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| GATEWAY TECHNICAL COLLEGE DISTRICT BOARD |
| Public Budget Hearing |
| May 4, 2015 |

The Gateway Technical College District Board met on Monday, May 4, 2015 at the Racine Campus, Quad Rooms R102, 1001 South Main Street, Racine, Wisconsin. The meeting was called to order at 7:00 pm by Gary Olsen, Chairperson.

I. Call to Order:

A. Open Meeting Compliance

- K. Bartlett confirmed the meeting was duly noticed in accordance with state statutes for open meeting compliance.

II. Roll Call:

| | |
|------------------------|---------|
| Ram Bhatia | Present |
| William Duncan | Excused |
| Ronald J. Frederick | Present |
| Susan Greenfield | Excused |
| Bethany Ormseth | Excused |
| Scott Pierce | Present |
| Roger Zacharias | Excused |
| Pamela Zenner-Richards | Present |
| Gary Olsen | Present |

Also in attendance were Bryan Albrecht, Kelly Bartlett, and 16 citizens/reporters.

III. Approval of Agenda:

- A. It was moved by S. Pierce, seconded by P. Zenner-Richards, and carried to approve the agenda.

IV. Budget Presentation (B. Thomey):

A. FY15 Budget Calendar

- May 4, 2015 = Public Hearing – present the Preliminary FY2015-16 Budget
- May 14, 2015 = District Board – approve the FY2015-16 Budget
- October 22, 2015 = District Board – reaffirm the tax levy

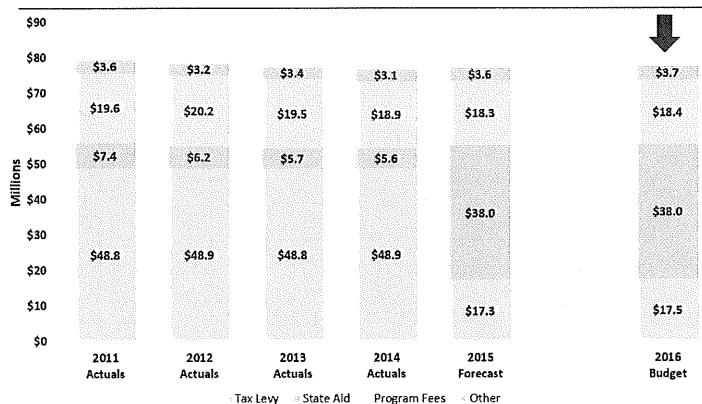
B. Gateway Fund Structure

- Total Gateway Budget
 - General Fund: \$77.6M
 - Special Revenue – Operational Fund: \$7.9M
 - Special Revenue – Non-Aidable Fund: \$39.9M
 - Capital Fund: \$12.0M
 - Debt Service Fund: \$10.4M
 - Enterprise Fund: \$0.7M

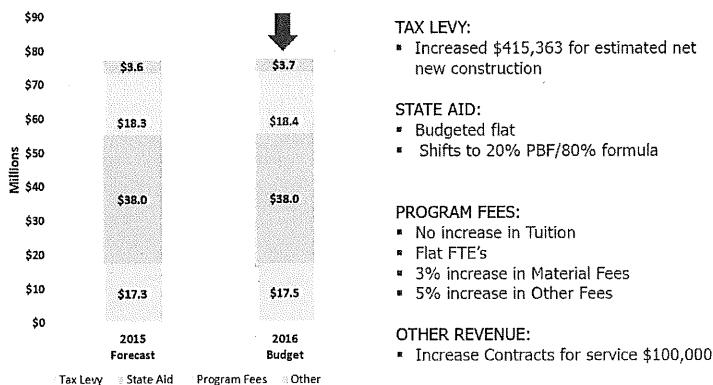
C. Total Funding Sources

- State Aid: 29%
- Tax Levy: 20%
- Federal Grants: 24%
- Student Fees: 13%
- Debt Proceeds: 7%

- Institutional: 7%
- D. Total Expenditures by Function
- Instruction: 37.8%
 - Student Services: 38.3%
 - Physical Plant: 15.8%
 - General Institutional: 6.7%
 - Instructional Resources: 0.8%
 - Auxiliary Services: 0.4%
 - Public Service: 0.2%
- E. FY15 Proposed Budget Summary
- Revenues
 - Tax Levy \$17,500,083
 - State Aid 37,989,039
 - Tuition & Fees 18,410,994
 - Other Revenue 3,708,749
 - Total Revenue \$77,608,865
 - ii. Expenses
 - Salaries & Wages \$46,203,684
 - Employee Benefits 18,371,522
 - Other Expenses 13,033,659
 - Total Expenses \$77,608,865
 - iii. Net Revenue / (Expenses) \$ -0-
- F. General Fund Revenues



G. General Fund Revenues



H. FY16 Tuition & Fees

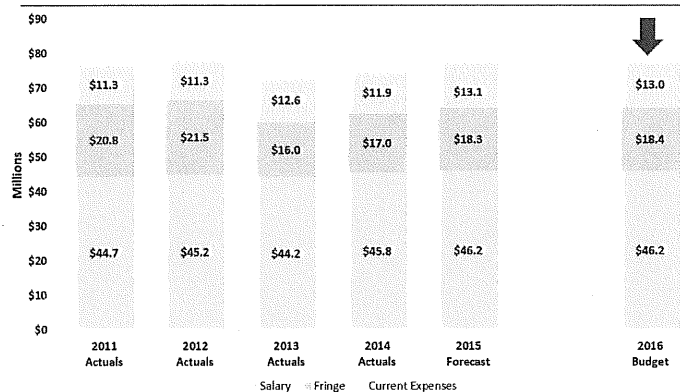
| | FY14 Actual | FY15 Forecast | FY16 Budget | Incr (Decr) | % |
|------------------|---------------------|---------------------|---------------------|------------------|-------------|
| Tuition | \$16,376,974 | \$15,672,142 | \$15,672,142 | \$0.00 | 0.0% |
| Material Fees | 764,658 | 733,670 | 755,680 | 22,010 | 3.0% |
| Other Fees | 1,774,454 | 1,888,736 | 1,983,172 | 94,436 | 5.0% |
| Total | \$18,916,087 | \$18,294,548 | \$18,410,994 | \$116,446 | 0.6% |

FY 2016 Tuition reflects a 0.0% tuition rate increase and flat enrollment.
Cost per credit remains at \$125.85

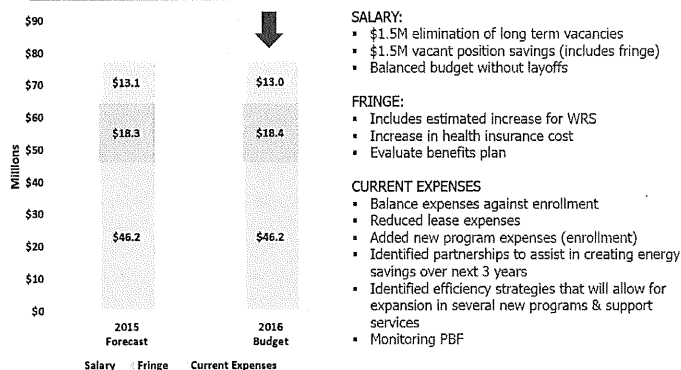
I. FY16 Other Revenues

| | FY2014 Actual | FY2015 Forecast | FY2016 Budget | Incr (Decr) | % |
|--|--------------------|--------------------|--------------------|------------------|-------------|
| High School and Service Contracts | \$2,149,357 | \$2,670,000 | \$2,770,000 | \$100,000 | 3.6 % |
| Book Store Royalties | 592,404 | 588,334 | 588,334 | -0- | 0.0 % |
| Interest, Rent, and Other Misc. Revenue | 398,712 | 350,415 | 350,415 | -0- | 0.0 % |
| Total | \$3,140,473 | \$3,608,749 | \$3,708,749 | \$100,000 | 2.7% |

J. General Fund Expenses



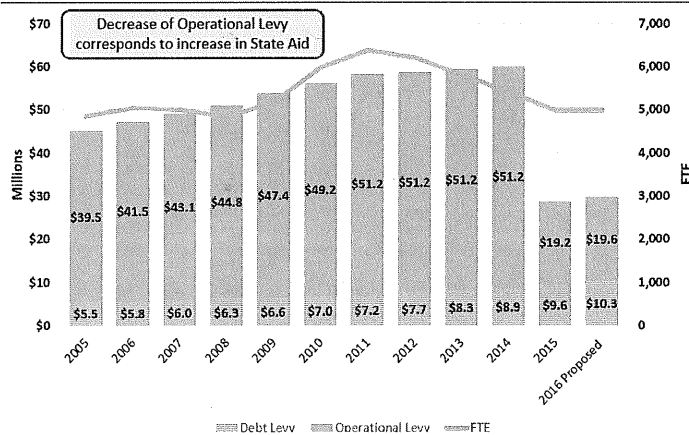
K. General Fund Expenses



L. FY16 Operating Expenses

| | FY 2014 Actual | FY 2015 Forecast | FY 2016 Budget | Incr (Decr) | % |
|-------------------|-------------------|---------------------|---------------------|-------------------|--------------|
| Salaries & Wages | \$45,779,815 | \$46,235,910 | \$46,203,684 | (\$32,226) | (0.1%) |
| Employee Benefits | 16,999,303 | 18,241,447 | 18,371,522 | 130,075 | 0.7% |
| Other Expenses | 11,910,815 | 13,135,561 | 13,033,659 | (131,973) | 1.0% |
| Total | 74,689,933 | \$77,612,918 | \$77,608,865 | (\$34,124) | 0.04% |

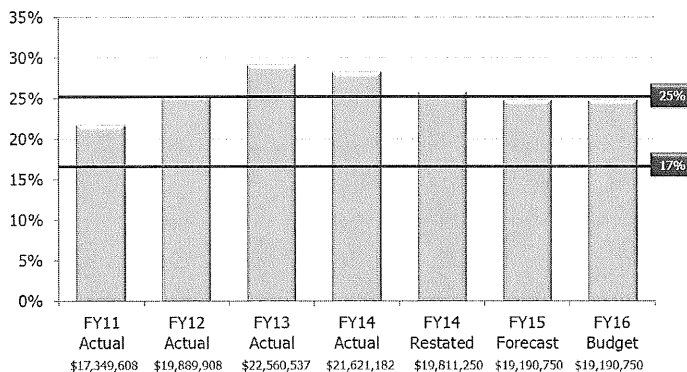
M. Total Tax Levy



N. Property Tax Impact

- Operating tax levy budgeted at \$19,594,288
 - Increase of \$415,363; net new construction
 - Slight increase of 2.17%
- Debt levy budgeted at \$10,316,000
 - Increase of \$716,000
 - Slight increase of 7.46%
- Total mill rate is 0.80059 compared to 0.77031 last year, an increase of 3.93%
- Tax rate assumes assessments are flat
- Homeowner will pay \$120.09 for a home valued at \$150,000
 - \$4.54 increase over last year

O. General Fund Reserves – Percent Designated for Operations to Revenue



P. Moody's Bond Rating – Aaa Rating – indication of Moody's high level of confidence in Gateway's fiscal policies and governance.

- Moody's believes the district's financial operations will remain sound due to:
 - Prudent financial management
 - Solid General Fund reserves

- Sizeable, stable tax base; favorable location between Chicago and Milwaukee
 - Moody's expects the district's debt levels to remain manageable:
 - Average overall debt burden
 - Low direct debt
 - Rapid principal amortization
 - Moody's notes the following challenges to the district:
 - Limited revenue generating flexibility due to state imposed levy restrictions
 - Moderate declines in enrollment
- Q. Long-Term Capital Financing – The capital borrowing plan includes \$12M borrowing for general equipment, building remodeling and improvements, expansion & site improvements.
- Borrowing decrease of \$1M over last year
 - 7.46% increase in debt levy totaling \$10,316,000
 - Increase of \$716,000
- R. FY16 Capital Budget

| Building Remodeling & Improvement Projects | | Equipment | | Expansion | | Site Improvements | |
|--|-------------|--|-------------|-----------------------|-------------|-----------------------|-------------|
| CNC Manufacturing Lab | \$600,000 | | | CNC Manufacturing Lab | \$400,000 | | |
| General Maintenance | 500,000 | New Program Classroom Furniture | \$250,000 | Shooting Range | 1,500,000 | Parking Lot Resurface | \$1,000,000 |
| Air Handler- Racine Lake Building | 250,000 | Academic Classroom Equipment | 2,500,000 | | | | |
| Boiler Repairs - Kenosha | 50,000 | BWS Training Equipment | 250,000 | | | | |
| Sprinkler Install - Kenosha | 100,000 | Police Academy Equipment | 1,000,000 | | | | |
| ADA Audit Upgrades - District | 100,000 | IT Equipment & District Infrastructure | 2,500,000 | | | | |
| Exterior Skin Repairs - Lincoln & Lake Buildings | 250,000 | | | | | | |
| District Signage | 250,000 | | | | | | |
| Police Academy & SIM City Remodel | 500,000 | | | | | | |
| Total: | \$2,600,000 | Total: | \$6,500,000 | Total: | \$1,900,000 | Total: | \$1,000,000 |

V. Citizen Comments

- A. No citizen comments were submitted.

VI. Next Meeting Date and Adjourn

- A. Regular Meeting - Thursday, May 14, 2015, 8:00 am, Burlington Center
- B. At approximately 7:27 pm it was moved by R. Bhatia, seconded by R. Frederick and carried that the meeting adjourn.

Submitted by,



Ronald J. Frederick
Secretary