%
6/30/13	\$ -	\$ 18,137,351	\$ 18,137,351	0%	\$ 41,193,580	44%
6/30/14	\$ -	\$ 18,846,313	\$ 18,846,313	0%	\$ 41,010,008	46%
6/30/15	\$ -	\$ 19,165,961	\$ 19,165,961	0%	\$ 41,473,060	46%
6/30/16	\$ -	\$ 19,225,503	\$ 19,225,503	0%	\$ 41,030,374	47%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)	Employer Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/11	\$ 1,776,169	\$ 1,114,687	62.8%	\$ 1,880,288
6/30/12	\$ 1,780,369	\$ 1,242,619	69.8%	\$ 2,388,695
6/30/13	\$ 1,621,629	\$ 1,359,629	83.8%	\$ 2,613,418
6/30/14	\$ 1,752,794	\$ 1,502,599	85.7%	\$ 2,822,829
6/30/15	\$ 1,758,703	\$ 1,540,156	87.6%	\$ 2,991,045
6/30/16	\$ 1,783,148	\$ 1,503,675	84.3%	\$ 3,217,188

See Notes to Required Supplementary Information

GATEWAY TECHNICAL COLLEGE DISTRICT
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Proportion of the net pension liability (asset)	33.0143700%	0.3276965%
Proportionate share of the net pension liability (asset)	\$ (8,108,266)	\$ 5,325,004
Covered employee payroll	45,832,538	46,039,216
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.7%	98.2%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

GATEWAY TECHNICAL COLLEGE DISTRICT
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
Contractually required contributions	\$3,208,278	\$3,130,667
Contributions in relation to the contractually required contributions	3,208,278	3,130,667
Contribution deficiency (excess)	- 0 -	- 0 -
Covered employee payroll	45,832,538	46,039,216
Contributions as a percentage of covered employee payroll	7.0%	6.8%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

See Notes to Required Supplementary Information

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Required Supplementary Information
June 30, 2016

Note A - Schedule of Funding Progress

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

Note B - Governmental Accounting Standards Board Statement Nos. 68 and 71

The District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an *amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. Information for prior years is not available.

Note C - Wisconsin Retirement System

There were no changes of benefit terms or assumptions for any participating employer in WRS.

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 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, 2016

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget- Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>Revenues</u>				
Local government - tax levy	\$ 17,500,083	\$ 17,813,826	\$ 18,012,384	\$ 198,558
Intergovernmental revenue:				
State	37,989,039	38,575,296	39,054,698	479,402
Federal	29,902	29,902	21,731	(8,171)
Tuition and fees:				
Statutory program fees	15,922,142	15,922,142	15,070,118	(852,024)
Material fees	755,680	755,680	742,978	(12,702)
Other student fees	1,983,172	1,983,172	1,953,294	(29,878)
Miscellaneous - institutional revenue	3,678,847	3,678,847	4,079,354	400,507
 Total revenues	 <u>77,858,865</u>	 <u>78,758,865</u>	 <u>78,934,557</u>	 <u>175,692</u>
<u>Expenditures</u>				
Instruction	50,687,445	51,272,445	49,029,230	2,243,215
Instructional resources	1,240,851	1,256,151	1,236,264	19,887
Student services	10,901,808	11,127,808	10,590,038	537,770
General institutional	7,517,398	7,704,698	7,484,949	219,749
Physical plant	7,511,363	7,597,763	7,426,855	170,908
 Total expenditures	 <u>77,858,865</u>	 <u>78,958,865</u>	 <u>75,767,336</u>	 <u>3,191,529</u>
 Revenues over (under) expenditures	 <u>-</u>	 <u>(200,000)</u>	 <u>3,167,221</u>	 <u>3,367,221</u>
<u>Other financing uses</u>				
Transfers out	-	-	(1,800,000)	(1,800,000)
 Net change in fund balance	 -	 (200,000)	 1,367,221	 1,567,221
<u>Fund balance</u>				
Beginning of year	<u>25,931,436</u>	<u>25,931,436</u>	<u>25,931,436</u>	<u>-</u>
 End of year	 <u>\$ 25,931,436</u>	 <u>\$ 25,731,436</u>	 <u>\$ 27,298,657</u>	 <u>\$ 1,567,221</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted to expenditures for designated purposes because of 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, 2016

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget- Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ 2,049,205	\$ 2,049,205	\$ 2,049,205	\$ -
Local government	99,930	99,930	99,930	-
Intergovernmental revenue:				
State	2,329,565	2,329,565	2,359,743	30,178
Federal	3,086,000	3,086,000	2,761,544	(324,456)
Miscellaneous - institutional revenue	<u>391,570</u>	<u>391,570</u>	<u>254,384</u>	<u>(137,186)</u>
 Total revenues	 <u>7,956,270</u>	 <u>7,956,270</u>	 <u>7,524,806</u>	 <u>(431,464)</u>
 <u>Expenditures</u>				
Instruction	5,125,407	4,780,407	4,610,524	169,883
Student services	1,563,756	1,898,756	1,888,377	10,379
General institutional	890,257	890,257	618,872	271,385
Physical plant	20,750	30,750	28,850	1,900
Public services	<u>356,100</u>	<u>356,100</u>	<u>321,392</u>	<u>34,708</u>
 Total expenditures	 <u>7,956,270</u>	 <u>7,956,270</u>	 <u>7,468,015</u>	 <u>488,255</u>
 Net change in fund balance	 -	 -	 56,791	 56,791
 <u>Fund balance</u>				
Beginning of year	<u>2,801,363</u>	<u>2,801,363</u>	<u>2,801,363</u>	<u>-</u>
 End of year	 <u>\$ 2,801,363</u>	 <u>\$ 2,801,363</u>	 <u>\$ 2,858,154</u>	 <u>\$ 56,791</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, 2016

	<u>Budget Amounts</u>		<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental revenue:				
State	\$ 2,153,000	\$ 2,153,000	\$ 1,982,739	\$ (170,261)
Federal	31,560,000	31,560,000	25,446,440	(6,113,560)
Tuition and fees - other student fees	907,000	907,000	778,438	(128,562)
Miscellaneous - institutional revenue	<u>5,314,000</u>	<u>5,314,000</u>	<u>3,652,516</u>	<u>(1,661,484)</u>
 Total revenues	<u>39,934,000</u>	<u>39,934,000</u>	<u>31,860,133</u>	<u>(8,073,867)</u>
 <u>Expenditures</u>				
Student services	39,103,000	39,103,000	31,468,388	7,634,612
General institutional	<u>831,000</u>	<u>831,000</u>	<u>483,077</u>	<u>347,923</u>
 Total expenditures	<u>39,934,000</u>	<u>39,934,000</u>	<u>31,951,465</u>	<u>7,982,535</u>
 Revenues under expenditures	-	-	(91,332)	(91,332)
 <u>Other financing uses</u>				
Transfers out	<u>-</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
 Net change in fund balance	-	(125,000)	(216,332)	(91,332)
 <u>Fund balance</u>				
Beginning of year	<u>1,816,094</u>	<u>1,816,094</u>	<u>1,816,094</u>	<u>-</u>
 End of year	<u>\$ 1,816,094</u>	<u>\$ 1,691,094</u>	<u>\$ 1,599,762</u>	<u>\$ (91,332)</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, 2016

	<u>Budget Amounts</u>		<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental revenue:				
State	\$ 70,000.00	\$ 420,000.00	435,171	\$ 15,171.00
Federal	70,000	70,000	37,165	(32,835)
Miscellaneous - institutional revenue	<u>100,000</u>	<u>225,000</u>	<u>225,831</u>	<u>831</u>
 Total revenues	 <u>240,000</u>	 <u>715,000</u>	 <u>698,167</u>	 <u>(16,833)</u>
<u>Expenditures</u>				
Instruction	4,208,330	4,698,330	4,692,334	5,996
Instructional resources	5,000	5,000	3,596	1,404
Student services	36,670	46,670	43,898	2,772
General institutional	2,483,000	2,425,000	2,190,761	234,239
Physical plant	5,500,000	7,865,000	7,852,516	12,484
Public services	<u>7,000</u>	<u>7,000</u>	<u>1,499</u>	<u>5,501</u>
 Total expenditures	 <u>12,240,000</u>	 <u>15,047,000</u>	 <u>14,784,604</u>	 <u>262,396</u>
 Revenues over (under) expenditures	 <u>(12,000,000)</u>	 <u>(14,332,000)</u>	 <u>(14,086,437)</u>	 <u>245,563</u>
<u>Other financing sources</u>				
Long-term debt issued	12,000,000	12,000,000	12,000,000	-
Transfers in	<u>-</u>	<u>1,925,000</u>	<u>1,925,000</u>	<u>-</u>
 Total other financing sources	 <u>12,000,000</u>	 <u>13,925,000</u>	 <u>13,925,000</u>	 <u>-</u>
 Net change in fund balance	 -	 (407,000)	 (161,437)	 245,563
<u>Fund balance</u>				
Beginning of year	<u>2,121,050</u>	<u>2,121,050</u>	<u>2,121,050</u>	<u>-</u>
End of year	<u>\$ 2,121,050</u>	<u>\$ 1,714,050</u>	<u>\$ 1,959,613</u>	<u>\$ 245,563</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, 2016

	<u>Budget Amounts</u>		<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ 10,316,000	\$ 10,316,000	\$ 10,316,000	\$ -
Miscellaneous - institutional revenue	<u>5,000</u>	<u>5,000</u>	<u>10,274</u>	<u>5,274</u>
Total revenues	<u>10,321,000</u>	<u>10,321,000</u>	<u>10,326,274</u>	<u>5,274</u>
<u>Expenditures</u>				
Physical plant				
Principal retirement	8,555,000	8,855,000	8,845,000	10,000
Interest	1,421,175	1,621,175	1,603,682	17,493
Financing costs	<u>438,825</u>	<u>238,825</u>	<u>202,750</u>	<u>36,075</u>
Total expenditures	<u>10,415,000</u>	<u>10,715,000</u>	<u>10,651,432</u>	<u>63,568</u>
Revenues over (under) expenditures	<u>(94,000)</u>	<u>(394,000)</u>	<u>(325,158)</u>	<u>68,842</u>
<u>Other financing sources</u>				
Proceeds of debt premium	<u>255,000</u>	<u>555,000</u>	<u>599,419</u>	<u>44,419</u>
Net change in fund balance	161,000	161,000	274,261	113,261
<u>Fund balance</u>				
Beginning of year	<u>2,302,901</u>	<u>2,302,901</u>	<u>2,302,901</u>	<u>-</u>
End of year	<u>\$ 2,463,901</u>	<u>\$ 2,463,901</u>	<u>\$ 2,577,162</u>	<u>\$ 113,261</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 District 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 culinary arts, auto 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, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget- Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>Operating Revenues</u>				
Local government - tax levy	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Tuition and fees - other student fees	300,000	260,000	186,678	(73,322)
Miscellaneous - institutional revenue	<u>355,000</u>	<u>395,000</u>	<u>330,130</u>	<u>(64,870)</u>
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>561,808</u>	<u>(138,192)</u>
<u>Operating Expenses</u>				
Auxiliary services	<u>700,000</u>	<u>700,000</u>	<u>483,319</u>	<u>216,681</u>
Change in net position	-	-	78,489	78,489
<u>Net Position</u>				
Beginning of year	<u>1,006,617</u>	<u>1,006,617</u>	<u>1,006,617</u>	<u>-</u>
End of year	<u>\$ 1,006,617</u>	<u>\$ 1,006,617</u>	<u>\$ 1,085,106</u>	<u>\$ 78,489</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 Statements of Net Position
June 30, 2016

ASSETS	General Fund	Special Revenue Funds		Capital Projects Fund	Debt Service Fund	Enterprise Fund	Total	Reconciling Items	Statement of Net Position
		Operating	Non-Aidable						
Assets									
Cash and cash equivalents	\$ 27,009,650	\$ -	\$ -	\$ 6,318,946	\$ 2,577,162	\$ -	\$ 35,905,758	\$ -	\$ 35,905,758
Receivables:									
Property taxes	8,400,144	-	-	-	-	-	8,400,144	-	8,400,144
Accounts, net of reserve of \$ 443,000	1,642,505	60,033	11,821	-	-	-	1,714,359	-	1,714,359
Federal and state aid	238,157	2,073,810	1,392,353	-	-	-	3,704,320	-	3,704,320
Due from other funds	-	929,865	329,298	-	-	1,111,177	2,370,340	(2,370,340)	-
Prepaid expenditures	771,795	-	-	-	-	-	771,795	-	771,795
Capital assets	-	-	-	-	-	-	-	142,776,675	142,776,675
Less: accumulated depreciation	-	-	-	-	-	-	-	(65,972,679)	(65,972,679)
Total Assets	38,062,251	3,063,708	1,733,472	6,318,946	2,577,162	1,111,177	52,866,716	74,433,656	127,300,372
DEFERRED OUTFLOWS OF RESOURCES									
Deferred outflows related to pensions	-	-	-	-	-	-	-	27,991,681	27,991,681
DEFERRED OUTFLOWS OF RESOURCES	\$ 38,062,251	\$ 3,063,708	\$ 1,733,472	\$ 6,318,946	\$ 2,577,162	\$ 1,111,177	\$ 52,866,716	\$ 102,425,337	\$ 155,292,053
LIABILITIES AND FUND EQUITY									
Liabilities									
Accounts payable	\$ 3,355,588	\$ 1,909	\$ 59	\$ -	\$ -	\$ 24,273	\$ 3,381,829	\$ -	\$ 3,381,829
Accrued payroll and benefits	1,673,114	100,973	8,152	-	-	1,798	1,784,037	-	1,784,037
Accrued vacation	628,761	-	-	-	-	-	628,761	-	628,761
Accrued interest payable	-	-	-	-	-	-	-	379,156	379,156
Due to other funds	2,258,656	-	111,684	-	-	-	2,370,340	(2,370,340)	-
Due to students groups/organizations	-	-	-	-	-	-	-	341,060	341,060
Deferred revenues	2,790,338	86,710	-	140,000	-	-	3,017,048	(1,478,703)	1,538,345
Net Pension Liability	-	-	-	-	-	-	-	5,325,004	5,325,004
Long-term liabilities	-	-	-	-	-	-	-	61,672,708	61,672,708
Total liabilities	10,706,457	189,592	119,895	140,000	-	26,071	11,182,015	63,868,885	75,050,900
Deferred Inflows of Resources									
Deferred inflows related to pensions	-	-	-	-	-	-	-	11,259,571	11,259,571
DEFERRED INFLOWS OF RESOURCES	\$ 10,706,457	\$ 189,592	\$ 119,895	\$ 140,000	\$ -	\$ 26,071	\$ 11,182,015	\$ 75,128,456	\$ 86,310,471
Fund balances / net position									
Net investment in capital assets	-	-	-	-	-	-	-	29,405,384	29,405,384
Net position	-	-	-	-	-	1,085,106	1,085,106	36,619,827	37,704,933
Fund balances:									
Reserved for prepaid expenditures	771,795	-	-	-	-	-	771,795	(771,795)	-
Reserved for student organizations	-	-	1,458,904	-	-	-	1,458,904	(341,060)	1,117,844
Reserved for student financial assistance	-	-	140,858	-	-	-	140,858	-	140,858
Reserved for capital projects	-	-	-	1,959,613	-	-	1,959,613	(1,959,613)	-
Reserved for debt service	-	-	-	-	2,577,162	-	2,577,162	(1,964,599)	612,563
Reserved for OPEB - Other post employment benefits	-	-	-	-	-	-	-	(1,620,000)	-
Unreserved - Designated for:	1,620,000	-	-	-	-	-	-	-	-
Slate aid fluctuations	584,819	-	-	-	-	-	584,819	(584,819)	-
Subsequent years	877,229	-	-	-	-	-	877,229	(877,229)	-
Subsequent year	3,835,814	991,150	-	-	-	-	4,826,964	(4,826,964)	-
Operations	19,609,000	1,867,004	-	-	-	-	21,476,004	(21,476,004)	-
Total fund balances / net position	27,298,657	2,858,154	1,599,762	1,959,613	2,577,162	1,085,106	37,378,454	31,603,128	68,981,582
Reserve for encumbrances	57,137	15,962	13,815	4,219,333	-	-	4,306,247	(4,306,247)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	\$ 38,062,251	\$ 3,063,708	\$ 1,733,472	\$ 6,318,946	\$ 2,577,162	\$ 1,111,177	\$ 52,866,716	\$ 102,425,337	\$ 155,292,053

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budgetary (Non-GAAP) Basis Financial Statements
to the Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2016

	General Fund	Special Revenue Funds		Capital Projects Fund	Debt Service Fund	Enterprise Funds	Total	Reconciling Items	Statement of Revenues, Expenses and Changes in Net Position
		Operating	Non-Aidable						
<u>Revenues</u>									
Local government - tax levy	\$ 18,012,384	\$ 2,049,205	\$ -	\$ -	\$ 10,316,000	\$ 45,000	\$ 30,422,589	\$ -	\$ 30,422,589
Other local government	-	99,930	-	-	-	-	99,930	-	99,930
Intergovernmental revenue:									
State	39,054,698	2,359,743	1,982,739	435,171	-	-	43,832,351	-	43,832,351 (1)
Federal	21,731	2,761,544	25,446,440	37,165	-	-	28,266,880	-	28,266,880 (2)
Tuition and fees:									
Statutory program fees	15,070,118	-	-	-	-	-	15,070,118	(6,241,288)	8,828,830
Material fees	742,978	-	-	-	-	-	742,978	(326,648)	416,330
Other student fees	1,953,294	-	778,438	-	-	186,678	2,918,410	(1,270,388)	1,648,022
Miscellaneous - institutional revenue	4,079,354	254,384	3,652,516	225,831	10,274	330,130	8,552,489	(3,456,264)	5,096,225 (3)
Total revenues	78,934,557	7,524,806	31,860,133	698,167	10,326,274	561,808	129,905,745	(11,294,588)	118,611,157
<u>Expenditures</u>									
Instruction	49,029,230	4,610,524	-	4,692,334	-	-	58,332,088	(1,021,150)	57,310,938
Instructional resources	1,236,264	-	-	3,596	-	-	1,239,860	51,756	1,291,616
Student services	10,590,038	1,888,377	31,468,388	43,898	-	-	43,990,701	(29,856,322)	14,134,379
General institutional	7,484,949	618,872	483,077	2,190,761	-	-	10,777,659	(852,791)	9,924,868
Physical plant	7,426,855	28,850	-	7,852,516	-	-	15,308,221	(7,570,588)	7,737,633
Student aid	-	-	-	-	-	-	-	19,033,629	19,033,629
Public services	-	321,392	-	1,499	-	-	322,891	10,696	333,587
Depreciation	-	-	-	-	-	-	-	6,802,725	6,802,725
Auxiliary services	-	-	-	-	-	483,319	483,319	-	483,319
Debt Service:									
Principal	-	-	-	-	8,845,000	-	8,845,000	(8,845,000)	-
Interest and debt issuance costs	-	-	-	-	1,806,432	-	1,806,432	(236,898)	1,569,534
Total expenditures	75,767,336	7,468,015	31,951,465	14,784,604	10,651,432	483,319	141,106,171	(22,483,942)	118,622,229
Revenues over (under) expenditures	3,167,221	56,791	(91,332)	(14,086,437)	(325,158)	78,489	(11,200,426)	11,189,354	(11,072)
<u>Other financing sources (uses)</u>									
Long-term debt issued	-	-	-	12,000,000	-	-	12,000,000	(12,000,000)	-
Debt premium	-	-	-	-	599,419	-	599,419	(599,419)	-
Loss on disposal of capital assets	-	-	-	-	-	-	-	(115,602)	(115,602)
Transfers in	-	-	-	1,925,000	-	-	1,925,000	(1,925,000)	-
Transfers out	(1,800,000)	-	(125,000)	-	-	-	(1,925,000)	1,925,000	-
Total other financing sources (uses)	(1,800,000)	-	(125,000)	13,925,000	599,419	-	12,599,419	(12,715,021)	(115,602)
Net change in fund balances	1,367,221	56,791	(216,332)	(161,437)	274,261	78,489	1,398,993	(1,525,667)	(126,674)
<u>Fund balances/net position</u>									
Beginning of year	25,931,436	2,801,363	1,816,094	2,121,050	2,302,901	1,006,617	35,979,461	33,128,795	69,108,256 (4)
End of year	\$ 27,298,657	\$ 2,858,154	\$ 1,599,762	\$ 1,959,613	\$ 2,577,162	\$ 1,085,106	\$ 37,378,454	\$ 31,603,128	\$ 68,981,582 (4)

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budgetary (Non-GAAP) Basis Financial Statements to the Statements of Revenues, Expenses and Changes in Net Position (Continued) June 30, 2016

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

Operating	\$ 4,473,934
Non-operating - State Appropriations	38,923,246
Non-operating - Capital Grants	<u>435,171</u>
 Total	 <u><u>\$ 43,832,351</u></u>

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

Operating	\$ 28,229,715
Non-operating - Capital Grants	<u>37,165</u>
	<u><u>\$ 28,266,880</u></u>

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

Contract revenue	\$ 3,169,078
Auxiliary enterprise revenues	297,187
Miscellaneous revenue	1,317,622
Investment income	60,764
Contributions	184,000
Donated capital assets	<u>67,574</u>
Total	<u><u>\$ 5,096,225</u></u>

- (4) Reconciliation of budgetary basis fund equity and net position as presented in the basic financial statements:

	<u>2016</u>	<u>2015</u>
Budgetary basis fund equity	\$ 37,378,454	\$ 35,979,461
Capital assets capitalized - cost	142,776,675	136,584,199
Accumulated depreciation on general capital assets	(65,972,679)	(61,570,022)
General obligation debt	(56,325,000)	(53,170,000)
Other post employment benefits	(3,217,188)	(2,991,045)
Net pension asset (liability)	(5,325,004)	8,108,266
Deferred outflows related to pension	27,991,681	6,669,316
Deferred inflows related to pension	(11,259,571)	(49,433)
Accrued interest on long-term debt	(379,156)	(372,205)
Summer school tuition and fees	1,550,442	1,160,862
Unamortized debt premium	(1,585,443)	(1,229,874)
Deferred revenue for govt-wide basis	(616,816)	(688,555)
Encumbrances	4,306,247	1,073,877
Reclass fiduciary funds to liability	<u>(341,060)</u>	<u>(396,591)</u>
 Net position per basic financial statements	 <u><u>\$ 68,981,582</u></u>	 <u><u>\$ 69,108,256</u></u>

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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.

Contents

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.

Revenue Capacity

These schedules contain information to assist the reader in assessing the District's most significant local revenue source, the property tax.

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.

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.

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant 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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Investment in Capital Assets	\$ 29,405,384	\$ 28,043,849	\$ 22,835,246	\$ 20,982,819	\$ 18,916,039	\$ 19,615,422	\$ 17,579,877	\$ 16,438,878	\$ 16,228,195	\$ 14,108,750
Restricted-expendable	1,871,265	10,228,591	2,345,544	2,017,609	2,392,284	2,095,849	1,887,662	1,741,196	1,624,629	1,390,446
Restricted-nonexpendable	-	-	-	-	-	-	-	11,000	11,000	11,000
Unrestricted	<u>37,704,933</u>	<u>30,835,816</u>	<u>27,835,368</u>	<u>26,771,698</u>	<u>22,754,631</u>	<u>22,552,555</u>	<u>21,188,982</u>	<u>18,598,688</u>	<u>17,032,962</u>	<u>17,166,821</u>
Total Net Position	<u>\$ 68,981,582</u>	<u>\$ 69,108,256</u>	<u>\$ 53,016,158</u>	<u>\$ 49,772,126</u>	<u>\$ 44,062,954</u>	<u>\$ 44,263,826</u>	<u>\$ 40,656,521</u>	<u>\$ 36,789,762</u>	<u>\$ 34,896,786</u>	<u>\$ 32,677,017</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

**Changes in Net Position
Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating Revenues										
Student tuition and program fees, net of scholarship allowances	\$ 10,893,182	\$ 8,358,987	\$ 9,242,102	\$ 9,361,252	\$ 10,409,936	\$ 14,010,675	\$ 11,602,472	\$ 10,761,259	\$ 9,209,849	\$ 9,204,502
Federal grants	28,229,715	32,707,370	36,656,284	42,989,817	42,666,119	43,428,693	25,323,977	16,575,978	13,092,509	12,791,779
State grants	4,473,934	4,228,572	3,271,663	3,521,173	3,520,742	3,860,476	2,971,504	3,044,816	2,692,464	2,706,640
Local grants	99,930	102,347	-	-	-	-	-	-	-	-
Contract revenue	3,169,078	2,648,419	2,149,357	2,177,349	2,256,918	2,231,194	1,924,763	2,053,234	2,526,471	2,161,695
Auxiliary enterprise revenues	297,187	267,355	257,997	288,855	256,823	286,282	725,250	823,449	853,017	558,428
Miscellaneous - institutional revenue	1,317,622	1,424,325	1,442,389	1,658,302	1,203,156	1,503,587	1,247,461	925,416	838,262	885,364
Total operating revenues	48,480,648	49,737,375	53,019,792	59,996,748	60,313,694	65,320,907	43,795,427	34,184,152	29,212,572	28,308,408
Operating Expenses										
Instruction	57,310,939	55,474,683	55,803,389	56,214,432	60,869,404	58,458,128	54,075,497	51,672,106	48,269,277	47,587,891
Instructional resources	1,291,616	1,254,306	1,181,202	1,137,133	1,426,902	1,300,576	1,214,433	1,070,094	1,017,882	1,225,491
Student services	14,134,379	13,332,974	11,529,142	10,747,472	10,087,038	9,831,728	9,328,200	8,611,661	8,521,160	8,775,637
General institutional	9,924,868	8,767,271	8,384,731	8,183,287	8,373,179	8,089,118	7,675,036	7,242,051	6,574,419	6,893,336
Physical plant	7,737,633	7,887,141	7,509,972	7,465,411	7,718,475	8,004,016	7,364,494	6,939,730	6,471,693	6,237,124
Student aid	19,033,629	20,997,405	24,333,329	29,874,262	30,725,417	36,245,389	18,489,556	11,842,905	9,151,817	8,919,036
Public services	333,587	374,190	357,437	357,714	344,410	337,025	252,494	384,102	335,213	317,558
Auxiliary services	483,319	509,387	440,292	507,723	574,483	580,525	1,198,058	1,149,043	1,298,310	993,729
Depreciation	6,802,725	5,976,124	4,997,183	4,543,691	4,307,822	3,950,810	3,543,647	3,186,169	2,897,941	2,583,246
Total operating expenses	117,052,695	114,573,481	114,536,677	119,031,125	124,427,130	126,797,315	103,141,415	92,097,861	84,537,712	83,533,048
Operating loss	(68,572,047)	(64,836,106)	(61,516,885)	(59,034,377)	(64,113,436)	(61,476,408)	(59,345,988)	(57,913,709)	(55,325,140)	(55,224,640)
Non-operating revenues (expenses)										
Property Taxes	30,422,589	28,771,203	60,150,673	59,395,806	59,003,731	58,328,021	56,248,873	53,910,836	51,079,902	49,101,201
State appropriations	38,923,246	38,467,085	5,499,903	5,485,937	6,081,694	7,265,517	7,518,927	6,825,727	6,627,536	7,131,956
Gain (loss) on sale of capital assets	(115,602)	(61,308)	35,400	(2,245)	(13,933)	(43,980)	(14,631)	52,927	53,996	535,930
Investment income	60,764	46,692	40,747	38,735	33,320	76,959	69,363	210,390	617,039	911,205
Interest expense and debt issuance costs	(1,569,534)	(1,556,932)	(1,449,331)	(1,518,828)	(1,263,110)	(1,264,089)	(1,280,020)	(1,289,463)	(1,133,864)	(1,048,180)
Total non-operating revenues(expenses)	67,721,463	65,666,740	64,277,392	63,398,405	63,841,702	64,362,428	62,542,512	59,730,417	57,244,609	56,632,112
Capital Contributions										
State and federal capital appropriations	472,336	184,384	297,698	193,935	35,183	532,561	25,235	4,066	19,247	7,900
Contributions	184,000	208,750	164,827	1,421,800	35,679	41,002	538,267	44,202	15,639	-
Donated capital assets	67,574	306,990	21,000	11,367	-	147,722	106,733	28,000	265,414	-
Total capital contributions	723,910	700,124	483,525	1,627,102	70,862	721,285	670,235	76,268	300,300	7,900
Cumulative effect of change in accounting principle ⁽¹⁾⁽²⁾	-	14,561,340	-	(282,958)	-	-	-	-	-	-
Increase/(Decrease) in Net Position	\$ (126,674)	\$ 16,092,098	\$ 3,244,032	\$ 5,709,172	\$ (200,872)	\$ 3,607,305	\$ 3,866,759	\$ 1,892,976	\$ 2,219,769	\$ 1,415,372

(1) The District implemented GASB 68 and 71 beginning with fiscal year ended June 30, 2015.

(2) The District implemented GASB 65 beginning with fiscal year ended June 30, 2013.

GATEWAY TECHNICAL COLLEGE

**Expenses by Use
Last Ten Fiscal Years**

(accrual basis of accounting)

	2016	% of Total	2015	% of Total	2014	% of Total	2013	% of Total	2012	% of Total	2011	% of Total	2010	% of Total	2009	% of Total	2008	% of Total	2007	% of Total
Expense Classifications																				
Salaries and wages	\$ 51,344,768	43.2%	\$ 50,731,715	43.7%	\$ 49,927,226	43.1%	\$ 48,806,522	40.5%	\$ 49,060,461	37.8%	\$ 48,410,278	37.8%	\$ 46,108,596	44.2%	\$43,890,665	47.0%	\$41,139,413	48.0%	\$40,010,460	47.3%
Fringe benefits	18,801,734	15.8%	18,895,006	16.3%	18,360,563	15.8%	17,409,046	14.8%	23,133,387	17.4%	22,310,925	17.4%	20,877,526	19.8%	19,747,456	21.2%	19,509,572	22.8%	19,975,483	23.6%
Travel, memberships and subscriptions	1,354,686	1.1%	1,464,452	1.3%	1,290,745	1.1%	1,165,200	1.0%	957,520	0.7%	826,946	0.6%	740,979	0.7%	760,231	0.8%	698,040	0.8%	705,682	0.8%
Supplies and minor equipment	11,638,941	9.8%	7,983,678	6.9%	7,550,554	6.5%	8,935,173	7.4%	8,724,938	0.07	7,664,080	6.0%	6,895,824	6.6%	6,056,363	6.5%	5,349,544	6.2%	5,032,988	6.0%
Contract services	4,108,271	3.5%	4,236,256	3.6%	4,043,245	3.5%	3,669,705	3.0%	3,207,743	2.6%	2,800,111	2.2%	2,405,619	2.3%	2,325,988	2.5%	2,116,237	2.5%	2,502,591	3.0%
Bank/Agency credit/collection fees	113,000	0.1%	100,306	0.1%	110,854	0.1%	89,929	0.1%	87,761	0.1%	118,761	0.1%	202,816	0.2%	196,348	0.2%	131,862	0.2%	132,267	0.2%
Rentals	702,054	0.6%	732,774	0.6%	734,061	0.6%	826,787	0.7%	959,089	0.8%	963,315	0.8%	827,786	0.8%	785,358	0.8%	737,152	0.9%	636,383	0.8%
Repairs and maintenance	746,178	0.6%	818,435	0.7%	565,631	0.5%	829,905	0.7%	709,408	0.6%	809,862	0.6%	664,938	0.6%	742,014	0.8%	521,508	0.6%	635,382	0.8%
Insurance	618,252	0.5%	540,802	0.5%	581,160	0.5%	524,070	0.4%	574,587	0.5%	633,985	0.5%	597,291	0.6%	518,683	0.6%	409,729	0.5%	629,031	0.7%
Utilities	1,608,012	1.4%	1,669,042	1.4%	1,859,746	1.6%	1,621,648	1.3%	1,618,643	1.4%	1,766,539	1.4%	1,631,363	1.6%	1,762,077	1.9%	1,728,450	2.0%	1,579,719	1.9%
Depreciation	6,802,725	5.7%	5,976,124	5.1%	4,997,183	4.3%	4,543,691	3.8%	4,307,822	3.4%	3,950,810	3.1%	3,543,647	3.4%	3,186,169	3.4%	2,897,941	3.4%	2,583,246	3.1%
Student aid	19,033,456	16.0%	20,997,578	18.1%	24,333,329	21.0%	29,874,262	24.8%	30,725,417	24.4%	36,245,389	28.3%	18,489,556	17.7%	11,842,905	12.7%	9,151,817	10.7%	8,919,036	10.5%
Student debt writeoff	180,618	0.2%	427,313	0.4%	182,380	0.2%	735,187	0.6%	361,354	0.3%	296,314	0.2%	355,584	0.3%	263,594	0.3%	146,447	0.2%	190,780	0.2%
Total operating expenses	117,052,695	98.6%	114,573,481	98.6%	114,536,677	98.8%	119,031,125	98.7%	124,427,130	99.0%	126,797,315	99.0%	103,141,425	98.8%	92,097,861	98.6%	84,537,712	98.7%	83,533,048	98.8%
Interest expense & debt issuance costs ⁽¹⁾	1,569,534	1.3%	1,556,932	1.3%	1,449,331	1.2%	1,518,828	1.3%	1,263,110	1.0%	1,264,089	1.0%	1,280,050	1.2%	1,269,463	1.4%	1,133,864	1.3%	1,048,180	1.2%
(Gain)/Loss on disposal of assets	115,602	0.1%	61,308	0.1%	(35,400)	0.0%	2,245	0.0%	13,933	0.0%	43,980	0.0%	14,631	0.0%	-	0.0%	-	0.0%	-	0.0%
Total non-operating expenses	1,685,136	1.4%	1,618,240	1.4%	1,413,931	1.2%	1,521,073	1.3%	1,277,043	1.0%	1,308,069	1.0%	1,294,681	1.2%	1,269,463	1.4%	1,133,864	1.3%	1,048,180	1.2%
Total Expenses	\$118,737,831	100.0%	\$116,191,721	100.0%	\$115,950,608	100.0%	\$120,552,198	100.0%	\$125,704,173	100.0%	\$128,105,384	100.0%	\$ 104,436,106	100.0%	\$93,367,324	100.0%	\$85,671,576	100.0%	\$84,581,228	100.0%

(1) The District implemented GASB 63/65 beginning with the fiscal year ended June 30, 2013.

GATEWAY TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Levy Distribution by Municipality Fiscal Year 2016

<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	\$ 169,072,100	0.444657 %	\$ 134,393
	Paris	207,989,000	0.547008	165,328
	Randall	474,360,500	1.247562	377,064
	Salem	1,013,588,600	2.665725	805,690
	Somers	719,825,100	1.893131	572,180
	Wheatland	288,932,200	0.759888	229,669
	Village of:			
	Bristol	540,778,400	1.422240	429,858
	Genoa City	261,500	0.000688	208
	Paddock Lake	206,195,100	0.542291	163,902
	Pleasant Prairie	2,440,629,700	6.418825	1,940,028
	Silver Lake	160,444,100	0.421966	127,535
		704,296,900	1.852292	559,837
	City of Kenosha	5,190,294,900	13.650410	4,125,704
Racine	Town of:			
	Burlington	642,439,700	1.689608	510,668
	Dover	335,883,500	0.883369	266,990
	Norway	332,237,611	0.873781	264,092
	Raymond	461,489,600	1.213712	366,833
	Waterford	740,559,200	1.947661	588,662
	Yorkville	524,797,600	1.380211	417,155
	Village of:			
	Caledonia	1,959,569,900	5.153644	1,557,639
	Elmwood Park	36,666,400	0.096432	29,146
	Mount Pleasant	2,359,296,400	6.204920	1,875,377
	North Bay	34,317,700	0.090255	27,279
	Rochester	349,999,000	0.920493	278,210
	Sturtevant	332,453,900	0.874350	264,264
	Union Grove	291,148,400	0.765717	231,430
	Waterford	412,683,100	1.085351	328,037
	Wind Point	228,533,800	0.601041	181,659
	City of:			
	Burlington	664,133,300	1.746662	527,912
	Racine	3,103,991,050	8.163457	2,467,326

GATEWAY TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Levy Distribution by Municipality (continued) Fiscal Year 2016

<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	\$ 105,201,800	0.276679 %	\$ 83,624
	Darien	196,676,700	0.517257	156,336
	Delavan	884,660,400	2.326646	703,206
	East Troy	742,808,200	1.953576	590,449
	Geneva	828,633,500	2.179296	658,671
	Lafayette	247,706,300	0.651464	196,899
	LaGrange	687,850,300	1.809038	546,764
	Linn	1,539,339,400	4.048443	1,223,603
	Lyons	408,291,300	1.073801	324,546
	Richmond	232,091,400	0.610397	184,487
	Sharon	77,726,900	0.204421	61,784
	Spring Prairie	244,378,300	0.642712	194,253
	Sugar Creek	356,668,500	0.938034	283,512
	Troy	251,690,500	0.661943	200,066
	Walworth	220,794,000	0.580685	175,507
	Whitewater	309,253,600	0.813333	245,822
	Village of:			
	Bloomfield	369,209,200	0.971016	293,480
	Darien	80,999,500	0.213028	64,386
	East Troy	309,527,300	0.814053	246,040
	Fontana	1,096,472,300	2.883708	871,573
	Genoa City	169,642,800	0.446158	134,847
	Mukwonago	14,239,600	0.037450	11,319
	Sharon	67,602,900	0.177795	53,737
	Walworth	197,741,300	0.520057	157,182
	Williams Bay	701,191,900	1.844126	557,369
	City of:			
	Burlington	557,500	0.001466	443
	Delavan	524,521,800	1.379486	416,936
	Elkhorn	609,321,100	1.602507	484,342
	Lake Geneva	1,108,311,100	2.914844	880,983
	Whitewater	513,018,200	1.349231	407,792
	Totals	<u>\$ 38,022,995,861</u>	<u>100 %</u>	<u>\$ 30,224,031</u>

Source: Prepared by District staff. Taxable equalized valuations are from the Wisconsin Department of Revenue, Division of State and Local Finance, Bureau of Property Tax.

GATEWAY TECHNICAL COLLEGE DISTRICT

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the		Collections in Subsequent <u>Year</u>	Total Collections to Date	
		<u>Fiscal Year of the Levy</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2007	49,093,282	35,811,604	72.95	13,281,678	49,093,282	100.00
2008	51,075,834	36,774,363	72.00	14,301,471	51,075,834	100.00
2009	53,914,744	37,983,753	70.45	15,930,992	53,914,745	100.00
2010	56,201,000	39,426,916	70.15	16,774,084	56,201,000	100.00
2011	58,338,000	41,513,682	71.16	17,024,318	58,338,000	100.00
2012	58,895,000	41,764,575	70.91	17,130,425	58,895,000	100.00
2013	59,436,000	42,469,295	71.45	16,966,705	59,436,000	100.00
2014	60,043,000	43,169,400	71.90	16,873,600	60,043,000	100.00
2015	28,778,925	20,751,423	72.11	8,027,502	28,778,925	100.00
2016	30,224,031	21,823,887	72.21	-	21,823,887	72.21

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 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.

Source: Prepared by District staff.

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Taxing Districts and Counties 2015 Equalized Valuation and Tax Levy

<u>Municipality</u>	<u>County</u>	<u>Equalized value</u>	<u>Tax levy</u>	Percentage of <u>total</u> <u>tax levy</u>
City of Kenosha	Kenosha	\$ 5,190,294,900	\$ 4,125,704	13.65 %
City of Racine	Racine	3,103,991,050	2,467,326	8.16
Village of Pleasant Prairie	Kenosha	2,440,629,700	1,940,028	6.42
Village of Mount Pleasant	Racine	2,359,296,400	1,875,377	6.20
Village of Caledonia	Racine	1,959,569,900	1,557,639	5.15
Town of Linn	Walworth	1,539,339,400	1,223,603	4.05
City of Lake Geneva	Walworth	1,108,311,100	880,983	2.91
Village of Fontana	Walworth	1,096,472,300	871,573	2.88
Town of Salem	Kenosha	1,013,588,600	805,690	2.67
Town of Delavan	Walworth	<u>884,660,400</u>	<u>703,206</u>	<u>2.33</u>
Total principal taxing districts		<u>\$ 20,696,153,750</u>	<u>\$ 16,451,129</u>	<u>54.43 %</u>
County:				
Racine		\$ 12,810,200,161	\$ 10,182,677	33.69 %
Kenosha		12,116,668,100	9,631,397	31.87
Walworth		<u>13,096,127,600</u>	<u>10,409,957</u>	<u>34.44</u>
		<u>\$ 38,022,995,861</u>	<u>\$ 30,224,031</u>	<u>100.00 %</u>

Source: Prepared by District staff. Taxable equalized valuations are from the Wisconsin Department of Revenue, Division of State and Local Finance, Bureau of Property Tax.

GATEWAY TECHNICAL COLLEGE DISTRICT

**Principal PropertyTaxpayers by County
Current Year and Nine Years Ago**

County	Year Ended June 30, 2016				Year Ended June 30, 2007			
	Name of Business	Type of Business	2015 Equalized Valuation	Rank	Percent of District equalized valuation	2006 Equalized Valuation	Rank	Percent of District equalized valuation
Racine ⁽³⁾	Centerpoint Properties Trust ⁽²⁾	Commercial	\$ 57,976,300	1	0.15	\$ -	-	-
	S. C. Johnson & Son, Inc.	Manufacturing	54,046,700	2	0.14	118,584,274	1	0.30
	Racine Joint Venture (Regency Mall)	Retail	48,178,900	3	0.13	71,223,381	2	0.18
	All Saints Health Care	Healthcare	39,799,300	4	0.10	42,411,782	3	0.11
	United Natural Foods	Food Distributor	27,569,800	5	0.07	-	-	-
	Johnson Financial Group	Financial Services	25,158,100	6	0.07	-	-	-
	Seda North America Inc.	Packaging manufacturer	22,922,100	7	0.06	-	-	-
	McLane Foodservice, Inc.	Commercial	19,336,700	8	0.05	-	-	-
	Bombardier Motor Corp	Commercial	17,746,000	9	0.05	20,974,623	8	0.05
	Prologis Racine LLC	Commercial	16,995,300	10	0.04	-	-	-
	Continental 81 Fund LLC	Retail-Wal-Mart Stores	-	-	-	21,404,126	7	0.05
	Aurora Medical Group	Health Care Provider	-	-	-	22,031,425	6	0.06
	CNH Global ⁽¹⁾	Manufacturing	-	-	-	34,187,628	4	0.09
	Inland Southeast Mount Pleasant	Village Center Strip Mall	-	-	-	23,309,043	5	0.06
	High Ridge Improvements	Corporation	-	-	-	17,040,135	10	0.04
	American National Insurance	Insurance	-	-	-	20,037,358	9	0.05
Racine county total			\$ 329,729,200		0.83	\$ 391,203,775		0.98
(1) Formerly known as J.I. Case Corporation (2) Formerly American National Insurance (3) Equalized value information is not available from Racine County. Racine County is assessed value								
Kenosha ⁽¹⁾	KTR/Amazon	Commercial	\$ 141,130,300	1	0.37	\$ -	-	-
	Ohioubco (Meijer Distribution, Inc.)	Commercial	112,406,800	2	0.30	31,166,968	4	0.08
	Uline Inc (Route 165 LLC)	Commercial	101,117,700	3	0.27	-	-	-
	Prime Outlets at Pleasant Prairie	Retail Mall	83,993,300	4	0.22	53,919,516	1	0.14
	Centerpoint Properties Trust	Commercial	62,941,800	5	0.17	28,033,856	7	0.07
	Prime Outlets at Pleasant Prairie II LLC	Retail Shopping	52,574,800	6	0.14	-	-	-
	CV II Lakeview LLC	Commercial	51,866,200	7	0.14	-	-	-
	Affiliated Foods Midwest Coop.	Commercial	50,911,566	8	0.13	-	-	-
	Chicagoland DC 2008 LLC	Commercial	46,131,756	9	0.12	-	-	-
	Southport Plaza Ltd. Partners	Commercial	38,925,300	10	0.10	-	-	-
	Edward Rose Assoc. Apartments	Property Management	-	-	-	41,824,496	3	0.11
	Cabot Acquisitions LLC	Manufacturing	-	-	-	30,185,784	5	0.08
	Iris USA Inc.	Manufacturing	-	-	-	42,881,977	2	0.11
	Petretti Realty et Al.	Developer/Builder	-	-	-	28,221,995	6	0.07
	Diamler-Chrysler Corp.	Manufacturing	-	-	-	27,795,661	8	0.07
	Bit Holding Forty-Nine Inc.	Commercial	-	-	-	23,019,630	9	0.06
Kenosha county total			\$ 741,999,522		1.95	\$ 22,664,302	10	0.06
(1) Estimated								
Walworth	Grand Geneva Inc.	Resort	\$ 32,276,400	1	0.08	\$ 35,622,396	2	0.09
	Art Mortgage Borrower	Mortgage	28,167,800	2	0.07	-	-	-
	DLK Enterprises, Inc.	Farm/Real Estate	26,251,000	3	0.07	41,744,579	1	0.11
	Kikkoman Foods Inc.	Manufacturing	19,901,800	4	0.05	17,820,460	7	0.04
	Paloma Geneva National, LLC	Golf course/Country Club	13,678,900	5	0.04	13,082,386	8	0.03
	Lake Geneva Retail DST	Retail	13,282,100	6	0.03	-	-	-
	Wal-Mart Associates	Retail	13,252,300	7	0.03	29,435,548	3	0.07
	Lake Geneva Shopping Center	Retail	12,911,200	8	0.03	-	-	-
	Lake Geneva Investors LLC	Investor	12,862,800	9	0.03	12,937,900	9	0.03
	Honey Creek of East Troy, LLP	Real Estate	10,924,200	10	0.03	-	-	-
	Geneva Project	Development	-	-	-	28,544,119	4	0.07
	Lake Lawn Lodge	Resort	-	-	-	25,611,685	5	0.06
	Abbey	Resort	-	-	-	12,785,385	10	0.03
	Versacold Cascade	Cold Storage Facility	-	-	-	18,688,259	6	0.05
Walworth county total			\$ 183,518,500		0.48	\$ 236,272,717		0.59
Grand total			\$ 1,255,247,222		3.30	\$ 957,190,677		2.41
Total District Equalized Valuation			\$ 38,022,995,861			\$ 39,735,348,517		

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

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 2007-2016

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	2007	1.09	0.15	1.24	7.86	5.99	3.35	0.96	19.40	(1.14)	18.26
	2008	1.05	0.15	1.20	7.84	5.90	3.30	1.05	19.29	(1.27)	18.02
	2009	1.08	0.15	1.23	8.25	6.02	3.31	1.11	19.92	(1.41)	18.51
	2010	1.12	0.16	1.28	8.84	6.24	3.35	1.19	20.90	(1.45)	19.45
	2011	1.22	0.17	1.39	9.45	6.58	3.48	1.19	22.09	(1.51)	20.58
	2012	1.24	0.19	1.43	9.80	6.85	3.53	1.23	22.84	(1.54)	21.30
	2013	1.34	0.22	1.56	10.70	7.65	3.78	1.45	25.14	(1.66)	23.48
	2014	1.39	0.24	1.63	10.80	8.09	3.99	1.44	25.95	(1.76)	24.19
	2015	0.51	0.26	0.77	10.07	7.73	3.75	1.14	23.46	(1.70)	21.76
	2016	0.52	0.27	0.79	10.59	7.78	3.67	1.26	24.09	(1.87)	22.22
Kenosha	2007	1.09	0.15	1.24	8.46	5.14	3.91	0.86	19.61	(1.24)	18.37
	2008	1.05	0.15	1.20	8.55	5.05	3.80	0.92	19.52	(1.35)	18.17
	2009	1.08	0.15	1.23	8.92	5.27	3.84	1.09	20.35	(1.51)	18.84
	2010	1.12	0.16	1.28	9.53	5.49	4.01	1.35	21.66	(1.56)	20.10
	2011	1.22	0.17	1.39	10.75	6.03	4.36	1.69	24.22	(1.65)	22.57
	2012	1.24	0.19	1.43	11.02	6.27	4.60	1.74	25.06	(1.73)	23.33
	2013	1.34	0.22	1.56	11.95	7.06	5.01	2.03	27.61	(1.90)	25.71
	2014	1.39	0.24	1.63	12.41	7.40	5.29	2.15	28.88	(1.98)	26.90
	2015	0.51	0.26	0.77	11.00	6.88	4.93	1.91	25.49	(1.84)	23.65
	2016	0.52	0.27	0.79	10.54	6.77	4.82	2.27	25.19	(1.99)	23.20
Walworth	2007	1.09	0.15	1.24	7.43	2.88	4.11	1.03	16.69	(1.22)	15.47
	2008	1.05	0.15	1.20	7.62	2.72	3.91	1.10	16.55	(1.27)	15.28
	2009	1.08	0.15	1.23	7.75	2.67	3.88	1.17	16.70	(1.38)	15.32
	2010	1.12	0.16	1.28	8.13	2.74	3.94	1.15	17.24	(1.40)	15.84
	2011	1.22	0.17	1.39	8.77	2.89	4.21	1.16	18.42	(1.48)	16.94
	2012	1.24	0.19	1.43	8.81	3.01	4.27	0.88	18.40	(1.51)	16.89
	2013	1.34	0.22	1.56	9.59	3.26	4.56	1.00	19.97	(1.61)	18.36
	2014	1.39	0.24	1.63	9.88	3.45	4.72	0.84	20.52	(1.67)	18.85
	2015	0.51	0.26	0.77	9.69	3.47	4.60	0.84	19.37	(1.64)	17.73
	2016	0.52	0.27	0.79	9.80	3.56	4.60	0.80	19.55	(1.84)	17.71

(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. Effective FY 2013-14, this limit no longer exists.

(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 2006-2015 (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
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%			
2007	35,800,611	6,463,027	1,111,595	93,500	137,506	627,055	666,620	44,899,914	42,651,718	1.19751
% of Total	79.7%	14.4%	2.5%	0.2%	0.3%	1.4%	1.5%			
2008	36,882,473	6,838,821	1,120,526	97,228	132,254	652,973	733,951	46,458,226	43,959,586	1.22646
% of Total	79.4%	14.7%	2.4%	0.2%	0.3%	1.4%	1.6%			
2009	36,352,336	7,290,549	1,110,045	98,212	158,399	666,742	761,899	46,438,182	43,837,849	1.28202
% of Total	78.3%	15.7%	2.4%	0.2%	0.3%	1.4%	1.6%			
2010	34,525,308	7,203,211	1,063,863	97,068	149,929	648,459	778,346	44,466,184	41,935,823	1.39112
% of Total	77.6%	16.2%	2.4%	0.2%	0.3%	1.5%	1.8%			
2011	33,676,562	7,065,832	1,026,690	93,688	153,901	644,843	759,781	43,421,297	41,111,929	1.43255
% of Total	77.6%	16.3%	2.4%	0.2%	0.4%	1.5%	1.7%			
2012	30,890,678	6,943,049	1,027,116	91,285	161,365	622,065	758,543	40,494,101	38,180,224	1.55672
% of Total	76.3%	17.1%	2.5%	0.2%	0.4%	1.5%	1.9%			
2013	29,672,937	6,520,623	1,030,748	87,647	182,408	609,307	754,730	38,858,400	36,730,173	1.63471
% of Total	76.4%	16.8%	2.7%	0.2%	0.5%	1.6%	1.9%			
2014	30,046,068	6,779,526	1,018,061	85,920	172,041	599,234	784,369	39,485,219	37,360,067	0.77031
% of Total	76.1%	17.2%	2.6%	0.2%	0.4%	1.5%	2.0%			
2015	30,316,996	7,013,667	1,066,217	86,108	145,026	603,999	815,903	40,047,916	38,022,996	0.79489
% of Total	75.7%	17.8%	2.7%	0.2%	0.4%	1.5%	2.1%			

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.

GATEWAY TECHNICAL COLLEGE DISTRICT

Ratio of Net Debt to Equalized Value and Net Debt Per Capita Fiscal Years 2007-2016

						Net debt			
	Population ⁽¹⁾	Personal Income ⁽²⁾	Equalized Value- TID in ⁽³⁾	Gross Debt ⁽⁴⁾	Less Amounts Available ⁽⁵⁾	Amount	Ratio to equalized valuation	Ratio to Personal Income	Per Capita
	(Dollars in thousands, except per capita)								
2007	457,155	14,153,727	41,173,445	27,000	672	26,328	0.06	0.19	58
2008	459,730	16,484,553	44,361,307	28,460	840	27,620	0.06	0.17	60
2009	460,431	16,159,069	45,908,303	29,650	892	28,758	0.06	0.18	62
2010	461,172	16,707,802	45,905,855	33,145	1,101	32,044	0.07	0.19	69
2011	464,342	17,076,214	43,959,559	36,135	1,062	35,073	0.08	0.21	76
2012	464,739	18,156,777	42,914,419	39,735	1,202	38,533	0.09	0.21	83
2013	464,688	18,495,164	40,025,114	44,580	625	43,955	0.11	0.24	95
2014	465,556	(6)	38,398,101	48,155	638	47,517	0.12	(6)	102
2015	465,446	(6)	39,011,537	53,170	701	52,469	0.13	(6)	113
2016	465,544	(6)	39,949,946	56,325	613	55,712	0.14	(6)	120

(1) Wisconsin Department of Administration, Demographic Services Center. (2015 is an estimate.)

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

(3) The equalized value includes the TID in.

(4) Includes general obligation promissory notes and bonds. Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

(5) Equals the amount restricted for debt service on the Statement of Net Position.

(6) Information not yet available.

GATEWAY TECHNICAL COLLEGE DISTRICT

Legal Debt Margin Information⁽¹⁾ **Last Ten Fiscal Years**

Calculation of Legal Debt Margin for Fiscal Year 2015

2015 Equalized Valuation - TID In	\$ 39,949,946,311
	x 5%
Total debt limit - 5% of total equalized valuation	<u>1,997,497,316</u>
Debt applicable to limit:	
Total gross indebtedness (includes general obligation notes and bonds)	\$ 56,325,000
Less Net Position Restricted for Debt Service (GAAP basis)	<u>(612,563)</u>
Total amount of debt applicable to debt limit	<u>55,712,437</u>
Legal debt margin	<u>\$ 1,941,784,879</u>

Legal Debt Margin, Last Ten Fiscal Years

Fiscal Year	Equalized Valuation TID In	Legal Debt Limit 5%	Debt Applicable to Limit (Dollars in thousands)				Legal Debt Margin	Total Net Debt Applicable to Debt Limit
			General Obligation Bonds	General Obligation Notes	Less Net Position Available	Total Net Debt Applicable to Limit		
2007	41,173,445	2,058,672	4,625	22,375	672	26,328	2,032,344	1.28
2008	44,361,307	2,218,065	4,525	23,935	839	27,621	2,190,444	1.25
2009	45,908,303	2,295,415	4,425	25,225	892	28,758	2,266,657	1.25
2010	45,905,855	2,295,293	1,035	32,110	1,101	32,044	2,263,249	1.40
2011	43,959,559	2,197,978	530	35,605	1,062	35,073	2,162,905	1.60
2012	42,914,419	2,145,721	-	39,735	1,202	38,533	2,107,188	1.80
2013	40,025,114	2,001,256	-	44,580	625	43,955	1,957,301	2.20
2014	38,398,101	1,919,905	-	48,155	638	47,517	1,872,388	2.47
2015	39,011,537	1,950,577	-	53,170	-	53,170	1,897,407	2.73
2016	39,949,946	1,997,497		56,325	613	55,712	1,941,785	2.79

(1) Total indebtedness may not exceed 5% of equalized valuation (including all tax incremental financing districts-TIDs) and bonded indebtedness may not exceed 2% of equalized valuation.

GATEWAY TECHNICAL COLLEGE DISTRICT

Computation of Direct and Overlapping Debt For the Year ended June 30, 2016

	<u>Jurisdiction⁽¹⁾</u>	<u>Net Debt Outstanding</u>	<u>Applicable to Gateway Technical College District</u>	
			<u>Percentage⁽²⁾</u>	<u>Amount</u>
District:				
	Gateway Technical College District	\$ 56,325,000	100%	\$ 56,325,000
Towns:				
	Racine County ⁽³⁾	2,160,043	varies	2,020,558
	Kenosha County	29,003,437	100%	29,003,437
	Walworth County	5,411,988	100%	5,411,988
	Town Total	<u>36,575,468</u>		<u>36,435,983</u>
Villages:				
	Racine County	100,699,177	100%	100,699,177
	Kenosha County	125,141,262	100%	125,141,262
	Walworth County	82,611,104	100%	82,611,104
	Village Total	<u>308,451,543</u>		<u>308,451,543</u>
Cities:				
	Racine County	108,110,000	100%	108,110,000
	Kenosha County	210,973,852	100%	210,973,852
	Walworth County	64,518,497	100%	64,518,497
	City Total	<u>383,602,349</u>		<u>383,602,349</u>
Counties:				
	Racine County	62,125,000	98.45%	61,162,684
	Kenosha County	109,695,000	100%	109,695,000
	Walworth County	18,150,000	100%	18,150,000
	County Total	<u>189,970,000</u>		<u>189,007,684</u>
School Districts:				
	Racine County	137,572,935	98.45%	135,441,930
	Kenosha County	190,950,997	100%	190,950,997
	Walworth County	151,335,602	100%	151,335,602
	School District Total	<u>479,859,534</u>		<u>477,728,529</u>
	Sanitary Districts Total	<u>39,211,149</u>	varies	<u>39,211,149</u>
	Total Direct and Overlapping debt	<u>\$ 1,493,995,043</u>		<u>\$ 1,490,762,237</u>

Source: Survey of each governmental unit-June 2016. (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 39.49% in the Gateway District

GATEWAY TECHNICAL COLLEGE DISTRICT

Demographic Statistics for Kenosha, Racine, and Walworth Counties Historical Comparisons 2007-2016

<u>Year</u>	<u>District Population (1)</u>	<u>Number of Housing Units (1)</u>	<u>Total Personal Income (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>	<u>Public and private school enrollment (5)</u>
2007	457,155	198,488	14,153,727	33,676	5.1%	87,500
2008	459,730	199,841	16,484,553	35,145	5.3%	87,861
2009	460,431	200,559	16,159,069	34,290	10.3%	87,714
2010	461,172	202,983	16,707,802	35,609	9.5%	87,266
2011	464,342	203,365	17,076,214	36,340	8.8%	86,767
2012	464,739	203,752	18,156,777	38,698	8.7%	86,827
2013	464,688	204,062	18,495,164	39,711	7.2%	85,490
2014	465,556	204,729	18,957,535	40,564	7.0%	85,616
2015	465,446	205,314	(6)	(6)	5.6%	85,222
2016	465,544	(6)	(6)	(6)	4.8%	83,633

(1) Wisconsin Department of Administration, Demographic Services Center. (2016 is a preliminary estimate)

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

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

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

(5) Wisconsin Department of Public Instruction

(6) 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, 2016			Year Ended June 30, 2007		
							Number of Employees	Rank	Percent of District Population	Number of Employees	Rank	Percent of District Population
Racine	All Saints Health Care	Hospital and Medical Centers	3,500	1	0.75	%	3,742	1	0.82	%		
	Racine Unified School District	Education	2,569	2	0.55		2,472	5	0.54			
	CNH Global ⁽¹⁾	Manufacturing, agricultural & construction equipment & Implements	2,200	3	0.47		3,000	3	0.66			
	S. C. Johnson & Son, Inc.	Manufacturing, commercial & institutional cleaning products	2,127	4	0.46		2,900	4	0.63			
	The District ⁽²⁾	Vocational Education	1,128	5	0.24		-	-	-			
	In-Sink-Erator Division	Manufacturer of disposer systems, hot water dispensers	1,000	6	0.21		1,100	8	0.24			
	Rudd Lighting	Manufactures industrial, commercial & residential; lighting fixtures	1,000	7	0.21		-	-	-			
	Lincoln Lutheran	Rehabilitation and skilled nursing for older adults	880	8	0.19		1,148	7	0.25			
	Racine County	County Government	853	9	0.18		895	9	0.20			
	City of Racine ⁽²⁾	Government	733	10	0.16		1,328	6	0.29			
	Modine Manufacturing	Heat exchanger manufacturing	-	-	-		656	10	0.14			
	Regency Mall	Retail shopping center	-	-	-	%	3,000	2	0.66			
			15,990			20,241		4.43				
(1)Formerly known as J.I. Case Corporation												
(2)Includes full-time and part-time employees.												
Kenosha	KRT/Amazon	Commercial	3,000	1	0.64	%	-	-	-	%		
	Kenosha Unified School District No. 1 ⁽¹⁾	Education	2,490	2	0.53		2,570	1	0.56			
	Kenosha Memorial Hospital	Health care services	2,253	3	0.48		1,500	3	0.33			
	Uline, Inc. (Route 165 LLC)	Commercial	1,800	4	0.39		-	-	-			
	Aurora Medical Center	Health care services	1,500	5	0.32		-	-	-			
	Kenosha County	Government	1,054	6	0.23		1,001	4	0.22			
	City of Kenosha ⁽²⁾	Government	800	7	0.17		762	6	0.17			
	Snap-On Tools Corporation	Manufacturer, hand tools & electronics	600	8	0.13		1,000	5	0.22			
	Carthage College	Education	540	9	0.12		-	-	-			
	Kenosha Beef	Meat processing	500	10	0.11		350	8	0.08			
	University of Wisconsin-Parkside	Education	-	-	-		679	7	0.15			
	Jockey International	Manufacturer, clothing	-	-	-		320	9	0.07			
	Ocean Spray Cranberries	Manufacturers cranberry & other fruit products	-	-	-		303	10	0.07			
	Daimler-Chrysler Corp.	Manufacturer, jeep engines	-	-	-		1,800	2	0.39			
				14,537		3.12	%	10,285		2.25	%	
(1)Includes full-time and part-time employees.												
(2)Full-time only.												
			Kenosha county sub-total									
Walworth	University of Wisconsin-Whitewater	College	1,333	1	0.29	%	1000+	1	na	%		
	Grand Geneva, Timber Ridge Lodge	Resort	1,100	2	0.24		500-999	3	na			
	Walworth County	Government agency	1,083	3	0.23		1000+	2	na			
	Birds Eye Foods LLC	Manufacturer, fruits & vegetables	700	4	0.15		-	-	-			
	Miniature Precision Components	Automotive industry parts supplier	500	5	-		500-999	6	na			
	Aurora Health Care	Medical Facilities	500	6	0.11		500-999	7	na			
	Abbey Resort	Resort	490	7	0.11		250-499	10	na			
	Wal-Mart	Retail	485	8	0.10		500-999	5	na			
	Pentair, Inc.	Water & fluid power pumps	400	9	0.09		500-999	4	na			
	Elkhorn Area School District	Elementary/Secondary school	388	10	0.08		250-499	8	na			
	School District of Delavan-Darien	Elementary/Secondary school	-	-	-		250-499	9	na			
				6,979		1.50	%	6,875		1.50	%	
			Walworth county sub-total									
			37,506		8.06	%	37,401		8.18	%		
			Total									

Source: Robert W. Baird reports

Source: Robert W. Baird reports

GATEWAY TECHNICAL COLLEGE DISTRICT

Employment Trends by Equal Employment Opportunity Categories Historical Comparisons 2006-2015

<u>Category</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Administrative/Managerial:	54	53	54	52	55	60	71	79	82	80
Female percent	59	62	59	62	62	65	68	48	45	65
Minority percent	9	8	7	10	7	8	11	16	17	23
Faculty:	266	263	265	265	266	268	265	252	253	249
Female percent	57	57	58	58	59	58	59	49	48	59
Minority percent	9	9	10	11	10	11	12	12	12	15
Professional/Noninstructional:	34	34	33	32	33	32	35	33	30	29
Female percent	71	71	73	75	76	78	80	64	53	72
Minority percent	21	24	24	25	24	22	31	30	30	45
Secretarial/Clerical:	106	106	104	96	108	98	91	89	81	75
Female percent	88	99	99	99	99	97	93	80	77	95
Minority percent	22	21	23	23	23	22	20	28	23	28
Technical/Paraprofessional:	104	104	101	97	105	103	120	122	148	136
Female percent	62	62	61	61	59	55	57	42	56	45
Minority percent	26	37	24	23	25	22	22	20	27	31
Service/Maintenance:	36	35	38	37	39	38	40	40	40	39
Female percent	11	11	8	8	10	11	18	10	10	10
Minority percent	36	34	34	35	33	32	35	33	30	36
Total:	600	595	595	579	606	599	622	615	634	608
Female percent	62	64	64	64	64	63	63	50	48	58
Minority percent	16	16	17	17	17	17	17	16	18	24

Information provided by the Gateway Technical College District Human Resources Department.

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	
2007	9,046	2,803	9,425	6,595	0	23,999
2008	8,564	2,989	8,599	6,456	0	22,789
2009	9,197	3,478	8,203	6,721	0	23,085
2010	10,003	4,281	8,057	7,347	0	24,322
2011	11,256	4,559	7,050	6,481	0	23,756
2012	12,823	4,787	7,069	5,976	0	23,703
2013	11,320	2,357	5,952	5,284	0	21,130
2014	10,704	2,409	5,902	4,863	0	20,142
2015	9,718	2,136	5,409	4,110	0	18,336
2016	9,280	2,054	5,316	3,818	0	17,636

Full-Time Equivalents ⁽²⁾						
Fiscal year ended June 30	Aidable				Non-Aidable	Total
	Associate degree	Technical Diploma	Vocational Adult	Non-post- secondary (ABE)	Community service program	
2007	3,600	414	158	831	0	5,003
2008	3,477	401	148	807	0	4,833
2009	3,910	394	140	744	0	5,188
2010	4,634	430	152	769	0	5,985
2011	5,157	437	128	660	0	6,382
2012	5,075	455	139	548	0	6,217
2013	4,751	467	124	471	0	5,813
2014	4,313	498	128	479	0	5,418
2015	3,930	464	117	408	0	4,919
2016	3,815	451	125	392	0	4,783

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.

WTCS Portal System Data (CLI620C)

(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. (CLI620C)

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
2007	87.00	8.1	536.30	5.1	120.00	4.3
2008	92.05	5.8	570.55	6.4	127.00	5.8
2009	97.05	5.4	594.25	4.2	130.00	2.4
2010	101.40	4.5	152.10	(74.4)	137.00	5.4
2011	106.00	4.5	53.00	(65.2)	143.00	4.4
2012	111.85	5.5	55.95	5.6	150.15	5.0
2013	116.90	4.5	58.45	4.5	150.15	0.0
2014	122.20	4.5	61.10	4.5	150.15	0.0
2015	125.85	3.0	62.95	3.0	154.00	2.6
2016	128.40	2.0	64.20	2.0	162.00	5.2

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. In FY 2010, the state budget bill reduced the out-of-state tuition rate to 150% of the program fee rate, effective with the Fall 2009 semester.

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
2006	1,745	1,403	1,213	91	66	57	15.51	96
2007	1,795	1,379	1,157	92	67	60	16.04	95
2008	1,845	1,383	1,156	90	68	63	16.36	96
2009	1,659	1,288	1,056	86	59	73	16.44	98
2010	1,986	1,518	1,199	87	58	76	16.43	97
2011	2,308	1,808	1,449	85	55	74	16.84	96
2012	2,271	1,887	1,475	86	58	75	16.69	97
2013	2,174	1,779	1,308	85	59	75	17.46	97
2014	2,167	1,758	1,199	87	64	68	17.39	98
2015	1,855	1,522	1,103	87	69	73	17.93	98

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 Ten Fiscal Years

County	Location	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Racine	Racine Campus										
	Lincoln Building ⁽¹⁾	10,880	10,880	10,880	10,880	10,880	10,880	10,880	16,115	16,115	16,115
	Lake Building	81,127	81,127	81,127	81,127	79,172	79,172	79,172	76,362	76,362	76,362
	Tech Building	87,605	87,605	87,605	87,605	87,605	85,589	85,589	109,336	109,336	109,336
	Racine Building	68,786	68,786	68,786	68,786	68,786	68,786	68,786	69,490	69,490	69,490
	Connecting Passages	3,270	3,270	3,270	3,270	3,270	3,270	3,270	3,270	3,270	3,270
	Racine Campus Sub-Total	251,668	251,668	251,668	251,668	249,713	247,697	247,697	274,573	274,573	274,573
Kenosha	iMET (formerly CATI)	53,370	53,370	53,370	53,370	37,370	37,370	37,370	42,186	42,186	42,186
	Bum Building-Town of Dover (Land lease)	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440.00	1,440
	Racine County Sub-Total	306,478	306,478	306,478	306,478	288,523	286,507	286,507	318,199	318,199	318,199
	Kenosha Campus										
	Administration Building	17,772	17,772	17,772	17,772	17,772	17,772	17,772	17,353	17,353	17,353
	Conference Building	29,954	29,954	29,954	29,954	29,954	29,954	29,954	29,365	29,365	29,365
	Bioscience Building	28,352	28,352	28,352	28,352	28,352	28,352	28,352	30,405	30,405	30,405
	Child Care (ECP)	18,085	18,085	18,085	18,085	18,085	18,085	18,085	18,085	18,085	18,085
	Academic Building	92,000	92,000	88,000	88,000	88,000	88,000	88,000	113,965	113,965	113,965
	Horticultural Buildings ⁽²⁾	15,648	15,648	15,648	14,233	14,233	6,502	6,502	5,873	5,873	5,873
	Science Building	45,187	45,187	41,302	41,302	41,302	41,302	41,302	55,992	55,992	55,992
	Student Commons	17,130	17,130	17,130	17,130	17,130	17,130	17,130	13,456	13,456	13,456
	Storage Buildings	4,550	4,550	4,550	4,550	4,550	4,550	4,550	2,350	2,350	2,350
	Technical Building	62,880	49,480	49,480	49,480	49,480	49,480	49,480	63,634	63,634	63,634
	Kenosha Campus Sub-Total	331,558	318,158	310,273	308,858	308,858	301,127	301,127	350,478	350,478	350,478
	Leased Facilities:										
Walworth	Center for Sustainable Living	1,844	1,844	1,844	1,844	1,844	-	-	-	-	-
	Horizon Center (Aviation - land lease)	38,755	38,755	38,755	38,755	38,755	38,755	38,755	24,277	24,277	24,277
	Horizon Center Storage Bldg	1,800	1,800	1,800	1,800	1,800	1,800	1,800	-	-	-
	Lakeview Technology Center	14,000	14,000	14,000	14,000	14,000	14,000	14,000	23,200	23,200	23,200
	Kenosha County Job Center	1,026	1,026	1,026	1,162	1,162	1,162	1,162	1,026	1,026	1,026
	Gateway Medical Park - East	-	4,724	4,724	-	-	-	-	-	-	-
	Launch Box "1 Stop Center"	-	2,668	-	-	-	-	-	-	-	-
	SIM House	1,237	1,237	-	-	-	-	-	-	-	-
	Kenosha County Sub-Total	390,220	384,212	372,422	366,419	366,419	356,844	356,844	398,981	398,981	398,981
	Elkhorn Campus										
Walworth	Alternative High School	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,474	7,474	7,474
	South Building	44,372	40,772	39,072	39,072	39,072	39,072	39,072	38,596	38,596	38,596
	North Building	49,341	49,341	49,341	49,341	49,341	42,241	42,241	42,230	42,230	42,230
	Veterinary Sciences (prv Job Center)	6,468	6,468	6,468	6,468	6,468	6,468	6,468	6,500	6,500	6,500
	Garage Building	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673	1,673
	Elkhorn Campus Sub-Total	109,454	105,854	104,154	104,154	104,154	97,054	97,054	96,473	96,473	96,473
Walworth	Burlington Campus (Leased)										
	380 Building	19,694	22,255	19,694	19,694	19,694	19,694	9,439	9,439	9,439	9,439
	496 Building	33,512	33,512	33,512	33,512	33,512	33,512	33,512	33,000	33,000	33,000
	Walworth County Sub-Total	162,660	161,621	157,360	157,360	157,360	150,260	140,005	138,912	138,912	138,912
	Total District Square Footage	859,358	852,311	836,260	830,257	812,302	793,611	783,356	856,092	856,092	856,092

Source: Effective with FY 2010 numbers were revised using information from Gallagher Bassett Services, Inc report. Prior years

were not restated and are based on Strategic Facility Planning Guide prepared by Architectural Associates LTD (June 2003) and District staff.

(1) Renamed from Main to Lincoln, correction made to total for FY 2010 - 2013.

(2) Updated for storage bldg not prev included and new addition

GATEWAY TECHNICAL COLLEGE DISTRICT

2016 FISCAL YEAR - INSURANCE SUMMARY (UNAUDITED)

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
Property Coverage	DMI	7/1/15 - 6/30/16	Covers all real and personal property, all risk; \$25,000 Deductible		\$ 89,022
			Blanket Property Limit (Per Occurrence)	\$ 400,225,000	
			Certified Terrorism	\$ 400,225,000	
			Non-Certified Terrorism	\$ 400,225,000	
			Accounts Receivable	\$ 25,225,000	
			Fine Arts	\$ 15,225,000	
			Valuable Papers and Records	\$ 25,225,000	
			Extra Expense	\$ 25,225,000	
			Electronic Data Processing Equipment	\$ 20,225,000	
			Miscellaneous Unnamed Locations	\$ 25,000,000	
			Newly Acquired Property (180 days reporting)	\$ 25,225,000	
			Building Ordinance including Demolition & ICC & Increased Time to Rebuild	\$ 25,225,000	
			Debris Removal - the greater of 25% of the loss or	\$ 15,000,000	
			Earth Movement and Volcanic Action (Annual Aggregate)	\$ 25,225,000	
			Flood and Water Damage (Annual Aggregate)	\$ 25,225,000	
			Flood in FEMA Zones designated using letters A or V (Annual Aggregate)	\$ 25,225,000	
			Property in the Course of Construction	\$ 20,225,000	
			Transit	\$ 2,725,000	
			Ingress/Egress (1 mile limitation, 30 days limitation)	\$ 5,225,000	
			Interruption by Civil Authority (1 mile radius limitation, 30 day limitation)	\$ 5,225,000	
			Leasehold Interest	\$ 2,725,000	
			Service Interruption - Property Damage & Time Element Combined (Water, Communication including overhead transmission lines, Power including overhead transmission lines)	\$ 10,000,000	
			Mobile Equipment	\$ 1,000,000	
			Expediting Expenses	\$ 5,000,000	
			Pollutant Clean-Up and Removal (Annual Aggregate)	\$ 1,225,000	
			Claims Preparation Expenses (Subject to max. 5% of combined PD & TE Loss)	\$ 250,000	
			Defense Costs	\$ 250,000	
			Exhibition, Exposition, Fair or Trade Show	\$ 1,225,000	
			Fire Department Service Charges	\$ 475,000	
			Protection of Property	\$ 325,000	
			Radioactive Contamination	\$ 250,000	
			Royalties	\$ 250,000	
Equipment Breakdown	DMI	7/1/15 - 6/30/16	Comprehensive coverage; \$25,000 deductible	\$ 100,000,000	\$ 4,787
			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)	\$ 15,000,000	
			Broad Comprehensive Coverage (Including Production Machines, Computer Equipment)	Included	
			Repair or Replacement	Yes	
			Green Upgrade	\$ 25,000	
Workers' Compensation	DMI	7/1/15 - 6/30/16	Workers' Compensation - Wisconsin Benefits	Statutory	342,110
			- Bodily injury by accident, each accident	\$ 100,000	
		Employer's Liability	- Bodily injury by disease, policy limit	\$ 500,000	
			- Bodily injury by disease, each employee	\$ 100,000	
General Liability	DMI	7/1/15 - 6/30/16	Each occurrence limit	\$ 5,000,000	82,545
(Includes Professional, Automobile, and Educators Legal Liability)			Fire Damage limit (any one fire)	\$ 500,000	
			Limited Above Ground Pollution Liability		
			- Each Claim and Policy Aggregate	\$ 1,000,000	
			Under/Uninsured motorists	\$ 100,000	
			Garagekeepers Coverage (ACV up to...)	\$ 350,000	
			- Comprehensive deductible (each customer auto/each event)	\$500 / \$2,500	
			- Collision deductible (each customer auto)	\$ 500	
			Policy Deductible	\$ 5,000	
			Automobile Physical Damage Deductible	5,000	

GATEWAY TECHNICAL COLLEGE DISTRICT

2016 FISCAL YEAR - INSURANCE SUMMARY (UNAUDITED)

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
[Educators Legal Liability (includes, Directors & Officers, Employment Practices, and Employee Benefits Liability)]					
			- Per Wrongful Act	\$ 5,000,000	
			- Per Wrongful Act Deductible	\$ 100,000	
Campus Violent Acts*	DMI	7/1/15 - 6/30/16	Policy Aggregate Limit	\$ 250,000	\$ 1,355
			Policy Deductible	\$ 25,000	
			Equipment or Property Improvements	\$ 25,000	
Cyber Liability	DMI	7/1/15 - 6/30/16	Policy Aggregate Limit of Liability	\$ 1,000,000	\$ 19,042
			Coverage for Privacy Breach and Response Services	\$ 500,000	
			Computer Expert Services, Legal Services, Public Relations and Crisis Management Expense	\$ 500,000	
			Per Claim Deductible	\$ 25,000	
			Deductible for Computer Expert Services, Legal Services, Public Relations and Crisis Management Expense	\$ 10,000	

*This coverage is provided on a request basis.

TOTAL ANNUAL INSURANCE PREMIUMS PAID TO DISTRICTS MUTUAL INSURANCE: \$ 538,861

INSURANCE COVERAGES PURCHASED THROUGH WISCONSIN TECHNICAL COLLEGE INSURANCE TRUST

Crime	National Union Fire Insurance Company	7/1/15 - 6/30/16	Employee Theft	\$ 750,000	\$ 4,944
			Forgery or Alteration	\$ 750,000	
			ERISA Fidelity	\$ 750,000	
			On-Premises / In-Transit	\$ 750,000	
			Computer Fraud	\$ 750,000	
			Computer Program and Electronic Data Restoration	\$ 750,000	
			Funds Transfer Fraud	\$ 750,000	
			Personal Accounts Forgery or Alteration	\$ 750,000	
			Identity Fraud Expense Reimbursement	\$ 25,000	
			Claim Expense	\$ 25,000	
			Employee Dishonesty	\$ 25,000	
			Deductible	\$ 5,000	
Foreign Travel Liability*	ACE American Insurance Company	7/1/15 - 6/30/16	Foreign general liability - Each occurrence	\$ 1,000,000	\$ 2,893
			General Aggregate	\$ 5,000,000	
			Personal and Advertising Injury - Aggregate	\$ 1,000,000	
			Products - Completed Operations - Aggregate	\$ 2,000,000	
			Premises Damage Limit - Each Occurrence	\$ 1,000,000	
			Medical Expense Limit - Any one person	\$ 25,000	
			Contingent Auto Liability - Combined Single Limit		
			- Each Accident	\$ 1,000,000	
			Foreign Hired Auto Physical Damage		
			- Any One Accident	\$ 50,000	
			- Any one policy period	\$ 50,000	
			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	
			- North American	State of Hire Benefits	
			- Third Country Nationals	Country of Origin	
			- Local Nationals	Country of Origin	
			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	
			Executive Assistance (per covered person)	\$ 1,000,000	
			Kidnap and Extortion (per cause of loss)	\$ 250,000	
Business Travel Accident (for Local Boards of Director Members)	CIGNA	7/1/15 - 6/30/16	Principal Sum	\$ 100,000	\$ 284
			- Loss of Life		
			- Other Covered Losses as Scheduled		

*This coverage is provided on a request basis.

TOTAL ANNUAL INSURANCE PREMIUMS PAID TO WISCONSIN TECHNICAL COLLEGE INSURANCE TRUST: \$ 8,121

Insurance Coverages Purchased through Arthur J. Gallagher Risk Management Services, Inc.

Multimedia Liability	Arthur J. Gallagher	7/1/15 - 6/30/16	Errors and Omissions		\$ 4,550
WGTD 91.1 FM			Maximum Limit of liability for each claim	5,000,000	
(Year 3 of 3 year policy)	Executive Risk Indemnity		Retentions each and every claim	10,000	
	Policy No. 8177-2134				

TOTAL ANNUAL INSURANCE PREMIUMS PAID TO ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES INC.: \$ 4,550

GATEWAY TECHNICAL COLLEGE DISTRICT
2016 FISCAL YEAR - INSURANCE SUMMARY (UNAUDITED)

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
Aviation Insurance Coverages Purchased through Wenk Insurance Agency					
Aviation Insurance renewed with Old Republic Insurance through Phoenix Aviation Managers	Wenk Aviation Insurance Agencies Coverages & Premiums Policy AVC 1037 15	7/1/15 - 6/30/16	Liability Coverage		\$ 20,282
			Single Limit Including Passengers and Property Damage	3,000,000	
			Medical Payments at Each Person/Each Occurrence	3,000/15,000	
			Aircraft Physical Damage Coverages as indicated in policy	130,000 and 385,000	
			Hangarkeepers (per occurrence)	250,000	
			Deductible	5,000	
			Products	1,000,000	
			TOTAL ANNUAL PREMIUMS: \$ 571,814		

CAMPUS/CENTER LOCATIONS

2016-2017 Gateway Technical College Associate Degree Programs

(current as of date printed)

Most programs may be started on any campus.

Length of
Program
(full time)

	Elkhorn Campus	Burlington Center	HERO Center	Kenosha Campus	Horizon Center	Lakeview Center	Racine Campus	iMET Center	Online		
ASSOCIATE DEGREES	■			■			■		■	Accounting (10-101-1)	2 Years
	■			■			■		■	Administrative Professional (10-106-6)	2 Years
					■					Aeronautics – Pilot Training (10-402-1)	2 Years
				■						Air Conditioning, Heating, and Refrigeration Technology (10-601-1A)	2 Years
	■					■		■		Architectural – Structural Engineering Technician (10-614-6)	2 Years
					■					Automated Manufacturing Systems Technology (10-628-3)	2 Years
	■			■			■		■	Automotive Technology (10-602-3)	2 Years
								■		Business Management (10-102-3)	2 Years
	■			■			■	■		Civil Engineering Technology – Highway Technology (10-607-4)	2 Years
				■			■			Civil Engineering Technology – Fresh Water Resources (10-607-9)	2 Years
					■		■			Criminal Justice - Law Enforcement (10-504-1)	2 Years
							■			Culinary Arts (10-316-1)	2 Years
							■			Diesel Equipment Technology (10-412-1)	2 Years
							■	■		Early Childhood Education (10-307-1)	2 Years
								■		Electrical Engineering Technology (10-662-1A)	2 Years
										Biomedical Engineering Technology (Concentration Area 10-662-1B)	
										Sustainable Energy Systems (Concentration Area 10-662-1C)	
	■					■				Electro - Mechanical Technology (10-620-1)	2 Years
			■					■		Electronics (10-605-1)	2 Years
									■	Fire Medic (10-531-2)	2 Years
								■		Foundations of Teacher Education (10-522-2)	2 Years
								■		Geospatial Surveying Technician (10-607-7)	2 Years
									■	Graphic Communications (10-204-3)	2 Years
				■						+ Health Information Technology (10-530-1)	2 Years
										Horticulture (10-001-1)	2 Years
										Greenhouse & Marketing (Concentration Area 10-001-1A)	
										Landscape (Concentration Area 10-001-1B)	
							■			Hospitality Management (10-109-2)	2 Years
										Hotels and Lodgings (Concentration Area 10-109-2A)	
										Food and Beverage (Concentration Area 10-109-2B)	
										Tourism & Attractions (Concentration Area 10-109-2C)	
	■			■			■			Human Service Associate (10-520-3)	2 Years
										+ Individualized Technical Studies (10-825-1)	2 Years
										Technical Studies – Journeyworker (10-499-5)	
	■			■			■		■	Information Technology – Computer Support Specialist (10-154-3)	2 Years
										Information Technology – Network Specialist (10-150-2A)	2 Years
				■						Cybersecurity Specialist (Concentration Area 10-150-2B)	
				■						Information Technology – Software Developer (10-152-1)	2 Years
							■		■	Information Technology – Web Developer (10-152-3A)	2 Years
				■						SharePoint Developer (Concentration Area 10-152-3B)	
	■			■			■		■	Interior Design (10-304-1)	2 Years
										Marketing (10-104-3)	2 Years
										General Marketing (Concentration Area 10-104-3A)	
										Business to Business (Concentration Area 10-104-3B)	
										Marketing Communications (Concentration Area 10-104-3D)	
								■		Mechanical Design Technology (10-606-1)	2 Years
										Mechanical Engineering Tech (Concentration Area 10-606-1A)	
										Mechatronics (Concentration Area 10-606-1B)	
		■		■						+ Nursing – Associate Degree (ADN/RN) (10-543-1)	2 Years
			■	■						Paramedic Technician (10-531-1)	2 Years
										+ Physical Therapist Assistant (10-524-1)	2 Years
							■		■	Professional Communications (10-699-1)	2 Years
	■			■			■		■	Supervisory Management (10-196-1)	2 Years
										+ Surgical Technology (10-512-1)	2 Years
	■									Veterinary Technician (10-091-1)	2 Years

■ Most program courses taught at this location – some travel may be required to other locations.

General Studies courses are offered on all campuses.

+ Special Conditions; Contact Student Services

* Shared program

CAMPUS/CENTER LOCATIONS

TECHNICAL DIPLOMAS												
■	■	■	■	■	■	■	■	■	■	■	■	■

2016-2017 Gateway Technical College Technical Diploma Programs

(current as of date printed)
Most programs may be started on any campus.

**Length of
Program**
(full time)

Advanced EMT (30-531-6)	20 Weeks
Accounting Assistant (31-101-1)	1 Year
Automotive Maintenance Technician (31-404-3)	1 Year
Barber Technologist (30-502-5)	1 Year
Business Services Manager (31-102-5)	1 Year
CNC Production Technician (31-444-2)	1 Year
CNC Programmer (31-444-3)	1 Year
Cosmetology (31-502-1)	1 Year
Criminal Justice – Law Enforcement 720 Academy (30-504-2)	18 Weeks
+ Dental Assistant (31-508-1)	1 Year
Diesel Equipment Mechanic (31-412-1)	1 Year
Emergency Medical Technician (30-531-3)	20 Weeks
EMT-Paramedic (31-531-1)	1 Year
Facilities Maintenance (31-443-2)	1 Year
Firefighter Technician (31-503-1)	1 Year
Gas Utility Construction and Service (31-469-2)	1 Year
+ Health Unit Coordinator (30-510-2)	1 Year
IT Computer Support Technician (31-154-6)	1 Year
IT – Junior SharePoint Developer (31-152-5)	1 Year
IT – Junior Web Developer (31-152-4)	1 Year
+ Medical Assistant (31-509-1)	1 Year
Nursing Assistant (30-543-1)	6 Weeks
Office Assistant (31-106-1)	1 Year
+ Pharmacy Technician (31-536-1)	1 Year
Small Business Entrepreneurship (31-145-1)	1 Year
Tool and Die Technician (31-439-1)	1 Year
Veterinary Assistant (31-091-3)	1 Year
Welding (31-442-1)	1 Year
Robotics (Concentration Area 31-442-1A)	
Advanced Welding (Concentration Area 31-442-1B)	
Pipe Welding (Concentration Area 31-442-1C)	
Welding/Maintenance and Fabrication (30-442-2)	18 Weeks

CAMPUS/CENTER LOCATIONS

	Elkhorn Campus	Burlington Center	HERO Center	Kenosha Campus	Horizon Center	Lakeview Center	Racine Campus	iMET Center	Online
				■					■
				■			■		

2016-2017 Gateway Technical College Advanced Technical Certificates

(current as of date printed)
Contact Student Services for enrollment information.

Game Programming (10-810-16)
Gerontological and Rehabilitative Nursing Care (10-810-21)
Oracle (10-810-4)
Urban Farming (10-810-20)

■ Most program courses taught at this location – some travel may be required to other locations.
General Studies courses are offered on all campuses.
+ Special Conditions; Contact Student Services
* Shared program
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Administration Center

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3300

Burlington Center

496 McCanna Pkwy.
Burlington, WI 53105-3623
262.767.5200

SC Johnson iMET Center

2320 Renaissance Blvd.
Sturtevant, WI 53177-1763
262.898.7500

**Center for Bioscience and
Information Technology**

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

Elkhorn Campus

400 County Road H
Elkhorn, WI 53121-2046
262.741.8200

HERO Center

380 McCanna Pkwy
Burlington, WI 53105-3622
262.767.5204

**Horizon Center for
Transportation Technology**

4940 - 88th Avenue (Highway H)
Kenosha, WI 53144-7467
262.564.3900

Kenosha Campus

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.2200

**LakeView Advanced
Technology Center**

9449 - 88th Avenue
Pleasant Prairie, WI 53158-2216
262.564.3400

Racine Campus

1001 South Main Street
Racine, WI 53403-1582
262.619.6200

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