



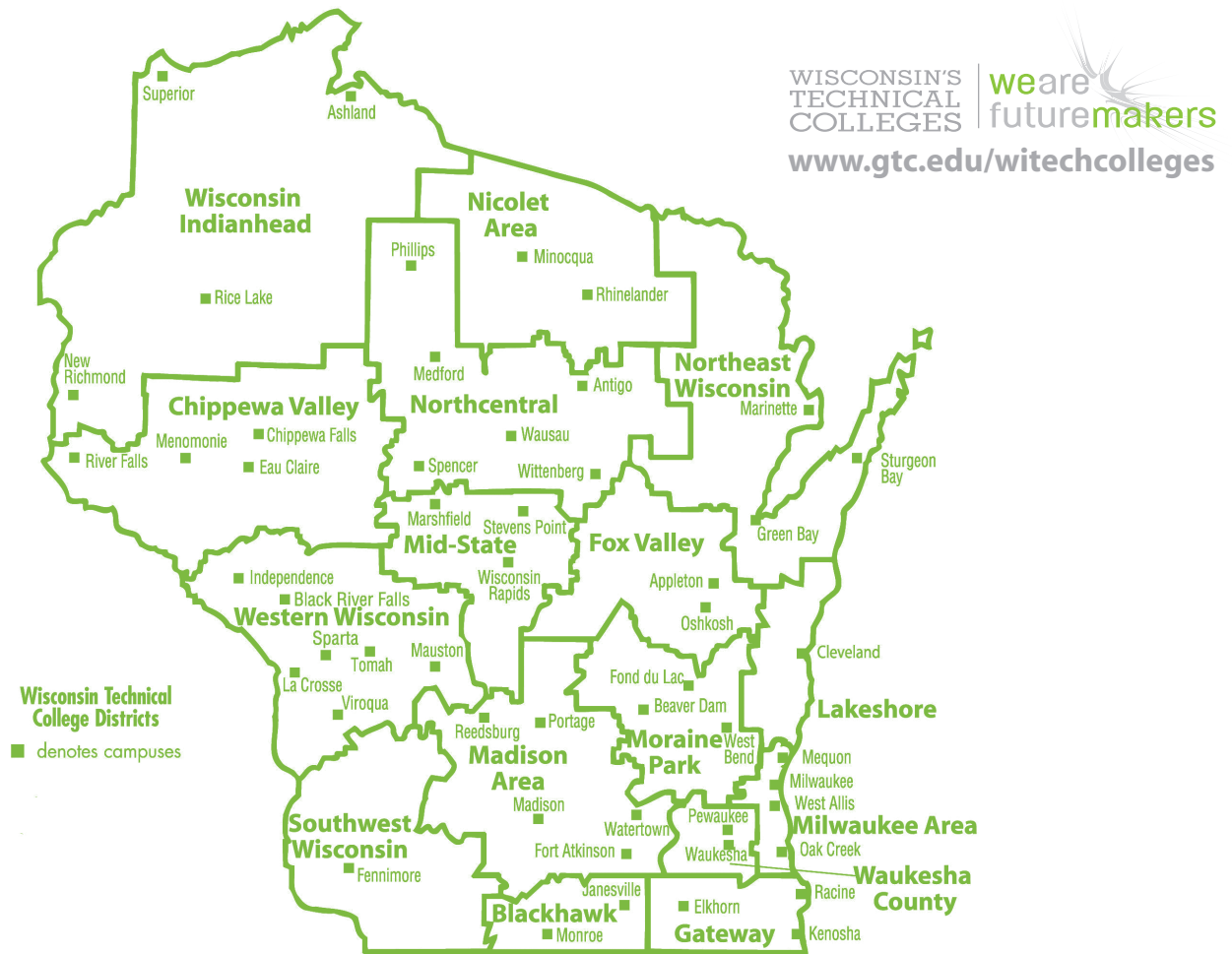
# **2017 Comprehensive Annual Financial Report (with Independent Auditors' Report)**

For the Fiscal Years Ended June 30, 2017 and 2016  
Serving Southeastern Wisconsin

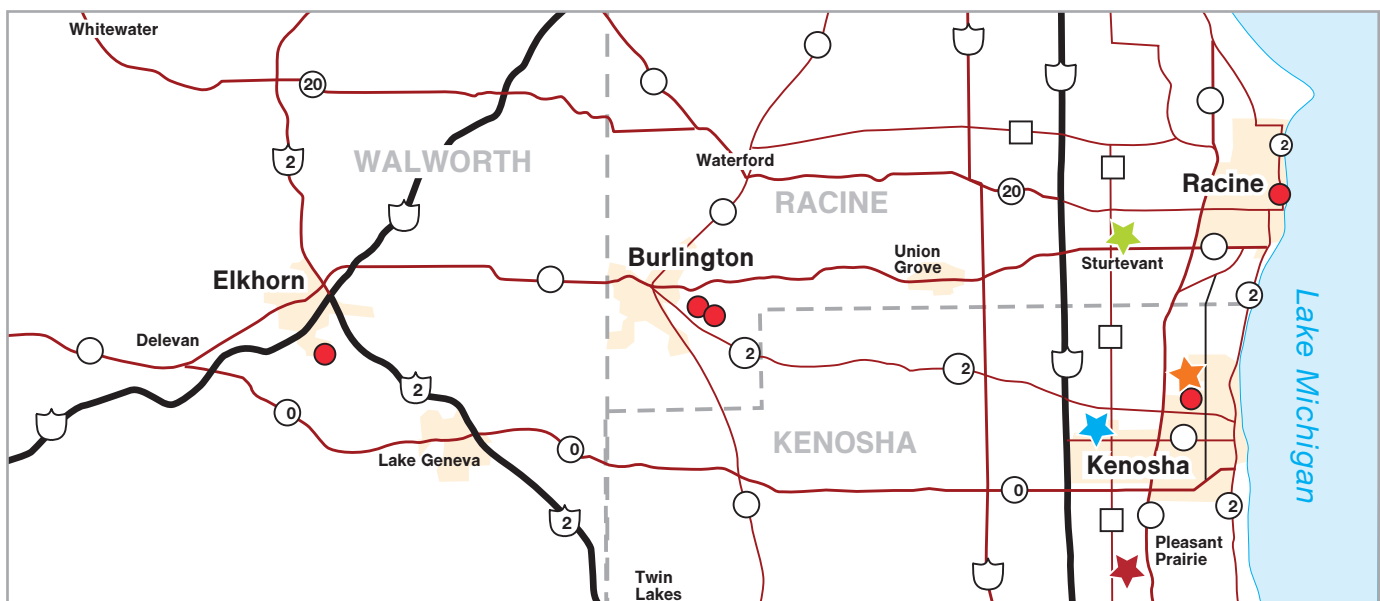


*choose Gateway.*





## Gateway Technical College





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## **GATEWAY TECHNICAL COLLEGE DISTRICT**

Racine/Kenosha/Elkhorn, Wisconsin

Comprehensive Annual Financial Report  
For the Fiscal Years Ended June 30, 2017 and 2016  
(With Independent Auditors' Report)

### **Official Issuing Report:**

William Whyte  
Sr. Vice President of Operations

### **Report Prepared By:**

Sharon Johnson, CPA, Controller  
Christopher Ziarko, CPA, Director of Accounting

### **Assisted By:**

Business Office staff  
Marketing & Communications staff  
Human Resources staff  
Institutional Effectiveness staff

GATEWAY TECHNICAL COLLEGE DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Years Ended June 30, 2017 and 2016

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GATEWAY TECHNICAL COLLEGE DISTRICT

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**Bryan D. Albrecht, Ed.D.**  
President and CEO

**BURLINGTON CENTER**

496 McCanna Pkwy.  
Burlington, WI 53105-3623  
262.767.5200

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Elkhorn, WI 53144-2046  
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262.767.5204

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November 17, 2017

**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, 2017 and June 30, 2016 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 short, we make life-changing educational opportunities a reality.

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 23,000 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**

Gateway received the 2017 Military Friendly School award for the sixth 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.

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 2016 list. This is the seventh year of the survey, and Gateway was named among the top in that category for six of those years, twice in the top 10.

Gateway was again awarded a national workplace wellness award for its programs to promote employee and workplace wellness. The Wellness Councils of America (WELCOA) in April 2017 recognized Gateway with a Gold Award which designates it as a Well Workplace and puts it on the List of America's Healthiest Companies published by the group annually.

Gateway received national accreditation for its newly revamped Pharmacy Technician program.

Gateway Technical College Foundation, at its annual award ceremony awarded 224 scholarships totaling nearly \$140,000 and benefiting 214 students by helping them fulfill their career and educational goals.

Gateway continued its work to assist area entrepreneurs through its Business and Workforce Solutions division. One such effort was providing a business competition in December 2016 for entrepreneurs of nine area businesses who competed for seed grants by making a 4-minute pitch to a panel of judges made up of area business leaders. The top entrepreneur received a \$5,000 seed grant, second place a \$4,000 seed grant and third place a \$3,000 seed grant. The entrepreneurs were completers of the college's accelerator grant program.

Gateway hosted a Southeastern Wisconsin Big Read effort. The National NEA Big Read is a program of the National Endowment for the Arts in partnership with Arts Midwest. Events ran at numerous sites in Kenosha County, Racine County and Walworth County.

Gateway Technical College honored six area residents who had been selected as this year's Dr. Martin Luther King Humanitarians, individuals recognized for their contributions to society their school, business or profession, as well as their dedication to volunteerism or philanthropic life's work.

## **Economic Condition & Development**

Wisconsin's economy is on the rebound. U.S. Bureau of Labor Statistics' unemployment and employment estimates showed Wisconsin's not-seasonally adjusted June 2017 unemployment rate at 3.5 percent, lower than the national rate of 4.5 percent. For the same time period, the unemployment rate in Kenosha County was 4.1 percent, Racine County 4.2 percent and Walworth County 3.4 percent. Those rates compare to June 2016 numbers of 5.2 percent in Kenosha County, 5.5 percent in Racine County, and 4.4 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 for 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, 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. The college has also begun a multi-year, in-depth strategic enrollment plan that seeks to use data to help recruit and retain students as well as help them to reach their educational goals.

In addition, the college in spring 2017 accepted its first round of Gateway Promise scholarship program applicants. The 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. Students will begin their coursework in fall 2017.

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 a guiding force for Gateway Technical College faculty, staff, and administration. Following is a representative list of some of the major initiatives and accomplishments for the 2016-17 fiscal year.

### **Leadership of a Model College**

In fiscal year 2016-17, 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 Bryan Albrecht presented the college's well-known boot camp and Gateway Promise programs at a White House Community College Convening



event in Washington D.C. in November 2016, showcasing the best practices from across America to strengthen community college access and success.

- Gateway President and CEO Bryan Albrecht was one of four invited speakers to talk about TAACCCT on a national podcast broadcast. Albrecht described how the college has used the TAACCCT grant to invest in student success by expanding pathways and developing comprehensive supports for students.
- Gateway's work to use Lean Six Sigma principles to streamline and improve its internal mail system was so successful that it received national accolades. The Gateway team that worked on the project and designed a solution was chosen to present the plan in May 2017 at the American Society for Quality International Team Excellence Awards in Charlotte, N.C.
- Gateway Technical College's commitment to, and nationwide recognition of, its innovative science, technology, engineering and math (STEM) education was highlighted once again as college president and CEO Bryan Albrecht moderated discussion at a national conference in Washington D.C. Albrecht in Nov. 2016 moderated the "Cultivating College and Career Ready Graduates" roundtable discussion, a topic which is pivotal for our nation's success, national leaders say.
- Several students took the stage with President Trump during his visit to Kenosha as he talked about the need for quality technical education, pointing to Gateway as an example of quality education and its students as the workers of tomorrow.
- A seminar held by Gateway gave area high school instructors the training to become Snap-on certified technicians, which will help them provide training to their students to successfully enter their chosen career or college program. The July 15 session, held at the college's Horizon Center for Transportation Technology in Kenosha, provided nationally certified instruction on the Snap-on MODIS integrated diagnostic system scanner and lab scope.
- Gateway Technical College president Bryan Albrecht was selected to the America Technical Education Association Board of Trustees as its president for 2017-19. ATEA is an independent association devoted to excellence in the quality of postsecondary technical education with emphasis on professional development and workforce development.
- Gateway Safety and Security Director was awarded the statewide 2<sup>nd</sup> Impact Award for his work in mitigating risks at the college.
- A Gateway graduate was invited to participate in a U.S. Senate hearing on technical education, and the role that it played in her life and career.

### **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 2016-17 fiscal year. A few examples of Gateway's service learning projects this year include the following:

- Students enrolled in – and alumni of – Gateway Technical College's Barbering held a cut-a-thon to benefit the college's veteran's club in November at the barbering studio on the Kenosha Campus.
- Allied health faculty members and their students performed service learning work, providing health care to residents of Nicaragua and Costa Rica.
- Several student clubs and human service class groups sponsored clothing drives for area charities in November and December.

- Members of Gateway's Association for Information Technology Professionals student chapter held free and donation-only public computer clinics. The community 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.
- Five Accounting students volunteered as tax preparers for the United Way of Kenosha County's and Racine County's Volunteer Income Tax Assistance (VITA) program.
- Gateway Information Technology students held a series of free workshops in to provide assistance and education in today's technology such as tablets, smartphones and other devices specifically 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.

- Gateway's partnership with the state through a grant initiative helped inmates at the Racine Correctional Institution to gain the skills to a new career and life. That partnership was highlighted through a visit by Lieutenant Governor Rebecca Kleefisch, who keynoted the spring graduation ceremony for inmates – who earned a combined 47 certificates and GED degrees -- and their families.
- Gateway Technical College named the Kenall Protective Services Training Center on its Kenosha Campus in recognition of the company's donation dedicated to the Gateway Promise program.
- Gateway and Cardinal Stritch University in October 2016 signed a first-of-its-kind agreement which will provide a way for Gateway nursing students to be concurrently enrolled at Cardinal Stritch University and earn a bachelor's degree in as little as one semester after earning an associate degree in nursing.
- A business plan for a product that helps nursing mothers to breast feed their children more efficiently won Gateway Technical College's local InnovateHER business plan challenge in June 2017. The InnovateHER Business Challenge hosted at Gateway is a local competition of the national competition sponsored by the US Small Business Administration.
- Gateway and Carthage College partnered on a transfer agreement which gives graduates of most Gateway programs the ability to transfer most of those credits to Carthage, saving them time and money toward earning a bachelor's degree.

### **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 expanded one green industry academic program and created a brand new one this year, further highlighting the college's commitment to green collar career training. Industry need for more workers in the horticulture industry prompted the college to expand

its Horticulture-Landscape program in Walworth County and create a brand new Arboriculture Forestry program.

- Gateway continued its EcoFest Racine on the Racine campus, a community celebration designed to share information and encourage participation in activities that help us live our lives in a more environmentally friendly way. The event, held in March, provided opportunities for attendees to learn about subjects including: healthy and gluten-free eating; ways to conserve energy in the home; the importance of bees and butterflies and how to create “nature corridors” for them; and much more.
- Gateway 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, which was held in April, features many earth-friendly activities, informational booths, workshops and children’s crafts across the campus, which has drawn thousands to the event.
- Gateway Technical College in Sept. 2016 opened its bee barn at the Joseph and Kathy Madigrano-supported Center for Sustainable Living on its Kenosha Campus, a building which will be a focal point on the college’s effort to raise awareness of the dramatic expiration of millions of bees in the last decade. The project includes a new garden which attracts pollinators such as bees, informative signage, a bee activity curriculum, teaching aids and a remodeled barn which will become the center for all the bee activities. Activities will be open to community members as well elementary through high school-aged students.

### **Facilities**

Quality facilities and equipment help to provide the Gateway Experience in which students and the community engage. Fiscal year 2016-17 projects added resources and training opportunities to help students in their academic and career endeavors.

- The college opened its new Kenall Protective Services Training Center, a site which will provide state-of-the-art training site for Gateway’s law enforcement academy, as well as professional and ongoing training for area law enforcement agencies. It includes newly remodeled tactical training areas, added classrooms, a 12-lane shooting range and a CSI lab.
- Gateway developed a mobile training lab, which brings training equipment to area high schools. Equipment includes Fab Lab and Snap-on diagnostic equipment.
- In September 2016, Gateway held a ceremony dedicating the Rex and Amanda Adams Veterinary Sciences Laboratory in the Veterinary Science Building of the college’s Elkhorn Campus.

### **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

- Three construction and industrial trade apprentices at Gateway Technical College received Tools of the Trade \$1,000 Apprentice Scholarships from Great Lakes Higher Education Corporation & Affiliates. Across the state, 200 apprentices received \$1,000 scholarships in spring 2017.
- Gateway Technical College students swept the floral design competition of the Wisconsin and Upper Michigan Florist Association at its March 2017 convention, taking first, second and third places.

- Another Gateway student took first place in the professionals division of the floral centerpiece design challenge at the annual winter wedding design competition hosted by United Wholesale Flowers in mid-September in San Jose, California.
- A Gateway student took home an amazing six first-place honors and three third-place honors at the Wisconsin Business Professionals of America State Leadership Conference in February 2017.
- Four Gateway Collegiate DECA students captured first-place, second-place and third-place honors at the 55th Wisconsin Collegiate DECA annual Spring Competitive Events Conference held March in Madison. Several others – a total of 25 – captured other top 10 honors. They qualified to compete at the international competition in Washington D.C., where they captured one third-place and several top 10 honors, as well.
- The Coalition on Adult Basic Education has named a Gateway Technical College student as the national COABE Adult Learner of the year runner-up.
- Gateway Technical College honored a large number of apprenticeship completers, 58, at the 2016-17 apprentice class commemoration.
- Gateway recognized 1,009 prospective candidates for graduation from all semesters of the fiscal year during the May commencement ceremony.
- Three Gateway students were recognized during the Veterans Honor event held on the Kenosha Campus as being veterans of the year.

### **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 2016-17 are as follows:

- Gateway initiated Cyber security training program for all employees.
- Cyber security data loss prevention initiatives, to provide further ways for employees to protect the college's digital resources were adopted.
- The college researched and evaluated alternatives to video conferencing to support the Vanguard initiative. That included creating VMP connections to each participating school to make the management of the digital products easier.
- Gateway explored and recommended options for a new college emergency notification system.
- Multimedia equipment was installed in 40-plus classrooms as part of a classroom refresh, to help instructors and students in their work.
- A new recording solution was implemented for the learning success centers and disability support services centers for the college, which includes services for the testing areas.
- Phase 1 for digital signage upgrades was initiated throughout the district.

### **Special Funding/Grants**

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

- The Wisconsin Economic Development Corporation (WEDC) in June 2017 awarded Gateway an \$80,000 grant to support its Launch Box Growth Accelerator Program, which will help 10 area entrepreneurial teams start or grow their business. The grant will enable



Gateway to conduct two intensive, 10-week Launch Box classes with five teams in each – one this fall and one in spring 2018.

- One of the schools within Gateway's district received a \$16,000 grant to help expand the college's Fab Lab within their school as part of a statewide grant provides to 20 public school districts with a total of nearly \$500,000 in grants that will enable them to start or expand local fabrication laboratories.
- Gateway revamped its federal grant program to provide military veterans with even more credit toward earning a health care degree for their work and training while in the service. Gateway also provided resources to help those students to earn 4 free credits toward their Nursing degree.
- Gateway provided training to area companies totaling \$248,081 and will train 414 workers as part of Workforce Advancement Training Grant initiatives. The grants will support a company's efforts for continuous improvement, increasing efficiency and productivity. They will help a company to retain the workers they currently have and to increase its competitive productivity.

### **New Programs/Academic Initiatives**

Gateway strives to be flexible in its course and service delivery to help students achieve their goals. The 2016-17 year certainly exemplified flexibility with the addition of new offerings as well as the continued positive impact of established programs.

- Gateway in summer 2017 started enrolling students into its new Arboriculture associate degree program. Area business leaders helped Gateway to create a curriculum which meets the needs of this growing industry. Some, such as the city of Racine, city of Kenosha and Kenosha County, also came forward to offer sites and trees for students to apply the skills they've learned, once coursework began.
- Industry need for more workers in the horticulture industry prompted Gateway to expand its Horticulture-Landscape associate degree program in Walworth County. Tailored for those already working in the field, the program offers night, weekend and online offerings. It allows current workers the ability to obtain the degree while they work.
- Several changes were made to associate and diploma degree programs for the 2016-17 Academic year to better meet the needs of students and the career they will soon enter. Modifications were made the following programs: Business Management; Air Conditioning, Heating and Refrigeration Technology; Pharmacy Technician.
- Several technical diplomas and certificates were also added to student offerings for the 2016-17 Academic year, expanding the educational opportunities for our students. Those included: Small Business Accounting; Business Professional Essentials; Receptionist; Retail Beauty Advisor; Accounting Assistant; Business Services Manager.

### **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, 2016.

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,



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



William Whyte  
Sr. Vice President of Operations

## GATEWAY TECHNICAL COLLEGE

### DISTRICT BOARD AND PRINCIPAL OFFICIALS

As of June 30, 2017

#### **District Board**

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

#### **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
Vice President Student Services and Enrollment Management	Stacy Riley





## 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.

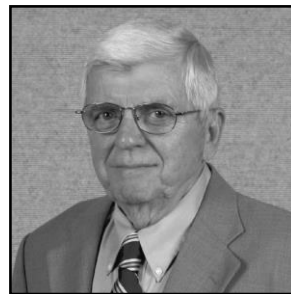
The Gateway Board monthly meetings are open to the public. Information on their meetings can be found at [www.gtc.edu/board](http://www.gtc.edu/board).



**Ram Bhatia**  
Racine County



**William Duncan**  
Walworth County



**Ronald J. Frederick**  
Kenosha County



**Gary Olsen**  
Walworth County



**Bethany Ormseth**  
Kenosha County



**Kimberly Payne**  
Racine County



**R. Scott Pierce**  
Kenosha County



**Roger Zacharias**  
Kenosha County

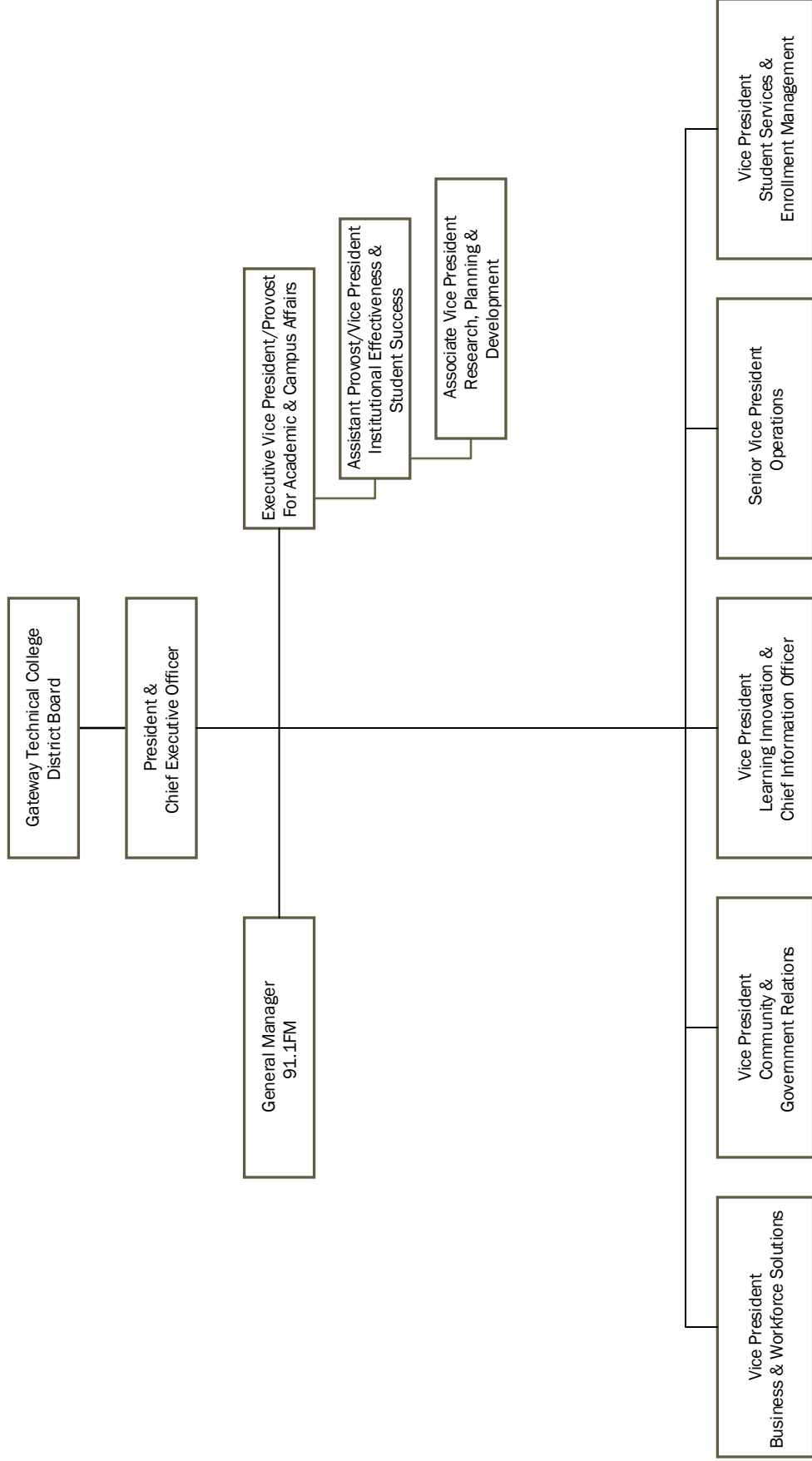


**Pamela Zenner-Richards**  
Racine County

# Gateway Technical College

## Organizational Chart

### As of June 30, 2017







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, 2016**

*Christopher P. Morill*

Executive Director/CEO

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**Financial Section**

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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 ("the District") as of and for the year ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We 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 opinions.



## **Opinions**

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, 2017 and 2016, 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 30 and the schedules relating to pensions and other postemployment benefits on pages 78 and 79 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 opinions 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 November 17, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants  
Sheboygan, Wisconsin  
November 17, 2017



## **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, 2017.

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>2017</u>	<u>2016</u>	<u>Incr (Decr) 2017-2016</u>	<u>2015</u>	<u>Incr (Decr) 2016-2015</u>
<b><u>Assets</u></b>					
Cash and other current assets	\$ 51,848	\$ 50,496	\$ 1,352	\$ 45,020	\$ 5,476
Capital assets, net of accumulated depreciation	<u>81,753</u>	<u>76,804</u>	<u>4,949</u>	<u>83,122</u>	<u>(6,318)</u>
<b>Total Assets</b>	<u>133,601</u>	<u>127,300</u>	<u>6,301</u>	<u>128,142</u>	<u>(842)</u>
<b><u>Deferred Outflows</u></b>					
Deferred outflows related to pension	<u>18,780</u>	<u>27,992</u>	<u>(9,212)</u>	<u>6,669</u>	<u>21,323</u>
<b><u>Liabilities</u></b>					
Current	16,567	17,268	(701)	16,086	1,182
Non-Current	<u>59,602</u>	<u>57,783</u>	<u>1,819</u>	<u>49,568</u>	<u>8,215</u>
<b>Total Liabilities</b>	<u>76,169</u>	<u>75,051</u>	<u>1,118</u>	<u>65,654</u>	<u>9,397</u>
<b><u>Deferred Inflows</u></b>					
Deferred inflows related to pension	<u>8,436</u>	<u>11,260</u>	<u>(2,824)</u>	<u>49</u>	<u>11,211</u>
<b><u>Net Position</u></b>					
Net investment in capital assets	33,578	29,405	4,173	28,044	1,361
Restricted	1,586	1,871	(285)	10,228	(8,357)
Unrestricted	<u>32,612</u>	<u>37,705</u>	<u>(5,093)</u>	<u>30,836</u>	<u>6,869</u>
<b>Total Net Position</b>	<u>\$ 67,776</u>	<u>\$ 68,981</u>	<u>\$ (1,205)</u>	<u>\$ 69,108</u>	<u>\$ (127)</u>

Total assets increased \$6.3 million or 5.0% in FY 2017 and decreased \$.8 million or .7% in FY 2016. Total liabilities increased by \$1.1 million or 1.5% in FY 2017 as compared to an increase of \$9.4 million or 14.3% in FY 2016. Overall, the total net position decreased by \$1.2 million or 1.2% in FY 2017 while FY 2016 experienced a \$.1 million or .2% decrease for the fiscal year.

#### ***Fiscal Year 2017 Compared to Fiscal Year 2016***

- In FY 2017 cash and cash equivalents experienced an increase of 3.3 million or 9.1% as compared to \$3.0 million or a 9.3% increase in FY 2016. Cash received from tuition and fees decreased by 6.0% or \$.7 million due to decreased enrollment and federal and state grant receipts decreased by (\$5.7 million) or 17.4% due to less aid received also because of decreased enrollment.
- Other current assets decreased by \$1.9 million or 13.1% due mainly to a decrease in federal and state aid receivables at year end.

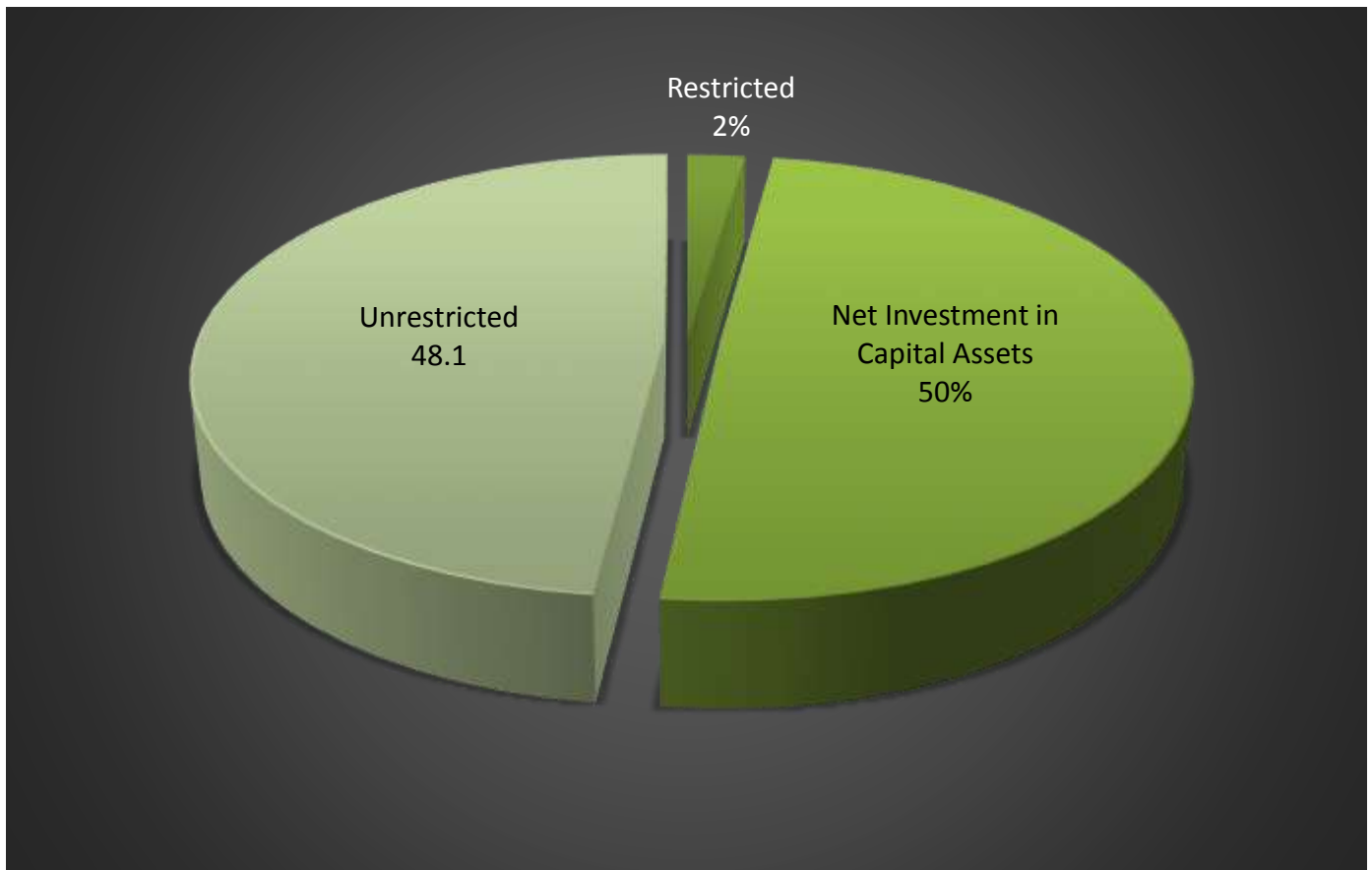
- Capital assets, net of accumulated depreciation, increased by \$4.9 million or 6.4%. Besides net capital equipment and net intangible asset additions of approximately \$1.6 million, there were various remodeling/constructions projects at all campuses.
- Deferred outflows relate to the Wisconsin Retirement System and decreased \$9.2 million in FY 2017 as compared to an increase of \$21.3 million in FY 2016. 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 decreased 4.1% in FY 2017 compared to an increase of 7.3% in FY 2016. The decrease in FY 2017 is due mainly to a decrease in accounts payable at year end.
- Deferred inflows related to the Wisconsin Retirement system allocation of pension liability decreased by \$2.8 million in 2017 (Additional information can be found in footnote # 6 in the notes to the financial statements).
- Long-term liabilities increased 3.1% or \$1.8 million as compared to FY 2016 increase of 16.6% or \$8.2 million. General obligation debt increased by approximately \$4.5 million or 9.3% in FY 2017, while the net pension liability decreased by \$2.6 million or 49.8%. (Additional information can be found in footnote # 6 in the notes to the financial statements)

#### ***Fiscal Year 2016 Compared to Fiscal Year 2015***

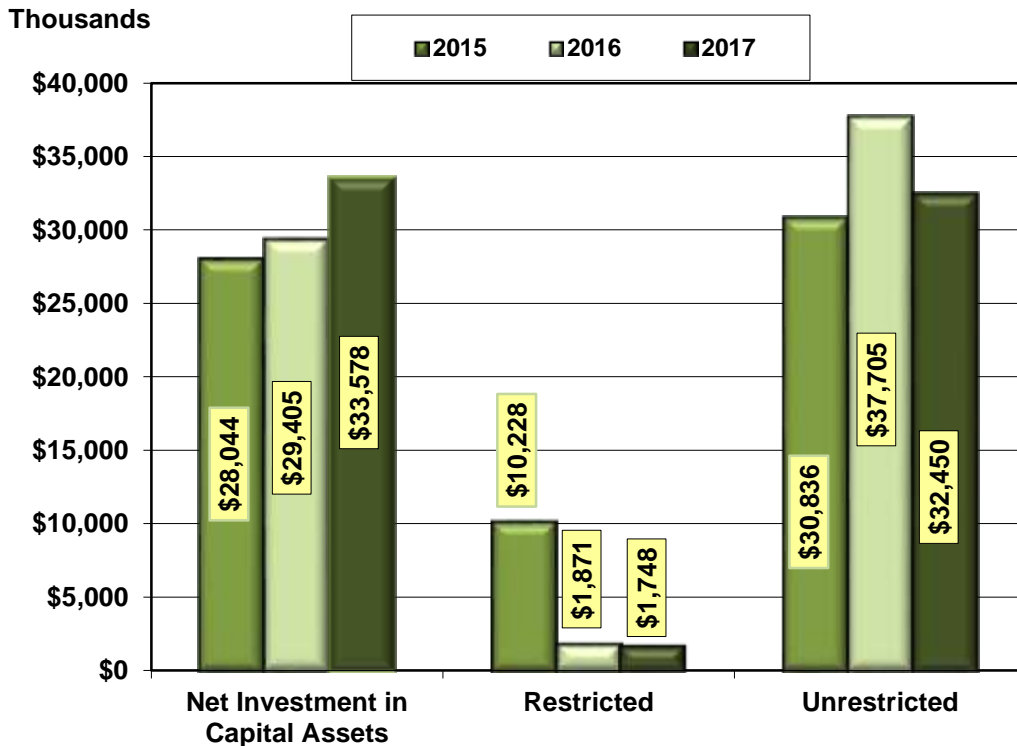
- In FY 2016 cash and cash equivalents experienced an increase of 3.0 million or 9.3% as compared to an \$8.2 million or a 33.5% increase in FY 2015. Cash received from tuition and fees increased by 30.3% or \$2.5 million due to decreased scholarship allowances to offset tuition and fees revenue and 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 2016 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.

**Net Position**  
**June 30, 2017**



### Comparative Net Position Fiscal Years 2015, 2016 and 2017



#### 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>2017</u>	<u>2016</u>	<u>Incr (Decr) 2017-2016</u>	<u>2015</u>	<u>Incr (Decr) 2016-2015</u>
<b><u>Operating Revenues</u></b>					
Student fees	\$ 10,237	\$ 10,893	\$ (656)	\$ 8,359	\$ 2,534
Federal & state grants	27,015	32,704	(5,689)	36,936	(4,232)
Local Grants	75	100	(25)	102	
Contract revenues	3,204	3,169	35	2,648	521
Auxiliary & miscellaneous revenues	1,667	1,615	52	1,692	(77)
<b>Total Operating Revenues</b>	<u>42,198</u>	<u>48,481</u>	<u>(6,283)</u>	<u>49,737</u>	<u>(1,254)</u>
<b><u>Operating Expenses</u></b>					
Instruction	55,694	57,309	(1,615)	55,475	1,834
Instructional resources	1,286	1,291	(5)	1,254	37
Student services	15,134	14,134	1,000	13,333	801
General institutional	9,893	9,925	(32)	8,767	1,158
Physical plant	8,208	7,737	471	7,887	(150)
Student aid	14,857	19,037	(4,180)	20,998	(1,961)
Public services	346	334	12	374	(40)
Auxiliary services	423	483	(60)	509	(26)
Depreciation	7,366	6,803	563	5,976	827
<b>Total Operating Expenses</b>	<u>113,207</u>	<u>117,053</u>	<u>(3,846)</u>	<u>114,573</u>	<u>2,480</u>
<b><u>Non-operating Revenues (Expenses)</u></b>					
Property taxes	31,938	30,423	1,515	28,771	1,652
State appropriations	39,351	38,923	428	38,467	456
Loss on disposal of capital assets	(27)	(116)	89	(61)	(55)
Investment income	92	61	31	47	14
Interest expense & debt issuance costs	(1,640)	(1,570)	(70)	(1,557)	(13)
<b>Total Non-operating Revenues (Expenses)</b>	<u>69,714</u>	<u>67,721</u>	<u>1,993</u>	<u>65,667</u>	<u>2,054</u>
<b><u>Capital Contributions</u></b>					
Federal & state capital grants	90	472	(382)	184	288
Other capital grants/donations	-	252	(252)	516	(264)
<b>Total Capital Contributions</b>	<u>90</u>	<u>724</u>	<u>(634)</u>	<u>700</u>	<u>24</u>
<b>Net increase (decrease) in net position</b>	(1,205)	(127)	(1,078)	1,531	(1,656)
Net Position - beginning of year	<u>68,981</u>	<u>69,108</u>		<u>67,577</u>	
Net Position - end of year	<u>\$ 67,776</u>	<u>\$ 68,981</u>		<u>\$ 69,108</u>	

**OPERATING REVENUES** include the charges for services offered by the District and other federal and state operating grants. During FY 2017 the District generated \$42.2 million of operating revenue which is a 13.0% decrease or (\$6.3 million) over FY 2016. Significant changes for the fiscal years are as follows:

***Fiscal Year 2017 Compared to Fiscal Year 2016***

- Student tuition and fees revenue decreased by \$.6 million or 6.0% primarily because less scholarship allowances were received in FY 2017 which reduce the net tuition and program fee revenue reflected. In addition, FTE's were down to 4,537 in FY 2017 as compared to 4,784 in FY 2016. This is the sixth 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 16.9% or (\$4.8 million) in FY 2017 compared to a decrease of 13.7% or (\$4.5 million) in FY 2016. The decrease is due to the reduction of federal loans and Pell grants received in FY 2017 versus FY 2016.
- State grants decreased by 20.6% or .9 million due to a decrease of funds received for special revenue project grants.

***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.

**OPERATING EXPENSES** are costs incurred for providing education, training and related services. Overall operating expenses decreased 3.3% or (3.8 million) in FY 2017 as compared to an increase of 2.2% or 2.5 million in FY 2016. Changes within operating expenses for the fiscal years are as follows:

***Fiscal Year 2017 Compared to Fiscal Year 2016***

- Student aid expenses dropped (\$4.2 million) or 21.9%. The significant reduction is due to a combination of factors; student FTE dropped by 5.1% and as a result less students' applied for loans and Pell grants.
- Pension expense increased by \$.4 million in FY 2017, down from a 3.3 million increase in FY 2016.

### ***Fiscal Year 2016 Compared to Fiscal Year 2015***

- Student aid expenses 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.

**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 2.0% in FY 2017 compared to a \$2.0 million increase or 3.1% in FY 2016. The significant components of the fiscal years are as follows:

- Property taxes are a primary source of revenue for the District comprising 28.1% of our revenue source in FY 2017. Overall property tax revenues for the year were \$31.9 million, an increase of \$1.5 million or 5.0% more than recognized in FY 2016.

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 three fiscal years. In FY 2017 there was an increase in the District's tax levy to \$31.9 million, up from \$30.4 million in FY 2016. State appropriations increased only \$.4 million or 1.1% compared to a \$.4 million or 1.2% increase in FY 2016. 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 expenses, 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. Debt issuance costs are recognized as an expense in the year they are incurred. FY 2016 reflected an increase of approximately \$12,600 or .81% for the expense, while FY 2017 reflects an increase of approximately \$70,600 or 4.5%. As deferred bond premium is recognized, it is used to reduce debt issuance expenses.

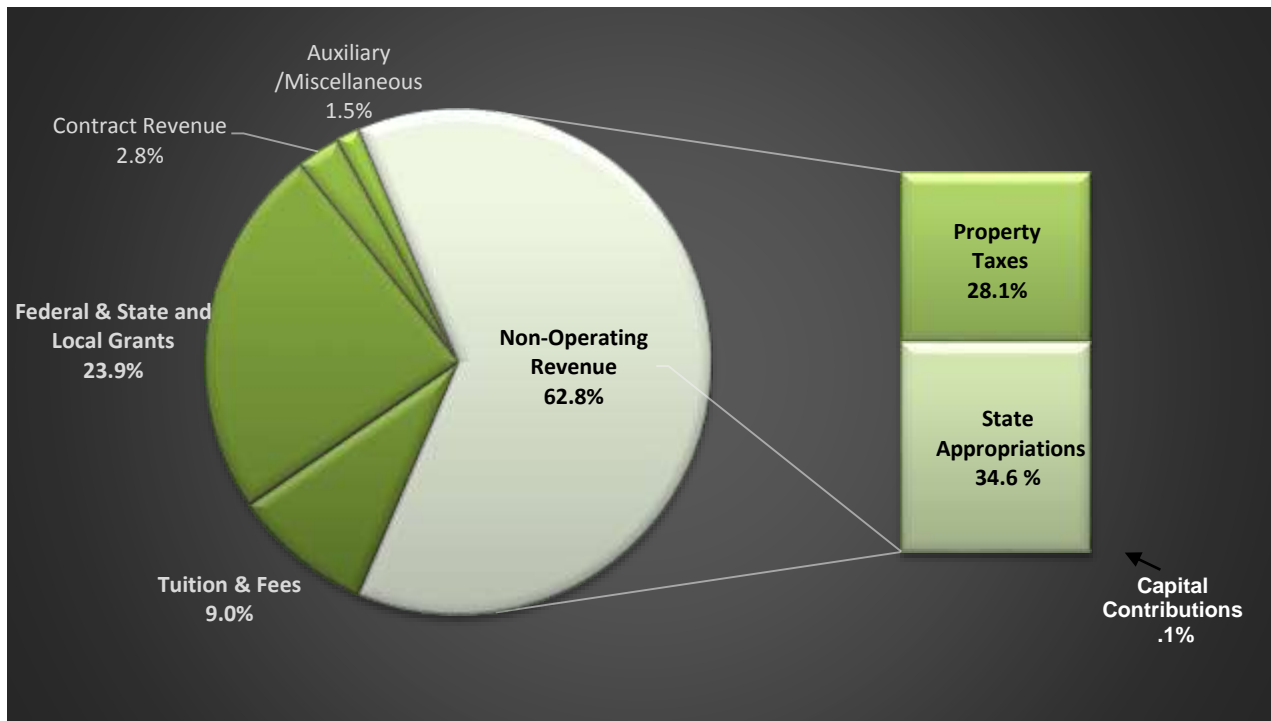
**CAPITAL CONTRIBUTION REVENUE** is revenue due to donations of cash or capital equipment and grant funds to be used exclusively for the purchase of capital assets. Overall contribution revenues decreased by 87.5% in FY 2017 as compared to an increase of 3.4% in FY 2016. This decrease was due to a decline in receipt of contributions, donations in FY 2017.

The following graphs represent the distribution of revenues and operating expenses for the fiscal year ended June 30, 2017.



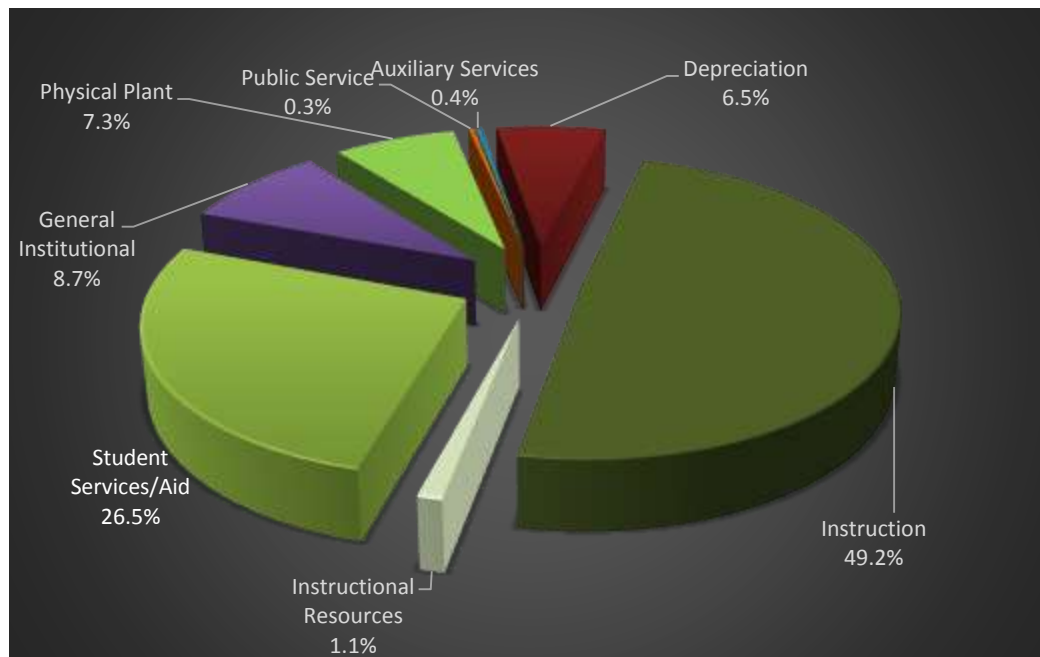
# Revenues

June 30, 2017



# Operating Expenses

June 30, 2017



## 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>2017</u>	<u>2016</u>	<u>Incr (Decr)</u> <u>2017-2016</u>	<u>2015</u>	<u>Incr (Decr)</u> <u>2016-2015</u>
Cash Used By Operating Activities	\$ (59,308)	\$ (59,263)	\$ (45)	\$ (57,605)	\$ (1,658)
Cash Provided By Non-Capital Financing Activities	71,294	68,913	2,381	76,165	(7,252)
Cash Used By Capital and Related Financing Activities	(8,808)	(6,660)	(2,148)	(10,361)	3,701
Cash Provided By Investing Activities	<u>92</u>	<u>61</u>	<u>31</u>	<u>47</u>	<u>14</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>\$ 3,270</u>	<u>\$ 3,051</u>	<u>\$ 219</u>	<u>\$ 8,246</u>	<u>\$ (5,195)</u>

### ***Fiscal Year 2017 Compared to Fiscal Year 2016***

The cash and cash equivalents balance increased from \$35.9 million in FY 2016 to \$39.2 million in FY 2017. Overall, in FY 2017, cash and cash equivalents increased by 3.3 million or 9.1% as compared to the FY 2016 increase of \$3.1 million or 9.3%.

The District's cash usage was relatively flat in FY 2017 as compared to FY 2016. Only \$45,000 or .8% additional cash was used for operating activities in FY 2017 compared to \$1.7 million or 2.9% in FY 2016.

Overall cash provided by non-capital financing activities increased by \$2.4 million or 3.5%. Local government property taxes received increased by \$1.9 million or 6.2% while state appropriations received increased by \$.5 million or 1.3%.

Overall net cash used for capital and related financing activities increased by 32.3% or \$2.1 million in FY 2017 as compared to a decrease of 35.7% or \$3.7 million in FY 2016. Purchases of capital assets and funds spent on construction/remodeling increased by \$3.4 million or 35.7% compared to \$5.3 million or 36.9% decrease in FY 2016. Additionally, the District issued \$2.0 million or 16.7% more debt for capital projects compared to a \$1.0 million decrease or .8% from FY 2016. Please see footnote #5 for further details.

Cash provided by investing activities increased by \$31,500 or 52.0% as the rate of return on investments began to see an increase in FY 2017.

### ***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.

### Capital Asset and Debt Administration

Stated in Thousands (\$000)

	<u>2017</u>	<u>2016</u>	<u>Incr (Decr)</u> <u>2017-2016</u>	<u>2015</u>	<u>Incr (Decr)</u> <u>2016-2015</u>
Land and Land Improvements	\$ 9,149	\$ 8,748	\$ 401	\$ 8,609	\$ 139
Less Accumulated Depreciation	(2,953)	(2,571)	(382)	(2,203)	(368)
Buildings, Improvements and Leasehold Interest/Improvement	103,755	95,769	7,986	90,046	5,723
Less Accumulated Depreciation	(45,940)	(41,913)	(4,027)	(38,301)	(3,612)
Intangible Assets	2,052	2,036	16	1,934	102
Less Accumulated Depreciation	(1,657)	(1,341)	(316)	(924)	(417)
Equipment	38,246	34,229	4,017	33,330	899
Less Accumulated Depreciation	(22,345)	(20,148)	(2,197)	(20,142)	(6)
Construction in Progress	<u>1,446</u>	<u>1,995</u>	<u>(549)</u>	<u>2,665</u>	<u>(670)</u>
<b>Cost of Capital Assets Net of Accumulated Depreciation</b>	<u>\$ 81,753</u>	<u>\$ 76,804</u>	<u>\$ 4,949</u>	<u>\$ 75,014</u>	<u>\$ 1,790</u>
<b>Capital asset related debt outstanding at Year End</b>	<u>\$ 48,175</u>	<u>\$ 47,399</u>	<u>\$ 776</u>	<u>\$ 43,208</u>	<u>\$ 4,191</u>

### ***Fiscal Year 2017 Compared to Fiscal Year 2016***

Overall capital assets, net of accumulated depreciation, increased by \$4.9 million from FY 2016 to FY 2017. The largest increase was in building improvements net of accumulated depreciation of \$4.0 million. Remodeling improvements were completed at each campus; however the major additions in 2017 were at the Kenosha Campus which included a \$1.2 million remodel of the Student Services Commons area and a \$1.5 million Shooting Range expansion. In addition a \$1.1 million IT Center of Excellence remodel was completed on

the Racine campus. Additional information about Gateway's capital assets may be found in footnote #4 in the financial statements.

The District had general obligation debt, relating to capital assets, outstanding of \$48.2 million at June 30, 2017, an increase of \$.8 million, as compared to \$47.4 million at June 30, 2016. 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 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. Additional information about Gateway's capital assets may be found in footnote #4 in the financial statements.

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.

#### **Overall Financial Position**

Gateway's financial position remains strong for fiscal year 2017 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 located between the cities of Milwaukee (Aa3 Stable) and Chicago (Ba1 Negative); sound financial operations supported by healthy reserves; and an average debt burden with rapid principal amortization; and manageable pension liabilities."*
- Gateway's 2017 debt service as a percentage of operating expenses was the 5<sup>th</sup> lowest of all the colleges.
- Cash and cash equivalents increased by \$3.2 million or 9.1%.
- The current ratio, current assets compared to current liabilities, was at 3.1 times as of June 30, 2017.

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 4,537 or 5.1% in 2017 compared to 4,784 or 2.7% in 2016. Gateway began a multi-year Strategic Enrollment Management initiative in 2017 to focus on finding data based strategies in conjunction with all other efforts to address the enrollment challenge.
- 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. With many new opportunities on the horizon, Gateway is perfectly poised to leverage them and continue to be a positive force in our community. 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 – 30<sup>th</sup> Avenue, Kenosha, WI 53144-1690.

## **BASIC FINANCIAL STATEMENTS**

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GATEWAY TECHNICAL COLLEGE DISTRICT  
Statements of Net Position  
June 30, 2017 and 2016

	2017		2016	
	District	Foundation	District	Foundation
<b>ASSETS</b>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 27,566,977	\$ 5,737,189	\$ 27,009,650	\$ 4,695,650
Restricted assets - cash and cash equivalents	11,609,105	-	8,896,108	-
Receivables:				
Property taxes	8,418,806	-	8,400,144	-
Accounts, net of reserve of \$159,000 and \$237,000 for 2017 and 2016, respectively	1,395,605	9,752	1,714,359	14,691
Federal and state aid	1,259,611	-	3,704,320	-
Prepaid expenses	1,598,117	2,277	771,795	4,465
Total Current Assets	<u>51,848,221</u>	<u>5,749,218</u>	<u>50,496,376</u>	<u>4,714,806</u>
<u>Non-Current Assets</u>				
Capital assets	154,647,298	1,379,364	142,776,675	1,369,364
Less: accumulated depreciation	(72,894,123)	(680,975)	(65,972,679)	(624,282)
Promises to Give - Foundation	-	293,635	-	-
Total Non-Current Assets	<u>81,753,175</u>	<u>992,024</u>	<u>76,803,996</u>	<u>745,082</u>
Total Assets	<u>133,601,396</u>	<u>6,741,242</u>	<u>127,300,372</u>	<u>5,459,888</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	<u>18,779,744</u>	<u>-</u>	<u>27,991,681</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>152,381,140</u>	<u>6,741,242</u>	<u>155,292,053</u>	<u>5,754,314</u>
<b>LIABILITIES</b>				
<u>Current Liabilities</u>				
Accounts payable	2,469,419	42,317	3,381,829	60,678
Accrued payroll and benefits	1,947,126	-	1,784,037	-
Accrued vacation	610,043	-	628,761	-
Accrued interest payable	427,563	379	379,156	706
Due to student groups/organizations	319,726	-	341,060	-
Unearned revenue	1,238,262	-	1,538,345	-
General obligation debt - current portion	9,555,000	-	9,215,000	-
Notes payable	-	105,735	-	117,801
Total Current Liabilities	<u>16,567,139</u>	<u>148,431</u>	<u>17,268,188</u>	<u>179,185</u>
<u>Non-Current Liabilities</u>				
General obligation debt	53,217,384	-	48,695,444	-
Notes payable	-	53,130	-	158,869
Other postemployment benefits	3,237,324	-	3,217,188	-
Net pension liability	2,673,855	-	5,325,004	-
Unearned revenue	473,338	-	545,076	-
Total Non-Current Liabilities, less current portion	<u>59,601,901</u>	<u>53,130</u>	<u>57,782,712</u>	<u>158,869</u>
Total Liabilities	<u>76,169,040</u>	<u>201,561</u>	<u>75,050,900</u>	<u>338,054</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	<u>8,435,935</u>	<u>-</u>	<u>11,259,571</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	33,578,192	-	29,405,384	-
Restricted for:				
Debt service	851,644	-	612,563	-
Student financial assistance - expendable	-	-	140,858	-
Student organizations	896,234	-	1,117,844	-
Scholarships and other activities	-	5,475,889	-	3,920,480
Unrestricted	<u>32,450,095</u>	<u>1,063,792</u>	<u>37,704,933</u>	<u>1,201,354</u>
Total Net Position	<u>\$ 67,776,165</u>	<u>\$ 6,539,681</u>	<u>\$ 68,981,582</u>	<u>\$ 5,121,834</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, 2017 and 2016

	<b>2017</b>		<b>2016</b>	
	District	Foundation	District	Foundation
<b><u>Operating Revenues</u></b>				
Student tuition and program fees, net of scholarship allowances of \$ 8,166,008 and \$8,227,905 for 2017 and 2016, respectively	\$ 10,236,726	\$ -	\$ 10,893,182	\$ -
Federal grants	23,463,690	-	28,229,715	-
State grants	3,550,591	-	4,473,934	-
Local Grants	74,948	-	99,930	-
Contract revenue	3,203,987	-	3,169,078	-
Auxiliary enterprise revenues	276,482	-	297,187	-
Miscellaneous - institutional revenue	1,391,155	2,211,476	1,317,622	2,087,037
Total Operating Revenues	<u>42,197,579</u>	<u>2,211,476</u>	<u>48,480,648</u>	<u>2,087,037</u>
<b><u>Operating Expenses</u></b>				
Instruction	55,694,295	-	57,310,938	-
Instructional resources	1,285,524	-	1,291,616	-
Student services	15,133,896	-	14,134,379	-
General institutional	9,892,887	1,215,069	9,924,868	1,164,708
Physical plant	8,208,117	-	7,737,633	-
Student aid	14,857,458	-	19,033,629	-
Public services	345,972	-	333,587	-
Auxiliary services	422,896	-	483,319	-
Depreciation	7,366,157	56,693	6,802,725	56,193
Total Operating Expenses	<u>113,207,202</u>	<u>1,271,762</u>	<u>117,052,695</u>	<u>1,220,901</u>
Net Operating Income (Loss)	<u>(71,009,623)</u>	<u>939,714</u>	<u>(68,572,047)</u>	<u>866,136</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Property taxes	31,938,159	-	30,422,589	-
State appropriations	39,350,827	-	38,923,246	-
Gain (loss) on disposal of capital assets	(27,216)	-	(115,602)	-
Investment income (net of fees)	92,351	486,696	60,764	89,048
Interest expense & debt issuance costs	(1,640,096)	(8,563)	(1,569,534)	(13,076)
Total Nonoperating Revenues (Expenses)	<u>69,714,025</u>	<u>478,133</u>	<u>67,721,463</u>	<u>75,972</u>
<b><u>Capital Contributions</u></b>				
State capital grants	90,181	-	435,171	-
Federal capital grants	-	-	37,165	-
Contributions	-	-	184,000	-
Donated capital assets	-	-	67,574	-
Total Capital Contributions	<u>90,181</u>	<u>-</u>	<u>723,910</u>	<u>-</u>
Change in Net Position	<u>(1,205,417)</u>	<u>1,417,847</u>	<u>(126,674)</u>	<u>942,108</u>
Net Position - Beginning of Year, as Originally Reported	68,981,582	5,121,834	69,108,256	4,449,809
Prior-Period Adjustment (Note 13)	-	-	-	(270,083)
Net Position - Beginning of Year, restated	<u>68,981,582</u>	<u>5,121,834</u>	<u>69,108,256</u>	<u>4,179,726</u>
Net Position - End of Year	<u>\$ 67,776,165</u>	<u>\$ 6,539,681</u>	<u>\$ 68,981,582</u>	<u>\$ 5,121,834</u>

The accompanying notes are an integral part of these statements.

GATEWAY TECHNICAL COLLEGE DISTRICT  
Statements of Cash Flows  
For the years ended June 30, 2017 and 2016

	2017	2016
<u>Cash flows from operating activities</u>		
Tuition and fees received	\$ 9,967,974	\$ 10,828,868
Federal and state grants received	29,334,704	31,453,019
Contract revenues received	3,499,410	3,005,199
Payments to employees, including related benefits	(69,135,026)	(69,394,703)
Payments for materials and services	(38,378,227)	(36,593,394)
Auxiliary enterprise revenues received	276,482	297,187
Other receipts	5,126,568	1,140,882
Net cash used for operating activities	<u>(59,308,115)</u>	<u>(59,262,942)</u>
<u>Cash flows from non-capital financing activities</u>		
Local government property taxes received	31,919,497	30,049,947
State appropriations received	39,374,241	38,863,017
Net cash provided by noncapital financing activities	<u>71,293,738</u>	<u>68,912,964</u>
<u>Cash flows from capital and related financing activities</u>		
State and federal grants received for capital assets	266,001	307,396
Proceeds from sale of capital assets	10,854	3,562
Purchases of capital assets	(12,354,758)	(8,918,816)
Proceeds from issuance of capital debt	14,000,000	12,000,000
Premium received on debt issuance	357,294	599,419
Debt issuance costs paid	(227,850)	(202,750)
Principal paid on capital debt	(9,215,000)	(8,845,000)
Interest paid on capital debt	(1,644,191)	(1,603,682)
Net cash used for capital and related financing activities	<u>(8,807,650)</u>	<u>(6,659,871)</u>
<u>Cash flows from investing activities</u>		
Investment income received	92,351	60,764
Net increase in cash and cash equivalents	3,270,324	3,050,915
<u>Cash and cash equivalents</u>		
Beginning of year	35,905,758	32,854,843
End of year	<u>\$ 39,176,082</u>	<u>\$ 35,905,758</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position		
Cash and cash equivalents	\$ 27,566,977	\$ 27,009,650
Restricted assets - cash and cash equivalents	11,609,105	8,896,108
	<u>\$ 39,176,082</u>	<u>\$ 35,905,758</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, 2017 and 2016

	2017	2016
<u>Reconciliation of operating loss to net cash</u>		
<u>used for operating activities:</u>		
Operating loss	\$ (71,009,623)	\$ (68,572,047)
Adjustment to reconcile operating loss to		
net cash used for operating activities:		
Depreciation	7,366,157	6,802,725
Changes in assets and liabilities:		
(Increase) decrease		
Receivables	2,564,230	(1,759,160)
Prepaid expenses and other assets	(826,322)	(297,402)
Increase (decrease)		
Accounts payable	(911,059)	223,820
Accrued payroll and benefits and vacation	163,089	721,529
Accrued vacation	(18,718)	30,271
Other post employment benefits	20,136	226,143
Due to student groups/organizations	(21,334)	(55,531)
Unearned revenue	(371,823)	95,667
Pension related asset/liability and deferred outflows/inflows	<u>3,737,152</u>	<u>3,321,043</u>
Net cash used for operating activities	<u>\$ (59,308,115)</u>	<u>\$ (59,262,942)</u>
 Non Cash Capital and Related Financing Activities:		
Donated capital assets	\$ -	\$ 184,000

The accompanying notes are an integral part of these statements.

# **GATEWAY TECHNICAL COLLEGE DISTRICT**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **(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, 2017 and 2016**

### **(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 30<sup>th</sup> 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, 2017 and 2016**

### **(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, 2017 and 2016**

### **(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 and are accounted for on the consumption method.

#### **(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, 2017 and 2016**

### **(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, 2017 and 2016 was \$610,043 and \$628,761 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, 2017 and 2016**

### **(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, 2017 and 2016**

### **(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, 2017 and 2016**

### **(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	2017	2016
Cash on hand	\$ 30,605	\$ 29,122
Demand deposits	35,037,563	31,806,959
Wisconsin Local Government Investment Pool	4,107,914	4,069,677
Total Cash and Cash Equivalents	<u>\$ 39,176,082</u>	<u>\$ 35,905,758</u>

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

Restricted for		
Capital Projects	\$ 8,667,514	\$ 6,318,946
Debt Service	2,941,591	2,577,162
	11,609,105	8,896,108
Unrestricted	27,566,977	27,009,650
Total Cash and Cash Equivalents	<u>\$ 39,176,082</u>	<u>\$ 35,905,758</u>

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (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, 2017 and 2016 was \$735,094 and \$31,538,630 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.

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (2) Cash and Cash Equivalents (continued)

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

<u>June 30, 2017</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>\$ 4,107,914</u>	<u>\$ 4,107,914</u>	<u>\$ -</u>
 <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>

As of June 30, 2017 and 2016, 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. At June 30, 2017, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its 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, 2017 and June 30, 2016, 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

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (2) Cash and Cash Equivalents (continued)

custodian in the District's name. The investment in the Local Government Investment Pool is not exposed to custodial credit risk.

**Interest Rate Risk-** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, but all investments held at June 30, 2017 and 2016 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, 2017, and 2016, were as follows:

	2017		2016	
	Mill Rate	Amount Levied	Mill Rate	Amount Levied
Operating levy	0.52132	\$ 20,522,276	0.52358	\$ 19,908,031
Debt service levy	0.28149	11,081,000	0.27131	10,316,000
Total Property Tax Levy		<u>\$ 31,603,276</u>		<u>\$ 30,224,031</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 \$117,747 and \$141,161 in state aid revenue in lieu of property tax for the year ended June 30, 2017, and 2016, respectively. 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 \$31,938,159 and \$30,422,589 for the years ended June 30, 2017, and 2016, 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, 2017 and 2016

### (4) Capital Assets

Following are the changes in the District's capital assets for the years ended June 30, 2017 and 2016:

	2017			
	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 2,379,913	\$ -	\$ -	\$ 2,379,913
Construction in progress	1,995,275	5,923,298	6,472,700	1,445,873
Total capital assets not depreciated	<u>4,375,188</u>	<u>5,923,298</u>	<u>6,472,700</u>	<u>3,825,786</u>
Capital assets, being depreciated:				
Land improvements	6,367,848	400,781	-	6,768,629
Buildings and improvements	91,998,022	7,944,196	-	99,942,218
Intangible assets	2,035,549	16,500	-	2,052,049
Equipment	34,228,734	4,499,750	482,783	38,245,701
Leasehold interest	958,193	-	-	958,193
Leasehold improvement	2,813,141	41,581	-	2,854,722
Total capital assets being depreciated	<u>138,401,487</u>	<u>12,902,808</u>	<u>482,783</u>	<u>150,821,512</u>
Total capital assets	<u>142,776,675</u>	<u>18,826,106</u>	<u>6,955,483</u>	<u>154,647,298</u>
Less accumulated depreciation for:				
Land improvements	2,570,550	382,724	-	2,953,274
Buildings and improvements	40,004,766	3,799,708	-	43,804,474
Intangible assets	1,341,489	315,026	-	1,656,515
Equipment	20,147,545	2,641,673	444,713	22,344,505
Leasehold interest	616,510	48,811	-	665,321
Leasehold improvement	1,291,819	178,215	-	1,470,034
Total accumulated depreciation	<u>65,972,679</u>	<u>7,366,157</u>	<u>444,713</u>	<u>72,894,123</u>
Net capital assets	76,803,996	<u>\$ 11,459,949</u>	<u>\$ 6,510,770</u>	81,753,175
Less capital asset related debt	<u>(47,398,612)</u>			<u>(48,174,983)</u>
Net investment in capital assets	<u>\$ 29,405,384</u>			<u>\$ 33,578,192</u>

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (4) Capital Assets (continued)

	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, 2017 and 2016**

### **(5) Long-Term Obligations**

The following is a summary of the changes in long-term obligations for the years ended June 30, 2017 and 2016:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due Within One Year</u>
General obligation debt	\$ 56,325,000	\$ 14,000,000	\$ 9,215,000	\$ 61,110,000	\$ 9,555,000
Debt premium	1,585,443	357,294	280,353	1,662,384	-
Accrued OPEB obligation	<u>3,217,188</u>	<u>1,708,730</u>	<u>1,688,594</u>	<u>3,237,324</u>	<u>-</u>
Total long-term obligations	<u>\$ 61,127,631</u>	<u>\$ 16,066,024</u>	<u>\$ 11,183,947</u>	<u>\$ 66,009,708</u>	<u>\$ 9,555,000</u>

	<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>

**GATEWAY TECHNICAL COLLEGE DISTRICT**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**(5) Long-Term Obligations (continued)**

General obligation debt outstanding at June 30, 2017 and 2016, consists of the following notes:

	<u>2017</u>	<u>2016</u>
General obligation promissory notes, 4.00%, 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).	\$ -0-	\$ 160,000
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).	-0-	160,000
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).	215,000	425,000
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).	150,000	295,000
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).	255,000	375,000
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).	250,000	370,000

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (5) Long-Term Obligations (continued)

	<u>2017</u>	<u>2016</u>
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).	\$ 635,000	\$ 935,000
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).	305,000	450,000
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).	605,000	1,455,000
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).	930,000	1,220,000
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).	685,000	900,000
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).	795,000	975,000
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).	800,000	980,000

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (5) Long-Term Obligations (continued)

	<u>2017</u>	<u>2016</u>
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).	\$ 815,000	\$ 1,000,000
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).	1,260,000	1,550,000
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.)	1,080,000	1,325,000
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).	660,000	775,000
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.)	4,245,000	5,020,000
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.)	985,000	1,165,000

**GATEWAY TECHNICAL COLLEGE DISTRICT**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**(5) Long-Term Obligations (continued)**

	<u>2017</u>	<u>2016</u>
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.)	\$ 750,000	\$ 885,000
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.)	935,000	1,080,000
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.)	650,000	750,000
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.)	5,185,000	5,975,000
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.)	1,045,000	1,200,000
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.)	750,000	875,000
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.)	1,035,000	1,195,000

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (5) Long-Term Obligations (continued)

	<u>2017</u>	<u>2016</u>
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.)	\$ 6,230,000	\$ 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.)	1,335,000	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.)	1,335,000	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.)	1,165,000	1,970,000
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.	1,125,000	1,265,000
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.)	7,430,000	7,865,000
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.)	1,320,000	1,355,000

**GATEWAY TECHNICAL COLLEGE DISTRICT**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**(5) Long-Term Obligations (continued)**

	2017	2016
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.)	\$ 250,000	\$ 375,000
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.)	1,900,000	2,000,000
General obligation promissory notes, 0.50% to 2.00%, payable in annual installments of \$215,000 to \$2,895,000, plus interest, to April 1, 2026 (issued for \$7,000,000 on July 6, 2016 through Hutchinson, Shockey, Erley & Co., to finance various facility remodeling projects and acquisition of equipment.)	7,000,000	-0-
General obligation promissory notes, 2.00%, payable in annual installments of \$150,000 to \$190,000, plus interest, to April 1, 2026 (issued for \$1,500,000 on August 1, 2016 through R.W. Baird & Co., to finance the various facility remodeling projects.)	1,500,000	-0-
General obligation promissory notes, 2.00%, payable in annual installments of \$150,000 to \$190,000, plus interest, to April 1, 2026 (issued for \$1,500,000 on September 6, 2016 through R.W. Baird & Co., to finance district general repairs.)	1,500,000	-0-
General obligation promissory notes, 2.00%, payable in annual installments of \$100,000 to \$125,000, plus interest, to April 1, 2026 (issued for \$1,000,000 on October 6, 2016 through R.W. Baird & Co., to finance various facility remodeling projects.	1,000,000	-0-

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (5) Long-Term Obligations (continued)

	2017	2016
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$130,000 to \$770,000, plus interest, to April 1, 2027 (issued for \$1,500,000 on April 3, 2017 through R.W. Baird & Co., to finance various facility remodeling projects.	\$1,500,000	\$-0-
General obligation promissory notes, 2.00% to 3.00%, payable in annual installments of \$100,000 to \$375,000, plus interest, to April 1, 2027 (issued for \$1,500,000 on April 12, 2017 through R.W. Baird & Co., to finance various facility remodeling projects.	<u>1,500,000</u>	<u>-0 -</u>
Total General Long-Term Obligation Debt	<u>\$ 61,110,000</u>	<u>\$ 56,325,000</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:

Year Ending June 30	Principal	Interest	Total
2018	\$ 9,555,000	\$1,555,697	\$11,110,697
2019	9,965,000	1,335,295	11,300,295
2020	9,695,000	1,093,085	10,788,085
2021	10,715,000	854,500	11,569,500
2022	7,085,000	588,398	7,673,398
2023-2027	<u>14,095,000</u>	<u>757,713</u>	<u>14,852,713</u>
	<u>\$61,110,000</u>	<u>\$6,184,688</u>	<u>\$67,294,688</u>



# **GATEWAY TECHNICAL COLLEGE DISTRICT**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **(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, 2017, the 5% limitation was \$2,062,244,356 and the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$60,258,356. The 5% limit, as of June 30, 2016, was \$1,997,497,316; the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$55,712,437.

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, 2017, the 2% limitation was \$824,897,742 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, 2016, was \$798,998,926 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, 2017 and 2016**

### **(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>
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
2016	0.5	(5.0)

*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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees.

# **GATEWAY TECHNICAL COLLEGE DISTRICT**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **(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 \$3,068,422 and \$3,130,667 for the years ended June 30, 2017 and 2016 respectively.

Contribution rates as of June 30, 2017 and 2016 are:

<u>Employee Category</u>	<u>2017</u>		<u>2016</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	-	-	6.8%	6.8%
Executives & Elected Officials	-	-	7.7%	7.7%
General (including teachers, executives and elected officials)	6.6%	6.6%	-	-
Protective with Social Security	6.6%	9.4%	6.8%	9.5%
Protective without Social Security	6.6%	13.2%	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, 2017 and 2016, the District reported a liability of \$2,673,855 and \$5,325,004, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016.

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, 2016, the District's proportion was .32440296%, which was a decrease of .00329354 % from its proportion measured of .32769650% as of December 31, 2015.

For the years ended June 30, 2017 and 2016, the District recognized pension expense of \$6,894,185 and \$6,405,267, respectively.

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (6) Retirement System (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,019,541	\$ 8,409,042
Net differences between projected and actual earnings on pension plan investments	13,309,602	-0-
Changes in assumptions	2,795,619	-0-
Changes in proportion and differences between employer contributions and proportionate share of contributions	92,238	26,893
Employer contributions subsequent to the measurement date	1,562,744	-0-
<b>Total</b>	<b>\$18,779,744</b>	<b>\$8,435,935</b>

\$1,562,744 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, 2018. 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
2017	\$ 6,255,688	\$ 2,695,978
2018	6,255,688	2,695,978
2019	5,128,951	2,689,061
2020	(428,666)	354,918
Thereafter	5,339	-

# **GATEWAY TECHNICAL COLLEGE DISTRICT**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **(6) Retirement System (continued)**

#### **(f) Actuarial Assumptions**

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

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

**(6) Retirement System (continued)**

**(g) Actuarial Assumptions (continued)**

<b>Asset Allocation Targets and Expected Returns</b>							
As of December 31, 2016							
Core Fund Asset Class	Current Asset Allocation %		Destination Target Asset Allocation %		Long-Term Expected Nominal Rate of Return %		Long-Term Expected Real Rate of Return %
Global Equities	50	%	45	%	8.3	%	5.4
Fixed Income	24.5		37		4.2		1.4
Inflation Sensitive Assets	15.5		20		4.3		1.5
Real Estate	8		7		6.5		3.6
Private Equity/Debt	8		7		9.4		6.5
Multi-Asset	4		4		6.6		3.7
Total Core Fund	110	%	120	%	7.4	%	4.5
Variable Fund Asset Class							
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 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.10% 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, 2017 and 2016

### (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)	\$35,176,276	\$2,673,855	(\$22,354,482)

*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, 2017 and 2016 in the amount of \$475,131 and \$479,949, 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>2017</u>	<u>2016</u>
Active	588	605
Retirees	81	81
Covered spouses of retirees	46	49
Life only Retirees	283	279
Beneficiaries	<u>1</u>	<u>1</u>
Total participants	<u>999</u>	<u>1,015</u>

# **GATEWAY TECHNICAL COLLEGE DISTRICT**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **(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, 2017 and 2016**

### **(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 until they reach the age of 65.

Effective July 1, 2017 retirees 65 and over eligible for Medicare, are no longer covered under Gateway's policy.

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 2017, the District contributed \$1,688,594 of which \$697,041 paid the current year normal cost and an additional \$991,553 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:

<u>Component</u>	<u>2017</u>	<u>2016</u>
Annual required contribution	\$ 1,766,092	\$ 1,783,148
Interest on net OPEB	128,688	119,642
Adjustment to annual required contribution	<u>(186,050)</u>	<u>(172,972)</u>
Annual OPEB cost (expense)	1,708,730	1,729,818
Contributions made	<u>(1,688,594)</u>	<u>(1,503,675)</u>
Change in net OPEB obligation	20,136	226,143
OPEB obligation - beginning of year	<u>3,217,188</u>	<u>2,991,045</u>
OPEB obligation - end of year	<u>\$ 3,237,324</u>	<u>\$ 3,217,188</u>

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

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

**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:

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 1,708,372	90.2%	\$ 2,991,045
6/30/16	\$ 1,729,818	86.9%	\$ 3,217,188
6/30/17	\$ 1,708,730	98.8%	\$ 3,237,324

#### (e) Funded Status and Funding Progress

The funded status as of June 30, 2017, the most recent actuarial valuation date was as follows:

Actuarial accrued liability (AAL)	\$ 21,986,417
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 21,986,417</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 41,153,259
Ratio of UAAL to covered payroll	53%

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, 2017 and 2016**

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

#### **(f) 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, 2017
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	3.00%
Healthcare cost trend rate	9% 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	3%

### **(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 \$500,225,000; 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, 2017 and 2016**

### **(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 2017 and 2016, the District paid a premium of \$536,424 and \$538,861, 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.
- Crime: \$750,000 coverage for employee dishonesty, forgery, computer fraud and funds transfer fraud; \$750,000 coverage for theft, robbery, burglary, disappearance and destruction of money and securities; \$25,000 coverage for investigation expenses, \$15,000 deductible for employee dishonesty, forgery and fraud.

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

The District has purchased the following additional insurance through:

#### Wenk Insurance Agencies, Inc.

- Aircraft liability: \$3,000,000 limit each occurrence including passengers and property damage and medical services expense coverage of \$3,000 per person /\$18,000 each occurrence; Aircraft physical damage as indicated in the policy of

# **GATEWAY TECHNICAL COLLEGE DISTRICT**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **(8) Risk Management (continued)**

#### **Supplemental Insurance (continued)**

\$125,000, \$130,000 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.
- Medical Professional Liability: \$3,000,000 aggregate; \$5,000 deductible.

### **(9) Operating Leases**

The District leases 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 \$181,000 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.

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 an annual rate of \$70,000.

# **GATEWAY TECHNICAL COLLEGE DISTRICT**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **9) Operating Leases (continued)**

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

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 762,765
2019	631,657
2020	554,762
2021	357,523
2022	349,063
2023 - 2027	1,008,272
2028 - 2030	<u>162,049</u>
Total required minimum lease payments	<u>\$ 3,826,091</u>

Rental expenses for all operating leases aggregated \$621,270 and \$702,054 for the years ended June 30, 2017 and 2016, 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, 2017 and June 30, 2016, the cost of the lease assets is \$1,089,035 for both years and the depreciation is \$537,273 and \$500,870, 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.

Effective with the 2016-17 fiscal year, the District is leasing tower space to Verizon Wireless for an initial lease term of five years.

**GATEWAY TECHNICAL COLLEGE DISTRICT****Notes to Financial Statements****June 30, 2017 and 2016****9) Operating Leases (continued)**

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

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 169,409
2019	142,500
2020	103,717
2021	31,668
2022	31,668
2023-2024	<u>5,836</u>
Total future minimum lease revenue	<u>\$ 484,798</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, 2017 and 2016 was \$147,905 and \$160,866, respectively.

**(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:

	<u>2017</u>	<u>2016</u>
Salaries and wages	\$ 50,750,747	\$ 51,344,768
Fringe benefits	18,528,651	18,801,734
Travel, memberships, professional dev.	1,173,732	1,354,686
Supplies and minor equipment	11,736,282	11,638,941
Contract services	5,028,221	4,108,271
Bank/Agency credit/collection fees	125,840	113,000
Rentals	621,270	702,054
Repairs and maintenance	666,439	746,178
Insurance	619,665	618,252
Utilities	1,638,070	1,608,012
Depreciation	7,366,157	6,802,725
Student aid	14,857,458	19,033,456
Student debt write-off	94,670	180,618
Total Operating Expenses	<u>\$ 113,207,202</u>	<u>\$ 117,052,695</u>

## **GATEWAY TECHNICAL COLLEGE DISTRICT**

### **Notes to Financial Statements**

**June 30, 2017 and 2016**

#### **(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, 2017 and 2016 was \$67,360 and \$55,472 respectively. The net assets for the joint venture increased, by \$84,442 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.

#### **(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, 2017 the District has commitments outstanding for construction projects of approximately \$4,470,516. As of June 30, 2016 the commitments for construction projects were \$2,874,910.



# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (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.

#### 1. Cash and Investments

The Foundation invests funds with Johnson Trust. Investments at June 30, 2017 and 2016 are as follows:

<u>June 30, 2017</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Equity	\$ 2,544,913	\$ 2,879,598	\$ 334,685
Fixed Income	2,743,858	2,738,078	(5,780)
Total Investments	<u>\$ 5,288,771</u>	<u>5,617,676</u>	<u>\$ 328,905</u>
Cash & Cash Equivalents		<u>119,513</u>	
Total Cash and Investments		<u>\$ 5,737,189</u>	

<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>	

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (13) Component Unit (continued)

Investment income reported in the statement of revenues, expenses and changes in net position totaled \$486,696 and \$89,048, respectively for the years ended June 30, 2017 and 2016 and consisted of the following:

	<u>FY 2017</u>	<u>FY 2016</u>
Market appreciation	\$ 522,598	\$ 117,739
Interest and dividend income	35	110
Investment fees	<u>(35,937)</u>	<u>(28,801)</u>
Investment return	<u>\$ 486,696</u>	<u>\$ 89,048</u>

### 2. Capital Assets

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 163,291	\$ -	\$ -	\$ 163,291
Capital assets, being depreciated:				
Buildings	<u>1,206,073</u>	<u>10,000</u>	<u>-</u>	<u>1,216,073</u>
	1,369,364	10,000	-	1,379,364
Less accumulated depreciation for:				
Buildings	<u>624,282</u>	<u>56,693</u>	<u>-</u>	<u>680,975</u>
Net capital assets	<u>\$ 745,082</u>	<u>\$ 66,693</u>	<u>\$ -</u>	<u>\$ 698,389</u>

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Capital assets, not being depreciated:				
Land	\$ 163,291	\$ -	\$ -	\$ 163,291
Capital assets, being depreciated:				
Buildings	<u>1,206,073</u>	<u>-</u>	<u>-</u>	<u>1,206,073</u>
	1,369,364	-	-	1,369,364
Less accumulated depreciation for:				
Buildings	<u>298,006</u>	<u>326,276</u>	<u>-</u>	<u>624,282</u>
Net capital assets	<u>\$ 1,071,358</u>	<u>\$ 326,276</u>	<u>\$ -</u>	<u>\$ 745,082</u>

**GATEWAY TECHNICAL COLLEGE DISTRICT**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

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

**3. Long-Term Debt**

Long-term debt outstanding at June 30, 2017 and 2016 consists of the following issues:

	<u>FY 2017</u>	<u>FY 2016</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.	\$ 38,180	\$ 86,739
\$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.	45,334	92,907
\$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>75,352</u>	<u>97,024</u>
Total	158,866	276,670
Less amount due within one year	<u>105,736</u>	<u>117,801</u>
Total long-term debt	<u><u>\$ 53,130</u></u>	<u><u>\$ 158,869</u></u>

Long-term debt of \$158,866 is expected to mature as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 105,736
2019	23,542
2020	24,501
2021	<u>5,087</u>
Total	<u><u>\$ 158,866</u></u>

**GATEWAY TECHNICAL COLLEGE DISTRICT**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

**(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, 2017.

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 167,529
2019	167,529
2020	167,529
2021	167,529
2022	167,529
Thereafter	<u>396,813</u>
Total	<u><u>\$ 1,234,458</u></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, 2017	\$ 1,063,792	\$ 3,255,209	\$ 2,220,680	\$6,539,681
June 30, 2016	\$ 1,201,354	\$ 2,494,746	\$ 1,425,734	\$5,121,834

**GATEWAY TECHNICAL COLLEGE DISTRICT**

**Notes to Financial Statements**

**June 30, 2017 and 2016**

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

**6. Promises to Give**

The Organization had promises to give in the year ended as follows:

Promises to give expected to be collected for the year ended June 30, 2017:

Less than One Year	\$ 79,833
More than One Year and Less than Five Years	<u>227,035</u>
	306,868
Less Discount (1.25 rate) on Promises to Give	<u>(13,233)</u>
Net Promises to Give	293,635
<b>Promises to Give, Net, More than One Year</b>	 <u><u><b>213,802</b></u></u>

Of the amounts in Promises to Give as of June 30, 2017 and 2016, \$293,635 and \$ -0- represent amounts given by donors for the long-term purpose of being held permanently with only the earnings to be spent.

**7. Prior-Period Adjustment**

During the 2017 fiscal year, it was discovered the useful life of the property held by the Foundation was not in accordance with the terms of the ground lease. This resulted in the depreciation expense and useful life not being reported accurately. The Foundation has made the corrections and resulted in an increase of accumulated depreciation by \$270,083 and a decrease in unrestricted net assets by \$270,083.

**(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.

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Notes to Financial Statements

June 30, 2017 and 2016

### (14) Subsequent Events (continued)

Subsequent to June 30, 2017, the District issued \$8,500,000 in General Obligation Promissory Notes.

<u>Date</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Purpose</u>
7/6/2017	2% - 3%	\$ 7,000,000	Proceeds to be used for \$5,500,000 in equipment and \$1,500,000 for various facility remodeling projects.
8/1/2017	2% - 3%	1,500,000	Proceeds to be used for various facility remodeling projects.
		<u>\$ 8,500,000</u>	

### (15) Upcoming Accounting Pronouncements

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB). 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. 75 is effective for fiscal years beginning after June 15, 2017. The District will implement this standard in the next fiscal year.

In June 2017, the GASB issued GASB Statement No.87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard 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, 2017

### 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%
6/30/17	\$ -	\$ 21,986,417	\$ 21,986,417	0%	\$ 41,153,259	53%

### 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
6/30/17	\$ 1,766,092	\$ 1,688,594	95.6%	\$ 3,237,324

See Notes to Required Supplementary Information



# GATEWAY TECHNICAL COLLEGE DISTRICT

## Schedules of Wisconsin Retirement System Pension Plan Information June 30, 2017

### Schedule of Proportionate Share of the Net Pension Liability (Asset) Last 10 Fiscal Years\*

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net Position Liability(Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/2015	0.3301437%	\$ (8,108,266)	\$ 45,832,538	-17.69%	102.70%
6/30/2016	0.3276965%	5,325,004	46,039,216	11.57%	98.20%
6/30/2017	0.3244030%	2,673,855	46,491,250	5.75%	99.12%

### Schedule of Contributions Last 10 Fiscal Years\*

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
6/30/2015	\$ 3,208,278	\$ 3,208,278	\$ -	\$ 45,832,538	7.00%
6/30/2016	3,130,667	3,130,667	-	46,039,216	6.80%
6/30/2017	3,068,422	3,068,422	-	46,491,250	6.60%

See Notes to Required Supplementary Information

## **GATEWAY TECHNICAL COLLEGE DISTRICT**

Notes to Required Supplementary Information  
June 30, 2017

### **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, 2017

	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	\$ 18,313,826	\$ 18,578,071	\$ 18,762,954	\$ 184,883
Intergovernmental revenue:				
State	38,675,296	38,645,974	39,526,146	880,172
Federal	29,935	29,935	18,036	(11,899)
Tuition and fees:				
Statutory program fees	15,676,145	14,892,338	14,753,494	(138,844)
Material fees	744,005	706,805	805,525	98,720
Other student fees	1,952,532	1,854,905	1,868,517	13,612
Miscellaneous - institutional revenue	3,652,970	3,652,970	3,953,710	300,740
 Total revenues	 <u>79,044,709</u>	 <u>78,360,998</u>	 <u>79,688,382</u>	 <u>1,327,384</u>
<u>Expenditures</u>				
Instruction	51,225,248	50,391,537	49,205,370	1,186,167
Instructional resources	1,263,481	1,263,481	1,155,725	107,756
Student services	11,178,180	11,403,180	10,819,806	583,374
General institutional	7,753,487	7,753,487	7,610,718	142,769
Physical plant	7,624,313	7,624,313	7,358,146	266,167
 Total expenditures	 <u>79,044,709</u>	 <u>78,435,998</u>	 <u>76,149,765</u>	 <u>2,286,233</u>
 Revenues over (under) expenditures	 <u>-</u>	 <u>(75,000)</u>	 <u>3,538,617</u>	 <u>3,613,617</u>
<u>Other financing uses</u>				
Transfers out	-	-	(3,200,000)	(3,200,000)
 Net change in fund balance	 -	 (75,000)	 338,617	 413,617
<u>Fund balance</u>				
Beginning of year	<u>27,298,657</u>	<u>27,298,657</u>	<u>27,298,657</u>	<u>-</u>
 End of year	 <u>\$ 27,298,657</u>	 <u>\$ 27,223,657</u>	 <u>\$ 27,637,274</u>	 <u>\$ 413,617</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, 2017

	Budget Amounts		Actual on a	Variance with
	Original	Final	Budgetary	Final Budget-
			Basis	Over
				(Under)
<u>Revenues</u>				
Local government - tax levy	\$ 2,049,205	\$ 2,049,205	\$ 2,049,205	\$ -
Local government	50,000	50,000	74,948	24,948
Intergovernmental revenue:				
State	1,811,687	1,811,687	1,545,045	(266,642)
Federal	2,367,294	2,367,294	2,163,511	(203,783)
Miscellaneous - institutional revenue	408,100	422,100	496,442	74,342
	<u>6,686,286</u>	<u>6,700,286</u>	<u>6,329,151</u>	<u>(371,135)</u>
<u>Expenditures</u>				
Instruction	3,681,186	3,837,186	3,111,395	725,791
Instructional resources	-	14,000	14,000	-
Student services	2,113,523	2,382,523	2,382,140	383
General institutional	670,707	820,707	756,205	64,502
Physical plant	1,470	51,470	8,861	42,609
Public services	356,100	356,100	323,151	32,949
	<u>6,822,986</u>	<u>7,461,986</u>	<u>6,595,752</u>	<u>866,234</u>
Total expenditures				
	<u>6,822,986</u>	<u>7,461,986</u>	<u>6,595,752</u>	<u>866,234</u>
Revenues over (under) expenditures	<u>(136,700)</u>	<u>(761,700)</u>	<u>(266,601)</u>	<u>495,099</u>
<u>Other financing uses</u>				
Transfers out	-	-	(75,000)	(75,000)
Net change in fund balance	(136,700)	(761,700)	(341,601)	420,099
<u>Fund balance</u>				
Beginning of year	<u>2,858,154</u>	<u>2,858,154</u>	<u>2,858,154</u>	<u>-</u>
End of year	<u>\$ 2,721,454</u>	<u>\$ 2,096,454</u>	<u>\$ 2,516,553</u>	<u>\$ 420,099</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, 2017

	<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	\$ 2,157,000	\$ 2,157,000	\$ 1,830,227	\$ (326,773)
Federal	26,933,000	26,933,000	21,282,143	(5,650,857)
Tuition and fees - other student fees	790,000	790,000	760,834	(29,166)
Miscellaneous - institutional revenue	<u>3,798,000</u>	<u>3,798,000</u>	<u>2,911,502</u>	<u>(886,498)</u>
Total revenues	<u>33,678,000</u>	<u>33,678,000</u>	<u>26,784,706</u>	<u>(6,893,294)</u>
<u>Expenditures</u>				
Student services	33,819,000	33,819,000	27,195,072	6,623,928
General institutional	<u>6,000</u>	<u>36,000</u>	<u>35,705</u>	<u>295</u>
Total expenditures	<u>33,825,000</u>	<u>33,855,000</u>	<u>27,230,777</u>	<u>6,624,223</u>
Revenues under expenditures	(147,000)	(177,000)	(446,071)	(269,071)
<u>Other financing sources</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net change in fund balance	(147,000)	(177,000)	(546,071)	(369,071)
<u>Fund balance</u>				
Beginning of year	<u>1,599,762</u>	<u>1,599,762</u>	<u>1,599,762</u>	<u>-</u>
End of year	<u>\$ 1,452,762</u>	<u>\$ 1,422,762</u>	<u>\$ 1,053,691</u>	<u>\$ (269,071)</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, 2017

	Budget Amounts		Actual on a	Variance with
	Original	Final	Budgetary	Final Budget-
			Basis	Over
				(Under)
<u>Revenues</u>				
Intergovernmental revenue:				
State	\$ 150,000	\$ 150,000	\$ 90,181	\$ (59,819)
Federal	100,000	100,000	-	(100,000)
Miscellaneous - institutional revenue	100,000	100,000	70,932	(29,068)
	<u>350,000</u>	<u>350,000</u>	<u>161,113</u>	<u>(188,887)</u>
Total revenues				
<u>Expenditures</u>				
Instruction	3,000,000	4,075,000	3,383,123	691,877
Instructional resources	100,000	100,000	62,085	37,915
Student services	50,000	150,000	99,139	50,861
General institutional	2,500,000	2,825,000	2,819,513	5,487
Physical plant	8,680,000	10,680,000	9,581,760	1,098,240
Public services	20,000	20,000	7,283	12,717
	<u>14,350,000</u>	<u>17,850,000</u>	<u>15,952,903</u>	<u>1,897,097</u>
Total expenditures				
Revenues over (under) expenditures	<u>(14,000,000)</u>	<u>(17,500,000)</u>	<u>(15,791,790)</u>	<u>1,708,210</u>
<u>Other financing sources</u>				
Long-term debt issued	14,000,000	14,000,000	14,000,000	-
Transfers in	-	3,375,000	3,375,000	-
	<u>14,000,000</u>	<u>17,375,000</u>	<u>17,375,000</u>	<u>-</u>
Total other financing sources				
Net change in fund balance	-	(125,000)	1,583,210	1,708,210
<u>Fund balance</u>				
Beginning of year	<u>1,959,613</u>	<u>1,959,613</u>	<u>1,959,613</u>	<u>-</u>
End of year	<u>\$ 1,959,613</u>	<u>\$ 1,834,613</u>	<u>\$ 3,542,823</u>	<u>\$ 1,708,210</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, 2017

	Budget Amounts		Actual on a	Variance with
	Original	Final	Budgetary	Final Budget-
			Basis	Over
				(Under)
<u>Revenues</u>				
Local government - tax levy	\$ 11,081,000	\$ 11,081,000	\$ 11,081,000	\$ -
Miscellaneous - institutional revenue	7,000	7,000	13,177	6,177
Total revenues	11,088,000	11,088,000	11,094,177	6,177
<u>Expenditures</u>				
Physical plant				
Principal retirement	9,215,000	9,215,000	9,215,000	-
Interest	1,808,623	1,808,623	1,644,191	164,432
Financing costs	291,377	291,377	227,850	63,527
Total expenditures	11,315,000	11,315,000	11,087,041	227,959
Revenues over (under) expenditures	(227,000)	(227,000)	7,136	234,136
<u>Other financing sources</u>				
Proceeds of debt premium	355,000	355,000	357,293	2,293
Net change in fund balance	128,000	128,000	364,429	236,429
<u>Fund balance</u>				
Beginning of year	2,577,162	2,577,162	2,577,162	-
End of year	<u>\$ 2,705,162</u>	<u>\$ 2,705,162</u>	<u>\$ 2,941,591</u>	<u>\$ 236,429</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, 2017

	<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>Operating Revenues</u>				
Local government - tax levy	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Intergovernmental revenue:				
Tuition and fees - other student fees	280,000	280,000	122,302	(157,698)
Miscellaneous - institutional revenue	<u>325,000</u>	<u>325,000</u>	<u>300,254</u>	<u>(24,746)</u>
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>467,556</u>	<u>(182,444)</u>
<u>Operating Expenses</u>				
Auxiliary services	<u>650,000</u>	<u>650,000</u>	<u>418,230</u>	<u>231,770</u>
Change in Net position	-	-	49,326	49,326
<u>Net Position</u>				
Beginning of year	<u>1,085,106</u>	<u>1,085,106</u>	<u>1,085,106</u>	<u>-</u>
End of year	<u>\$ 1,085,106</u>	<u>\$ 1,085,106</u>	<u>\$ 1,134,432</u>	<u>\$ 49,326</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, 2017

ASSETS	General Fund	Special Revenue Funds		Capital Projects Fund	Debt Service Fund	Enterprise Fund	Total	Reconciling Items	Statement of Net Position
		Operating	Non-Aidable						
<u>Assets</u>									
Cash and cash equivalents	\$ 27,566,977	\$ -	\$ -	\$ 8,667,514	\$ 2,941,591	\$ -	\$ 39,176,082	\$ -	\$ 39,176,082
Receivables:									
Property taxes	8,418,806	-	-	-	-	-	8,418,806	-	8,418,806
Accounts, net of reserve of \$ 159,000	1,323,956	71,649	-	-	-	-	1,395,605	-	1,395,605
Federal and state aid	222,820	1,038,521	(1,730)	-	-	-	1,259,611	-	1,259,611
Due from other funds	-	1,529,529	1,100,268	-	-	1,154,492	3,784,289	(3,784,289)	-
Prepaid expenditures	1,570,530	27,587	-	-	-	-	1,598,117	-	1,598,117
Capital assets	-	-	-	-	-	-	-	154,647,298	154,647,298
Less: accumulated depreciation	-	-	-	-	-	-	-	(72,894,123)	(72,894,123)
Total Assets	39,103,089	2,667,286	1,098,538	8,667,514	2,941,591	1,154,492	55,632,510	77,968,886	133,601,396
<u>DEFERRED OUTFLOWS OF RESOURCES</u>									
Deferred outflows related to pensions	-	-	-	-	-	-	-	18,779,744	18,779,744
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 39,103,089	\$ 2,667,286	\$ 1,098,538	\$ 8,667,514	\$ 2,941,591	\$ 1,154,492	\$ 55,632,510	\$ 96,748,630	\$ 152,381,140
<u>LIABILITIES AND FUND EQUITY</u>									
<u>Liabilities</u>									
Accounts payable	\$ 2,438,578	\$ 11,127	\$ 498	\$ -	\$ -	\$ 19,216	\$ 2,469,419	\$ -	\$ 2,469,419
Accrued payroll and benefits	1,842,046	93,487	10,749	-	-	844	1,947,126	-	1,947,126
Accrued vacation	610,043	-	-	-	-	-	610,043	-	610,043
Accrued interest payable	-	-	-	-	-	-	-	427,563	427,563
Due to other funds	3,784,289	-	-	-	-	-	3,784,289	(3,784,289)	-
Due to students groups/organizations	-	-	-	-	-	-	-	319,726	319,726
Deferred revenues	2,645,602	23,426	-	140,000	-	-	2,809,028	(1,570,766)	1,238,262
Net Pension Liability	-	-	-	-	-	-	-	2,673,855	2,673,855
Long-term liabilities	-	-	-	-	-	-	-	66,483,046	66,483,046
Total liabilities	11,320,558	128,040	11,247	140,000	-	20,060	11,619,905	64,549,135	76,169,040
<u>Deferred Inflows of Resources</u>									
Deferred inflows related to pensions	-	-	-	-	-	-	-	8,435,935	8,435,935
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 11,320,558	\$ 128,040	\$ 11,247	\$ 140,000	\$ -	\$ 20,060	\$ 11,619,905	\$ 72,985,070	\$ 84,604,975
<u>Fund balances / net position</u>									
Net investment in capital assets	-	-	-	-	-	-	-	33,578,192	33,578,192
Unreserved/unrestricted	-	-	-	-	-	1,134,432	1,134,432	31,315,663	32,450,095
Fund balances:									
Reserved for prepaid expenditures	1,570,530	27,587	-	-	-	-	1,598,117	(1,598,117)	-
Reserved for student organizations	-	-	1,215,960	-	-	-	1,215,960	(319,726)	896,234
Reserved for student financial assistance (deficit)	-	-	(162,269)	-	-	-	(162,269)	162,269	-
Reserved for capital projects	-	-	-	3,542,823	-	-	3,542,823	(3,542,823)	-
Reserved for debt service	-	-	-	-	2,941,591	-	2,941,591	(2,089,947)	851,644
Reserved for OPEB - Other post employment benefits	1,870,000	-	-	-	-	-	1,870,000	(1,870,000)	-
Unreserved - Designated for:									
Subsequent year	5,159,305	840,028	-	-	-	-	5,999,333	(5,999,333)	-
Operations	19,037,439	1,648,938	-	-	-	-	20,686,377	(20,686,377)	-
Total fund balances / net position	27,637,274	2,516,553	1,053,691	3,542,823	2,941,591	1,134,432	38,826,364	28,949,801	67,776,165
Reserve for encumbrances	145,257	22,693	33,600	4,984,691	-	-	5,186,241	(5,186,241)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	\$ 39,103,089	\$ 2,667,286	\$ 1,098,538	\$ 8,667,514	\$ 2,941,591	\$ 1,154,492	\$ 55,632,510	\$ 96,748,630	\$ 152,381,140



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, 2017

	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	\$ 18,762,954	\$ 2,049,205	\$ -	\$ -	\$ 11,081,000	\$ 45,000	\$ 31,938,159	\$ -	\$ 31,938,159
Other local government	-	74,948	-	-	-	-	74,948	-	74,948
Intergovernmental revenue:									
State	39,526,146	1,545,045	1,830,227	90,181	-	-	42,991,599	-	42,991,599 (1)
Federal	18,036	2,163,511	21,282,143	-	-	-	23,463,690	-	23,463,690 (2)
Tuition and fees:									
Statutory program fees	14,753,494	-	-	-	-	-	14,753,494	(6,491,374)	8,262,120
Material fees	805,525	-	-	-	-	-	805,525	(359,304)	446,221
Other student fees	1,868,517	-	760,834	-	-	122,302	2,791,653	(1,223,268)	1,528,385
Miscellaneous - institutional revenue	3,953,710	496,442	2,911,502	70,932	13,177	300,254	7,746,017	(2,782,042)	4,963,975 (3)
Total revenues	79,688,382	6,329,151	26,784,706	161,113	11,094,177	467,556	124,525,085	(10,855,988)	113,669,097
<u>Expenditures</u>									
Instruction	49,205,370	3,111,395	-	3,383,123	-	-	55,699,888	(5,593)	55,694,295
Instructional resources	1,155,725	14,000	-	62,085	-	-	1,231,810	53,714	1,285,524
Student services	10,819,806	2,382,140	27,195,072	99,139	-	-	40,496,157	(25,362,261)	15,133,896
General institutional	7,610,718	756,205	35,705	2,819,513	-	-	11,222,141	(1,329,254)	9,892,887
Physical plant	7,358,146	8,861	-	9,581,760	-	-	16,948,767	(8,740,650)	8,208,117
Student aid	-	-	-	-	-	-	-	14,857,458	14,857,458
Public services	-	323,151	-	7,283	-	-	330,434	15,538	345,972
Depreciation	-	-	-	-	-	-	-	7,366,157	7,366,157
Auxiliary services	-	-	-	-	-	418,230	418,230	4,666	422,896
Debt Service:									
Principal	-	-	-	-	9,215,000	-	9,215,000	(9,215,000)	-
Interest and debt issuance costs	-	-	-	-	1,872,041	-	1,872,041	(231,945)	1,640,096
Total expenditures	76,149,765	6,595,752	27,230,777	15,952,903	11,087,041	418,230	137,434,488	(22,587,170)	114,847,298
Revenues over (under) expenditures	3,538,617	(266,601)	(446,071)	(15,791,790)	7,136	49,326	(12,909,383)	11,731,182	(1,178,201)
<u>Other financing sources (uses)</u>									
Long-term debt issued	-	-	-	14,000,000	-	-	14,000,000	(14,000,000)	-
Debt premium	-	-	-	-	357,293	-	357,293	(357,293)	-
Loss on disposal of capital assets	-	-	-	-	-	-	-	(27,216)	(27,216)
Transfers in	-	-	-	3,375,000	-	-	3,375,000	(3,375,000)	-
Transfers out	(3,200,000)	(75,000)	(100,000)	-	-	-	(3,375,000)	3,375,000	-
Total other financing sources (uses)	(3,200,000)	(75,000)	(100,000)	17,375,000	357,293	-	14,357,293	(14,384,509)	(27,216)
Net Change in Fund Balances	338,617	(341,601)	(546,071)	1,583,210	364,429	49,326	1,447,910	(2,653,327)	(1,205,417)
<u>Fund balances/net position</u>									
Beginning 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)
End of year	\$ 27,637,274	\$ 2,516,553	\$ 1,053,691	\$ 3,542,823	\$ 2,941,591	\$ 1,134,432	\$ 38,826,364	\$ 28,949,801	\$ 67,776,165

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, 2017

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

Operating	\$ 3,550,591
Non-operating - State Appropriations	39,350,827
Non-operating - Capital Grants	<u>90,181</u>
Total	<u>\$ 42,991,599</u>

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

Operating	<u>\$ 23,463,690</u>
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- (3) Other institutional revenue is reported in four separate lines on the Statements of Revenues, Expenses and Changes in Net Position as follows:

Contract revenue	\$ 3,203,987
Auxiliary enterprise revenues	276,482
Miscellaneous revenue	1,391,155
Investment income	92,351
Total	<u>\$ 4,963,975</u>

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

	<u>2017</u>	<u>2016</u>
Budgetary basis fund equity	\$ 38,826,364	\$ 37,378,454
Capital assets capitalized - cost	154,647,298	142,776,675
Accumulated depreciation on general fixed assets	(72,894,123)	(65,972,679)
General obligation debt	(61,110,000)	(56,325,000)
Other post employment benefits	(3,237,324)	(3,217,188)
Net Pension Liability	(2,673,855)	(5,325,004)
Deferred outflows related to pension	18,779,744	27,991,681
Deferred inflows related to pension	(8,435,935)	(11,259,571)
Accrued interest on long-term debt	(427,563)	(379,156)
Summer school tuition and fees	1,642,505	1,550,442
Unamortized debt premium	(1,662,384)	(1,585,443)
Deferred revenue for govt-wide basis	(545,077)	(616,816)
Encumbrances	5,186,241	4,306,247
Reclass fiduciary funds to liability	<u>(319,726)</u>	<u>(341,060)</u>
Net position per basic financial statements	<u>\$ 67,776,165</u>	<u>\$ 68,981,582</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)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Investment in Capital Assets	\$ 33,578,192	\$ 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
Restricted-expendable	1,747,878	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
Restricted-nonexpendable	-	-	-	-	-	-	-	-	11,000	11,000
Unrestricted	32,450,095	37,704,933	30,835,816	27,835,368	26,771,698	22,754,631	22,552,555	21,188,982	18,598,688	17,032,962
Total Net Position	<u>\$ 67,776,165</u>	<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>

**GATEWAY TECHNICAL COLLEGE DISTRICT**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Operating Revenues</b>										
Student tuition and program fees, net of scholarship allowances	\$ 10,236,726	\$ 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
Federal grants	23,463,690	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
State grants	3,550,591	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
Local grants	74,948	99,930	102,347	-	-	-	-	-	-	-
Contract revenue	3,203,987	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
Auxiliary enterprise revenues	276,482	297,187	267,355	257,997	288,855	256,823	286,282	725,250	823,449	853,017
Miscellaneous - institutional revenue	1,391,155	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
<b>Total operating revenues</b>	<b>42,197,579</b>	<b>48,480,648</b>	<b>49,737,375</b>	<b>53,019,792</b>	<b>59,996,748</b>	<b>60,313,694</b>	<b>65,320,907</b>	<b>43,795,427</b>	<b>34,184,152</b>	<b>29,212,572</b>
<b>Operating Expenses</b>										
Instruction	55,694,295	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
Instructional resources	1,285,524	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
Student services	15,133,896	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
General institutional	9,892,887	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
Physical plant	8,208,117	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
Student aid	14,857,458	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
Public services	345,972	333,587	374,190	357,437	357,714	344,410	337,025	252,494	384,102	335,213
Auxiliary services	422,896	483,319	509,387	440,292	507,723	574,483	580,525	1,196,058	1,149,043	1,298,310
Depreciation	7,366,157	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
<b>Total operating expenses</b>	<b>113,207,202</b>	<b>117,052,695</b>	<b>114,573,481</b>	<b>114,536,677</b>	<b>119,031,125</b>	<b>124,427,130</b>	<b>126,797,315</b>	<b>103,141,415</b>	<b>92,097,861</b>	<b>84,537,712</b>
<b>Operating loss</b>	<b>(71,009,623)</b>	<b>(68,572,047)</b>	<b>(64,836,106)</b>	<b>(61,516,885)</b>	<b>(59,034,377)</b>	<b>(64,113,436)</b>	<b>(61,476,406)</b>	<b>(59,345,988)</b>	<b>(57,913,709)</b>	<b>(55,325,140)</b>
<b>Non-Operating Revenues (Expenses)</b>										
Property taxes	31,938,159	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
State appropriations	39,350,827	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
Gain (loss) on sale of capital assets	(27,216)	(115,602)	(61,308)	35,400	(2,245)	(13,933)	(43,980)	(14,631)	52,927	53,996
Investment income	92,351	60,764	46,692	40,747	38,735	33,320	76,959	69,363	210,390	617,039
Interest expense and debt issuance costs	(1,640,096)	(1,569,534)	(1,556,932)	(1,449,331)	(1,518,828)	(1,263,110)	(1,264,089)	(1,280,020)	(1,269,463)	(1,133,864)
<b>Total non-operating revenues (expenses)</b>	<b>69,714,025</b>	<b>67,721,463</b>	<b>65,666,740</b>	<b>64,277,392</b>	<b>63,399,405</b>	<b>63,841,702</b>	<b>64,362,428</b>	<b>62,542,512</b>	<b>59,730,417</b>	<b>57,244,609</b>
<b>Capital Contributions</b>										
State and federal capital appropriations	90,181	472,336	184,384	297,698	193,935	35,183	532,561	25,235	4,066	19,247
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
<b>Total capital contributions</b>	<b>90,181</b>	<b>723,910</b>	<b>700,124</b>	<b>483,525</b>	<b>1,627,102</b>	<b>70,862</b>	<b>721,285</b>	<b>670,235</b>	<b>76,268</b>	<b>300,300</b>
<b>Cumulative effect of change in accounting principle <sup>(1)(2)</sup></b>										
Increase/(Decrease) in Net Position	\$ (1,205,417)	\$ (126,674)	\$ 14,561,340	\$ 3,244,032	\$ 5,709,172	\$ (200,872)	\$ 3,607,305	\$ 3,866,759	\$ 1,892,976	\$ 2,219,769

- (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)**

	2017	% of Total	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
<b>Expense Classifications</b>																				
Salaries and wages	\$ 50,750,747	44.2%	\$ 51,344,768	43.2%	\$ 50,731,715	43.7%	\$ 49,927,226	43.1%	\$ 48,806,522	40.5%	\$ 49,060,461	39.0%	\$ 48,410,278	37.8%	\$ 46,108,596	44.2%	\$43,890,665	47.0%	\$41,139,413	48.0%
Fringe benefits	18,528,651	16.1%	18,801,734	15.8%	18,895,006	16.3%	18,360,563	15.8%	17,409,046	14.4%	23,133,387	18.4%	22,310,925	17.4%	20,677,526	19.8%	19,747,456	21.2%	19,509,572	22.8%
Travel, memberships and subscriptions	1,173,732	1.0%	1,354,686	1.1%	1,464,452	1.3%	1,290,745	1.1%	1,165,200	1.0%	957,520	0.8%	826,946	0.6%	740,879	0.7%	780,231	0.8%	698,040	0.8%
Supplies and minor equipment	11,735,282	10.2%	11,638,941	9.8%	7,983,678	6.9%	7,550,554	6.5%	8,935,173	7.4%	8,724,938	6.9%	7,664,080	6.0%	6,895,824	6.6%	6,056,363	6.5%	5,349,544	6.2%
Contract services	5,028,221	4.4%	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%	2,325,998	2.5%	2,116,237	2.5%
Bank/Agency credit/collection fees	125,840	0.1%	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%
Rentals	621,270	0.5%	702,054	0.6%	732,774	0.6%	734,061	0.6%	826,787	0.7%	958,089	0.8%	963,315	0.8%	827,786	0.8%	785,358	0.8%	737,152	0.9%
Repairs and maintenance	666,439	0.6%	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%
Insurance	619,665	0.5%	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%
Utilities	1,638,070	1.4%	1,608,012	1.4%	1,669,042	1.4%	1,859,746	1.6%	1,621,648	1.3%	1,618,643	1.3%	1,766,539	1.4%	1,631,363	1.6%	1,762,077	1.9%	1,728,450	2.0%
Depreciation	7,366,157	6.4%	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%
Student aid	14,857,458	12.9%	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%
Student debt writeoff	94,670	0.1%	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%
Total operating expenses	113,207,202	98.5%	117,052,685	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%
Interest expense & debt issuance costs <sup>(1)</sup>	1,640,096	1.4%	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%
(Gain)/Loss on disposal of assets	27,216	0.0%	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%
Total non-operating expenses	1,667,312	1.5%	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%	1,308,066	1.0%	1,294,681	1.2%	1,269,463	1.4%	1,133,864	1.3%
Total Expenses	\$114,874,514	100.0%	\$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%

(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 2017

<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	\$ 182,123,200	0.462641 %	\$ 146,210
	Paris	215,558,800	0.547576	173,052
	Randall	486,752,000	1.236478	390,768
	Salem	1,066,606,600	2.709461	856,278
	Somers	91,475,700	0.232372	73,437
	Wheatland	303,786,000	0.771696	243,881
	Village of:			
	Bristol	543,270,900	1.380051	436,141
	Genoa City	324,300	0.000824	260
	Paddock Lake	218,178,000	0.554229	175,155
	Pleasant Prairie	2,628,316,700	6.676614	2,110,029
	Silver Lake	169,524,300	0.430636	136,095
	Somers	659,308,500	1.674817	529,297
	Twin Lakes	713,634,200	1.812818	572,910
	City of Kenosha	5,373,348,800	13.649716	4,313,758
Racine	Town of:			
	Burlington	671,708,700	1.706316	539,252
	Dover	342,057,500	0.868916	274,606
	Norway	329,187,620	0.836223	264,274
	Raymond	463,589,600	1.177639	372,173
	Waterford	774,872,100	1.968379	622,072
	Yorkville	501,978,800	1.275158	402,992
	Village of:			
	Caledonia	1,985,924,900	5.044771	1,594,313
	Elmwood Park	36,983,500	0.093948	29,691
	Mount Pleasant	2,438,852,000	6.195324	1,957,925
	North Bay	34,318,600	0.087178	27,551
	Rochester	368,305,200	0.935592	295,678
	Sturtevant	592,370,000	1.504775	475,558
	Union Grove	290,746,600	0.738573	233,413
	Waterford	408,126,100	1.036747	327,646
	Wind Point	235,723,700	0.598800	189,240
	City of:			
	Burlington	684,255,200	1.738188	549,324
	Racine	3,123,322,150	7.934058	2,507,422

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Equalized Value and Tax Levy Distribution by Municipality (continued) Fiscal Year 2017

<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	\$ 110,790,500	0.281437 %	\$ 88,943
	Darien	198,741,900	0.504857	159,551
	Delavan	914,921,400	2.324141	734,505
	East Troy	770,552,400	1.957405	618,604
	Geneva	819,808,800	2.082530	658,148
	Lafayette	254,724,100	0.647066	204,494
	LaGrange	713,695,400	1.812974	572,959
	Linn	1,601,522,800	4.068288	1,285,712
	Lyons	404,575,900	1.027729	324,796
	Richmond	223,226,900	0.567055	179,208
	Sharon	79,618,100	0.202251	63,918
	Spring Prairie	248,567,200	0.631426	199,551
	Sugar Creek	359,627,500	0.913548	288,711
	Troy	254,718,600	0.647052	204,490
	Walworth	225,627,000	0.573152	181,135
	Whitewater	301,620,600	0.766195	242,143
	Village of:			
	Bloomfield	370,693,900	0.941660	297,595
	Darien	107,312,600	0.272602	86,151
	East Troy	314,313,300	0.798438	252,333
	Fontana	1,113,225,600	2.827885	893,704
	Genoa City	176,881,000	0.449324	142,001
	Mukwonago	17,581,300	0.044661	14,114
	Sharon	69,031,200	0.175357	55,419
	Walworth	209,737,100	0.532787	168,378
	Williams Bay	713,053,000	1.811342	572,443
	City of:			
	Burlington	701,600	0.001782	563
	Delavan	527,845,700	1.340867	423,758
	Elkhorn	625,464,900	1.588845	502,127
	Lake Geneva	1,190,816,500	3.024986	955,995
	Whitewater	512,483,500	1.301843	411,425
	Totals	<u>\$ 39,366,010,570</u>	<u>100 %</u>	<u>\$ 31,603,276</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 June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Year	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
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	8,400,144	30,224,031	100.00
2017	31,603,276	23,184,470	73.36	-	23,184,470	73.36

#### Tax Levies, Rates, and Collections:

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

Source: Prepared by District staff.

## GATEWAY TECHNICAL COLLEGE DISTRICT

### Principal Taxing Districts and Counties 2016 Equalized Valuation and Tax Levy

<u>Municipality</u>	<u>County</u>	<u>Equalized Value</u>	<u>Tax Levy</u>	<u>Percentage of Total Tax Levy</u>
City of Kenosha	Kenosha	\$ 5,373,348,800	\$ 4,313,758	13.65 %
City of Racine	Racine	3,123,322,150	2,507,422	7.93
Village of Pleasant Prairie	Kenosha	2,628,316,700	2,110,029	6.68
Village of Mount Pleasant	Racine	2,438,852,000	1,957,925	6.20
Village of Caledonia	Racine	1,985,924,900	1,594,313	5.04
Town of Linn	Walworth	1,601,522,800	1,285,712	4.07
City of Lake Geneva	Walworth	1,190,816,500	955,995	3.02
Village of Fontana	Walworth	1,113,225,600	893,704	2.83
Town of Salem	Kenosha	1,066,606,600	856,278	2.71
Town of Delavan	Walworth	914,921,400	734,505	2.32
Total Principal Taxing Districts		<u>\$ 21,436,857,450</u>	<u>\$ 17,209,641</u>	<u>54.46 %</u>
County:				
Racine		\$ 13,282,322,270	\$ 10,663,130	33.74 %
Kenosha		12,652,208,000	10,157,271	32.14
Walworth		<u>13,431,480,300</u>	<u>10,782,875</u>	<u>34.12</u>
		<u>\$ 39,366,010,570</u>	<u>\$ 31,603,276</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 Property Taxpayers by County  
Current Year and Nine Years Ago**

County	Name of Business	Type of Business	Year Ended June 30, 2017			Year Ended June 30, 2008		
			2016 Equalized Valuation	Rank	Percent of District Equalized Valuation	2007 Equalized Valuation	Rank	Percent of District Equalized Valuation
Racine <sup>(3)</sup>	S.C. Johnson & Son, Inc.	Manufacturing	\$ 74,742,000	1	0.19	\$ 117,800,215	1	0.28
	Centerpoint Properties Trust <sup>(2)</sup>	Commercial	61,951,700	2	0.16	-	-	-
	United, Natural Foods	Food Distributor	32,971,200	3	0.08	-	-	-
	All Saints Health Care	Healthcare	31,972,700	4	0.08	41,779,503	3	0.10
	Case Equipment Corporation	Commercial	30,124,100	5	0.08	-	-	-
	Racine Joint Venture (Regency Mall)	Retail	28,184,900	6	0.07	96,618,758	2	0.23
	Johnson Financial Group	Financial Services	27,907,900	7	0.07	-	-	-
	Seda North America Inc.	Packaging Manufacturer	22,291,500	8	0.06	-	-	-
	Village Center Station LLC	Commercial	22,175,800	9	0.06	-	-	-
	Racine Mall	Retail	21,250,000	10	0.05	-	-	-
	Continental 81 Fund LLC	Retail-Wal-Mart Stores	-	-	-	39,148,612	4	0.09
	CNH Global <sup>(1)</sup>	Manufacturing	-	-	-	33,155,031	5	0.08
	Aurora Medical Group	Health Care Provider	-	-	-	32,020,237	6	0.08
	American National Insurance	Insurance	-	-	-	27,874,919	7	0.07
Racine County Total	Bombardier Motor Corp	Manufacturing	-	-	-	20,965,323	8	0.05
	High Ridge Improvements	Corporation	-	-	-	18,898,764	9	0.04
	Inland Southeast Mount Pleasant	Village Center Strip Mall	-	-	-	14,532,569	10	0.03
			\$ 353,571,800		0.90	\$ 442,793,931		1.04
Kenosha <sup>(1)</sup>	Uline Inc (Route 165 LLC)	Commercial	\$ 148,259,700	1	0.38	\$ -	-	-
	Prime Outlets at Pleasant Prairie	Commercial	136,568,100	2	0.35	56,299,453	1	0.13
	KTR/Amazon	Commercial	132,361,900	3	0.34	-	-	-
	Amazon.com.dedc LLC	Commercial	86,385,300	4	0.22	-	-	-
	OhioCubco (Meijer Distribution, Inc.)	Commercial	69,823,900	5	0.18	32,542,638	4	0.08
	Chicagoland DC 2008 LLC	Commercial	56,969,900	6	0.14	-	-	-
	CV II Lakeview LLC	Commercial	53,929,600	7	0.14	-	-	-
	Associated Wholesale Grocers Inc.	Commercial	49,857,900	8	0.13	-	-	-
	SP Southport Plaza LLC	Commercial	36,960,800	9	0.09	-	-	-
	Edward Rose Associates	Commercial	34,183,600	10	0.09	31,255,286	5	0.07
	Cabot Acquisitions LLC	Manufacturing	-	-	-	44,401,314	2	0.10
	Southport Plaza Ltd. Partners	Commercial	-	-	-	43,306,366	3	0.10
	Iris USA Inc.	Manufacturing	-	-	-	29,608,877	6	0.07
	Centerpoint Wispark Land Co. LLC	Business Park	-	-	-	29,271,234	7	0.07
Kenosha County Total	Petretti Realty et Al	Developer/Builder	-	-	-	28,780,479	8	0.07
	Diamler-Chrysler Corp.	Manufacturing	-	-	-	23,835,231	9	0.06
	Bit Holdings Forty-Nine Inc.	Commercial	-	-	-	23,664,675	10	0.06
			\$ 805,300,700		2.05	\$ 342,965,553		0.80
Walworth	DLK Enterprises, Inc.	Farm/Real Estate	\$ 34,319,800	1	0.09	\$ 45,860,176	1	0.11
	Grand Geneva, LLC	Resort	32,074,600	2	0.08	35,766,113	3	0.08
	Art Mortgage Borrower Propco	Mortgage	29,129,400	3	0.07	-	-	-
	Wal-Mart	Retail	25,758,100	4	0.07	32,071,709	4	0.08
	Kikkoman Foods, Inc.	Factory	20,154,900	5	0.05	20,727,433	6	0.05
	Honey Creek of East Troy, LLP	Real Estate	14,039,000	6	0.04	-	-	-
	Delavan Lake Lawn, LLC	Resort/Airport	13,514,700	7	0.03	-	-	-
	Lake Geneva Investors, LLC	Investor	12,861,100	8	0.03	14,317,393	8	0.03
	Lake Geneva Retail DST	Retail	12,581,500	9	0.03	-	-	-
	Fettig Industries Inc.	Manufacturing	12,103,100	10	0.03	-	-	-
	Delavan Resort	Resort	-	-	-	36,107,263	2	0.08
	Versacord-Larsen	Manufacturing	-	-	-	22,410,918	5	0.05
	Paloma Geneva National, LLC	Resort	-	-	-	14,669,951	7	0.03
	Geneva Project	Property Development	-	-	-	14,224,703	9	0.03
Walworth County Total	Home Depot	Retail	-	-	-	12,355,812	10	0.03
			\$ 206,536,200		0.52	\$ 248,511,471		0.58
			\$ 1,365,408,700		3.47	\$ 1,034,270,955		2.42
			\$ 39,366,010,570			\$ 42,651,718,457		
Total District Equalized Valuation								

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

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Property Tax Rates<sup>(1)</sup> - All Overlapping Governments (Per \$1,000 of General Property Full Values of Taxable Property) Calendar Year Taxes are Payable 2008-2017

County	Year	Gateway District Direct Rates			School Districts		County Tax	Other Taxes <sup>(4)</sup>	Total		Net Total
		Operational <sup>(2)</sup>	Debt Service	Direct Rate	Elementary/Secondary	Local Tax <sup>(3)</sup>			Property Tax	State Tax Relief	
Racine	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
	2017	0.52	0.28	0.80	10.25	7.84	3.68	0.92	23.49	(1.82)	21.67
Kenosha	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
	2017	0.52	0.28	0.80	9.86	6.58	4.70	2.44	24.38	(1.86)	22.52
Walworth	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
	2017	0.52	0.28	0.80	9.60	3.63	4.53	0.66	19.22	(1.79)	17.43

(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<sup>(1)</sup> Calendar Years 2007-2016 (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
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%	17.5%	2.7%	0.2%	0.4%	1.5%	2.0%			
2016	30,744,587	7,349,541	1,096,275	86,435	148,738	597,158	941,681	40,964,415	39,366,011	0.80281
% of Total	75.1%	17.9%	2.7%	0.2%	0.4%	1.5%	2.3%			

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 2008-2017

						Net Debt			
		Personal	Equalized Value-	Less Amounts			Ratio to	Ratio to	
Population <sup>(1)</sup>		Income <sup>(2)</sup>	TID In <sup>(3)</sup>	Gross Debt <sup>(4)</sup>	Available <sup>(5)</sup>	Amount	Equalized	Personal	Per
							Valuation	Income	Capita
(Dollars in Thousands, Except Per Capita)									
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	18,957,535	38,398,101	48,155	638	47,517	0.12	0.25	102
2015	465,446	19,815,475	39,011,537	53,170	701	52,469	0.13	0.26	113
2016	465,545	(6)	39,949,946	56,325	613	55,712	0.14	(6)	120
2017	465,792	(6)	41,244,887	61,110	852	60,258	0.15	(6)	129

(1) Wisconsin Department of Administration, Demographic Services Center (2017 is a preliminary 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<sup>(1)</sup>** **Last Ten Fiscal Years**

### **Calculation of Legal Debt Margin for Fiscal Year 2017**

2017 Equalized Valuation - TID In	\$ 41,244,887,120
	x 5%
Total debt limit - 5% of total equalized valuation	<u>2,062,244,356</u>
Debt applicable to limit:	
Total gross indebtedness (includes general obligation notes and bonds)	\$ 61,110,000
Less Net Position Restricted for Debt Service (GAAP basis)	<u>(851,644)</u>
Total amount of debt applicable to debt limit	<u>60,258,356</u>
Legal debt margin	<u>\$ 2,001,986,000</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		
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	701	52,469	1,898,108	2.69
2016	39,949,946	1,997,497	-	56,325	613	55,712	1,941,785	2.79
2017	41,244,887	2,062,244	-	61,110	852	60,258	2,001,986	2.92

(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, 2017

	<u>Jurisdiction<sup>(1)</sup></u>	<u>Net Debt Outstanding</u>	<u>Applicable to Gateway Technical College District</u>	
			<u>Percentage<sup>(2)</sup></u>	<u>Amount</u>
District:				
Gateway Technical College District General				
Obligation Debt		\$ 61,110,000	100%	\$ 61,110,000
Debt Premium		1,662,384	100%	1,662,384
<b>Total Direct Debt</b>		<u>62,772,384</u>		<u>62,772,384</u>
Towns:				
Racine County <sup>(3)</sup>		1,512,101	Varies	1,201,420
Kenosha County		3,508,346	100%	3,508,346
Walworth County		7,450,348	100%	7,450,348
<b>Town Total</b>		<u>12,470,795</u>		<u>12,160,114</u>
Villages:				
Racine County		107,662,532	100%	107,662,532
Kenosha County		180,881,340	100%	180,881,340
Walworth County		86,669,966	100%	86,669,966
<b>Village Total</b>		<u>375,213,838</u>		<u>375,213,838</u>
Cities:				
Racine County		118,910,000	100%	118,910,000
Kenosha County		184,569,813	100%	184,569,813
Walworth County		51,969,747	100%	51,969,747
<b>City Total</b>		<u>355,449,560</u>		<u>355,449,560</u>
Counties:				
Racine County		63,080,000	96.52%	60,884,816
Kenosha County		110,935,000	100%	110,935,000
Walworth County		8,945,000	100%	8,945,000
<b>County Total</b>		<u>182,960,000</u>		<u>180,764,816</u>
School Districts:				
Racine County		137,134,067	96.52%	132,361,801
Kenosha County		241,195,421	100%	241,195,421
Walworth County		208,143,260	100%	208,143,260
<b>School District Total</b>		<u>586,472,748</u>		<u>581,700,482</u>
Sanitary Districts Total		<u>33,096,931</u>	100%	<u>33,096,931</u>
<b>Total Direct and Overlapping debt</b>		<u>\$ 1,606,773,872</u>		<u>\$ 1,599,495,742</u>

Source: Survey of each governmental unit-June 2017. (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 40.04% in the Gateway District

## GATEWAY TECHNICAL COLLEGE DISTRICT

### Demographic Statistics for Kenosha, Racine, and Walworth Counties Historical Comparisons 2008-2017

<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>
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	19,815,475	42,435	5.6%	85,222
2016	465,545	205,900	(6)	(6)	4.8%	83,633
2017	465,792	(6)	(6)	(6)	4.2%	83,876

(1) Wisconsin Department of Administration, Demographic Services Center (2017 is 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**

			Year Ended June 30, 2017			Year Ended June 30, 2008		
County	Name of Business	Type of Business	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	0.81 %
	Racine Unified School District	Education	2,612	2	0.56	2,472	5	0.54
	CNH Global <sup>(1)</sup>	Manufacturing	2,000	3	0.43	3,000	3	0.65
	S.C. Johnson & Son, Inc.	Manufacturing	2,000	4	0.43	2,900	4	0.63
	The District <sup>(2)</sup>	Vocational Education	1,110	5	0.24	-	-	-
	In-Sink-Erator Division	Manufacturing	1,000	6	0.21	1,100	8	0.24
	Racine County	Government	817	7	0.18	895	9	0.19
	Cree Inc.	Manufacturing	800	8	0.17	-	-	-
	Modine Manufacturing	Manufacturing	800	9	0.17	656	10	0.14
	Johnson Financial Group	Financial Services	755	10	0.16	-	-	-
	Regency Mall	Retail	-	-	-	3,000	2	0.65
	City of Racine	Government	-	-	-	1,328	6	0.29
	Gateway Technical College <sup>(2)</sup>	Education	-	-	-	1,140	7	0.25
Racine County Subtotal			15,394		3.30 %	20,233		4.40 %
(1) Formerly known as J.I. Case Corporation.								
(2) Includes full-time and part-time employees.								
Kenosha	Kenosha Unified School District No. 1 <sup>(1)</sup>	Education	2,528	1	0.54 %	2,542	1	0.55 %
	KTR/Amazon	Commercial	2,500	2	0.54	-	-	-
	United Hospital Systems	Health Care Services	2,253	3	0.48	1,500	2	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	1,049	6	0.23	1,021	3	0.22
	City of Kenosha	Government	767	7	0.16	750	6	0.16
	Snap-On Tools Corporation	Manufacturing	650	8	0.14	1,000	4	0.22
	Carthage College	Education	540	9	0.12	-	-	-
	Kenosha Beef	Meat Processing	500	10	0.11	-	-	-
	Daimler-Chrysler Corp. <sup>(2)</sup>	Manufacturing	-	-	-	400	8	0.09
	University of Wisconsin-Parkside	Education	-	-	-	975	5	0.21
	Ocean Spray Cranberries	Manufacturing	-	-	-	495	7	0.11
	Jockey International	Manufacturing	-	-	-	395	9	0.09
	Kenosha County Subtotal			14,087		3.02 %	376	10
(1) Full-time equivalent.								
(2) Regular full-time only.								
Walworth	University of Wisconsin-Whitewater	Education	1,278	1	0.27 %	1000+	1	N/A
	Grand Geneva, LLC	Resort	1,100	2	0.24	500-999	3	N/A
	Walworth County	Government	1,054	3	0.23	1000+	2	N/A
	Miniature Precision Components	Automotive Parts	1,001	4	0.21	500-999	6	N/A
	Sta-Rite Industries Inc.	Manufacturing	950	5	0.20	-	-	-
	Pentair, Inc.	Water/Fluid Power Pumps	900	6	0.19	500-999	4	N/A
	Birds Eye Foods LLC	Manufacturing	700	7	0.15	-	-	-
	Generac Power Systems Inc.	Utilities	600	8	0.13	-	-	-
	Abbey Resort	Resort	490	9	0.11	250-499	10	N/A
	Geneva National Resort	Resort	400	10	0.09	-	-	-
	Wal-Mart	Retail	-	-	-	500-999	5	N/A
	Aurora Health Care of Southern Lakes	Health Care Provider	-	-	-	500-999	7	N/A
	Elkhorn Area School District	Education	-	-	-	250-499	8	N/A
	School District of Delavan-Darien	Education	-	-	-	250-499	9	N/A
	Walworth County Subtotal <sup>(1)</sup>			8,473		1.82 %	6,875	
(1) 2008 total employee numbers based on median of ranges.								
Source: Robert W. Baird reports			Total		8.15 %	36,562		7.95 %

# GATEWAY TECHNICAL COLLEGE DISTRICT

## Employment Trends by Equal Employment Opportunity Categories Historical Comparisons 2007-2016

<u>Category</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>	<u>2016</u>
Administrative/Managerial:	53	54	52	55	60	71	79	82	80	80
Female percent	62	59	62	62	65	68	48	45	65	65
Minority percent	8	7	10	7	8	11	16	17	23	19
Faculty:	263	265	265	266	268	265	252	253	249	245
Female percent	57	58	58	59	58	59	49	48	59	58
Minority percent	9	10	11	10	11	12	12	12	15	16
Professional/Noninstructional:	34	33	32	33	32	35	33	30	29	31
Female percent	71	73	75	76	78	80	64	53	72	71
Minority percent	24	24	25	24	22	31	30	30	45	39
Secretarial/Clerical:	106	104	96	108	98	91	89	81	75	72
Female percent	99	99	99	99	97	93	80	77	95	94
Minority percent	21	23	23	23	22	20	28	23	28	29
Technical/Paraprofessional:	104	101	97	105	103	120	122	148	136	132
Female percent	62	61	61	59	55	57	42	56	45	59
Minority percent	37	24	23	25	22	22	20	27	31	33
Service/Maintenance:	35	38	37	39	38	40	40	40	39	35
Female percent	11	8	8	10	11	18	10	10	10	11
Minority percent	34	34	35	33	32	35	33	30	36	37
Total:	595	595	579	606	599	622	615	634	608	595
Female percent	64	64	64	64	63	63	50	48	58	62
Minority percent	16	17	17	17	17	17	16	18	24	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 <sup>(1)</sup>						
Fiscal Year Ended June 30	Aidable				Non-Aidable	Unduplicated Total
	Associate Degree	Technical Diploma	Vocational Adult	Non-Post- Secondary (ABE)	Community Service Program	
2008	8,564	2,989	8,599	6,456	-	22,789
2009	9,197	3,478	8,203	6,721	-	23,085
2010	10,003	4,281	8,057	7,347	-	24,322
2011	11,256	4,559	7,050	6,481	-	23,756
2012	12,823	4,787	7,069	5,976	-	23,703
2013	11,320	2,357	5,952	5,284	-	21,130
2014	10,704	2,409	5,902	4,863	-	20,142
2015	9,718	2,136	5,409	4,110	-	18,336
2016	9,280	2,054	5,316	3,818	-	17,636
2017	8,857	2,039	4,469	3,231	-	16,260

Full-Time Equivalents <sup>(2)</sup>						
Fiscal Year Ended June 30	Aidable				Non-Aidable	Total
	Associate Degree	Technical Diploma	Vocational Adult	Non-Post- Secondary (ABE)	Community Service Program	
2008	3,477	401	148	807	-	4,833
2009	3,910	394	140	744	-	5,188
2010	4,634	430	152	769	-	5,985
2011	5,157	437	128	660	-	6,382
2012	5,075	455	139	548	-	6,217
2013	4,751	467	124	471	-	5,813
2014	4,313	498	128	479	-	5,418
2015	3,930	464	117	408	-	4,919
2016	3,815	451	125	392	-	4,783
2017	3,644	446	103	344	-	4,537

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>Postsecondary/Vocational Adult<sup>(1)</sup></u>				<u>Non-Aidable<sup>(2)</sup></u>	
	Resident Program Fees	Percent Change	Out-of-State Program Fees <sup>(3)</sup>	Percent Change	Avocational Programs	Percent Change
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	-
2014	122.20	4.5	61.10	4.5	150.15	-
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
2017	130.35	1.5	65.18	1.5	162.00	-

#### 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 20 material fee categories ranging from \$4.50 per credit to \$70 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 charged for any non-exempt enrollment is \$4.50, 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, student organizations and student 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<sup>(1)</sup> 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 <sup>(2)</sup>	Percent Satisfied with Training
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
2016	1,772	1,469	1,034	91	73	76	18.72	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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Racine	Racine Campus										
	Lincoln Building <sup>(1)</sup>	10,880	10,880	10,880	10,880	10,880	10,880	10,880	10,880	16,115	16,115
	Lake Building	81,127	81,127	81,127	81,127	81,127	79,172	79,172	79,172	76,362	76,362
	Tech Building	87,605	87,605	87,605	87,605	87,605	87,605	85,589	85,589	109,336	109,336
	Racine Building	68,786	68,786	68,786	68,786	68,786	68,786	68,786	68,786	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	251,668	249,713	247,697	247,697	274,573	274,573
Kenosha	iMET (formerly CATI)	53,370	53,370	53,370	53,370	53,370	37,370	37,370	37,370	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	1,440
	Racine County Subtotal	306,478	306,478	306,478	306,478	306,478	288,523	286,507	286,507	318,199	318,199
	Kenosha Campus										
	Administration Building	17,772	17,772	17,772	17,772	17,772	17,772	17,772	17,772	17,353	17,353
	Conference Building	29,954	29,954	29,954	29,954	29,954	29,954	29,954	29,954	29,365	29,365
	Bioscience Building	28,352	28,352	28,352	28,352	28,352	28,352	28,352	28,352	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	92,000	88,000	88,000	88,000	88,000	88,000	113,965	113,965
	Horticultural Buildings <sup>(2)</sup>	15,648	15,648	15,648	15,648	14,233	14,233	6,502	6,502	5,873	5,873
	Science Building	45,187	45,187	45,187	41,302	41,302	41,302	41,302	41,302	55,992	55,992
	Student Commons	17,130	17,130	17,130	17,130	17,130	17,130	17,130	17,130	13,456	13,456
	Storage Buildings	4,550	4,550	4,550	4,550	4,550	4,550	4,550	4,550	2,350	2,350
	Technical Building	62,880	62,880	49,480	49,480	49,480	49,480	49,480	49,480	63,634	63,634
	Kenosha Campus Subtotal	331,558	331,558	318,158	310,273	308,858	308,858	301,127	301,127	350,478	350,478
Walworth	Leased Facilities:										
	Center for Sustainable Living	1,844	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	38,755	24,277	24,277
	Horizon Center Storage Bldg	1,800	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	14,000	23,200	23,200
	Kenosha County Job Center	462	1,026	1,026	1,026	1,162	1,162	1,162	1,162	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	1,237	-	-	-	-	-	-	-
	Kenosha County Subtotal	389,656	390,220	384,212	372,422	366,419	366,419	356,844	356,844	398,981	398,981
	Elkhorn Campus										
	Alternative High School	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,474	7,474
	South Building	44,372	44,372	40,772	39,072	39,072	39,072	39,072	39,072	38,596	38,596
	North Building	49,341	49,341	49,341	49,341	49,341	49,341	42,241	42,241	42,230	42,230
	Veterinary Science (prv Job Center)	6,468	6,468	6,468	6,468	6,468	6,468	6,468	6,468	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 Subtotal	109,454	109,454	105,854	104,154	104,154	104,154	97,054	97,054	96,473	96,473
Walworth	Burlington Campus (Leased)										
	380 Building	19,694	19,694	22,255	19,694	19,694	19,694	19,694	9,439	9,439	9,439
	496 Building	33,512	33,512	33,512	33,512	33,512	33,512	33,512	33,512	33,000	33,000
	Walworth County Subtotal	162,660	162,660	161,621	157,360	157,360	157,360	150,260	140,005	138,912	138,912
	Total District Square Footage	858,794	859,358	852,311	836,260	830,257	812,302	793,611	783,356	856,092	856,092

Source: Effective FY 2010, numbers were revised using information from Gallagher Bassett Services, Inc report. Prior years were not restated and are based on Stragetic 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

## 2017 FISCAL YEAR - INSURANCE SUMMARY (UNAUDITED)

Type of Coverage	Insurance Company	Policy Period	Details of Coverage *	Limits of Coverage	Annual Premium
<b>Property Coverage</b>	<b>DMI</b>	<b>7/1/16 - 6/30/17</b>	Covers all real and personal property, all risk; \$25,000 Deductible		<b>\$ 82,562</b>
			Blanket Property Limit (Per Occurrence)	\$ 500,225,000	
			Certified Terrorism	\$ 500,225,000	
			Non-Certified Terrorism	\$ 500,225,000	
			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	\$ 25,225,000	
			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	\$ 15,225,000	
			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	\$ 50,225,000	
			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)	\$ 10,225,000	
			Mobile Equipment	\$ 1,225,000	
			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	
<b>Equipment Breakdown</b>	<b>DMI</b>	<b>7/1/16 - 6/30/17</b>	Comprehensive coverage; \$25,000 deductible	\$ 100,000,000	<b>\$ 4,880</b>
			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)	Policy Limit	
			Broad Comprehensive Coverage (Including Production Machines, Computer Equipment)	Included	
			Repair or Replacement	Yes	
			Green Upgrade	\$ 25,000	
<b>Workers' Compensation</b>	<b>DMI</b>	<b>7/1/16 - 6/30/17</b>	<b>Workers' Compensation - Wisconsin Benefits</b>	<b>Statutory</b>	<b>\$ 352,665</b>
			- Bodily injury by accident, each accident	\$ 100,000	
		<b>Employer's Liability</b>	- Bodily injury by disease, policy limit	\$ 500,000	
			- Bodily injury by disease, each employee	\$ 100,000	
<b>General Liability</b> (Includes Professional, Automobile, and Educators Legal Liability)	<b>DMI</b>	<b>7/1/16 - 6/30/17</b>	Each occurrence limit	\$ 5,000,000	<b>\$ 74,187</b>
			Damage to Premises Rented to You	\$ 500,000	
			Limited Above Ground Pollution Liability		
			- Each Claim and Policy Aggregate	\$ 1,000,000	
			Under/Uninsured motorists	\$ 350,000	
			Garagekeepers Coverage (ACV up to...)	\$ 500,000	
			- 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	
			<b>[Educators Legal Liability (includes, Directors &amp; Officers, Employment Practices, and Employee Benefits Liability)]</b>		
			- Per Wrongful Act	\$ 5,000,000	
			- Per Wrongful Act Deductible	\$ 100,000	
<b>Campus Violent Acts*</b>	<b>DMI</b>	<b>7/1/16 - 6/30/17</b>	Policy Aggregate Limit	\$ 250,000	<b>\$ 1,230</b>
			Policy Deductible	\$ 25,000	
			Equipment or Property Improvements	\$ 25,000	
<b>Cyber Liability</b>	<b>DMI</b>	<b>7/1/16 - 6/30/17</b>	Policy Aggregate Limit of Liability	\$ 1,000,000	<b>\$ 20,900</b>
			Coverage for Privacy Breach and Response Services	\$ 500,000	

# GATEWAY TECHNICAL COLLEGE DISTRICT

## 2017 FISCAL YEAR - INSURANCE SUMMARY (UNAUDITED)

Type of Coverage	Insurance Company	Policy Period	Details of Coverage *	Limits of Coverage	Annual Premium
			Computer Expert Services, Legal Services, Public Relations and Crisis Management Expense	\$ 1,000,000	
			Per Claim Deductible	\$ 25,000	
			Deductible for Computer Expert Services, Legal Services, Public Relations and Crisis Management Expense	\$ 10,000	

**TOTAL ANNUAL INSURANCE PREMIUMS PAID TO DISTRICTS MUTUAL INSURANCE: \$ 536,424**

\* Details of Coverage Section - Not all Inclusive. For a full review of a11 coverages available the Policy must be specifically referenced.

\*\*This coverage is provided on a request basis

### INSURANCE COVERAGES PURCHASED THROUGH WISCONSIN TECHNICAL COLLEGE INSURANCE TRUST

<b>Foreign Travel Liability**</b>	<b>ACE American Insurance Company</b>	<b>7/1/16 - 6/30/17</b>	Foreign general liability - Each occurrence	\$ 1,000,000	\$ 4,318
			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		
			- 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	

<b>Crime</b>	<b>National Union Fire Insurance Company</b>	<b>7/1/16 - 6/30/17</b>	Employee Theft	\$ 750,000	\$ 5,389
			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	\$ 100,000	
			Funds Transfer Fraud	\$ 750,000	
			Personal Accounts Forgery or Alteration	\$ 750,000	
			Identity Fraud Expense Reimbursement	\$ 25,000	
			Claim Expense	\$ 25,000	
			Credit and Forgery	\$ 750,000	
			Impersonation Fraud	\$ 1,000,000	
			Employee Dishonesty	\$ 25,000	
			Deductible	\$ 15,000	

<b>Business Travel Accident (for Local Boards of Director Members)</b>	<b>CIGNA</b>	<b>7/1/16 - 6/30/17</b>	Principal Sum	\$ 100,000	\$ 253
			- 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: \$ 9,960**

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

<b>Multimedia Liability</b>	<b>Arthur J. Gallagher</b>	<b>7/1/16 - 6/30/17</b>	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				
<b>Medical Professional Liability</b>	<b>Arthur J. Gallagher</b>	<b>01/01/17 - 06/30/17</b>	Form: Claims Made and Reported Basis		\$ 2,530
Student Support Counselors			Maximum Limit of Liability for each Claim	\$ 1,000,000	
			Aggregate Limit	\$ 3,000,000	
			Deductible - per Claim	\$ 2,500	

**TOTAL ANNUAL INSURANCE PREMIUMS PAID TO ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES INC.: \$ 7,080**

# GATEWAY TECHNICAL COLLEGE DISTRICT

## 2017 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	Wenk Aviation Insurance Agencies	7/1/16 - 6/30/17	Liability Coverage		\$ 24,484
			Single Limit Including Passengers and Property Damage	\$ 3,000,000	
			Medical Payments at Each Person/Each Occurrence	\$ 3,000/18,000	
	Coverages & Premiums		Aircraft Physical Damage Coverages as indicated in policy	\$125,000, 130,000 and 385,000	
renewed with Old Republic Insurance through Phoenix Aviation Managers			Hangarkeepers (per occurrence)	\$ 250,000	
	Policy AVC 1037 15		Deductible	\$ 5,000	
			Products	\$ 1,000,000	
TOTAL ANNUAL INSURANCE PREMIUMS PAID TO WENK INSURANCE AGENCY:					\$ 24,484
TOTAL ANNUAL PREMIUMS:					\$ 577,948

# 2017-2018 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	SC Johnson 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
	■			■				■		Arboriculture/Urban Forestry Technician (10-001-5) . . . . .	2 Years
										Architectural – Structural Engineering Technician (10-614-6A) . . . . .	2 Years
										Construction Project Manager (Concentration Area 10-614-6B)	
					■					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 Studies (10-504-5) . . . . .	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)	
	■		■					■		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 Software Developer (10-152-4A) . . . . .	2 Years
										SharePoint Developer (Concentration Area 10-152-4B)	
				■						Interior Design (10-304-1) . . . . .	2 Years
				■			■		■	Marketing (10-104-3) . . . . .	2 Years
										General Marketing (Concentration Area 10-104-3A)	
										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									
■	■	■	■	■	■	■	■	■	■
</									

## 2017-2018 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
Culinary Assistant (31-316-1) . . . . .	1 Year
+ 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
Electronics Technician Fundamentals (30-605-1) . . . . .	1 Year
Facilities Maintenance (31-443-2) . . . . .	1 Year
Firefighter Technician (31-503-1) . . . . .	1 Year
Foundations of Lodging and Hospitality Management (30-109-3) . . . . .	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 – Web Programmer (31-152-6) . . . . .	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	SC Johnson iMET Center	Online
				■			■		■

## 2017-2018 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)
Urban Farming (10-810-20)



**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

**WGTD HD**

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