



2006

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

**(WITH INDEPENDENT AUDITORS REPORT)
FOR FISCAL YEAR ENDED JUNE 30, 2006**



**RACINE, KENOSHA, ELKHORN, WISCONSIN
SERVING SOUTHEASTERN WISCONSIN**

DRAFT

GATEWAY TECHNICAL COLLEGE DISTRICT

Racine/Kenosha/Elkhorn, Wisconsin

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006
(With Independent Auditors' Report)

Submitted by:

Bryan D. Albrecht

President

Mark Zlevor, CPA

Chief Financial Officer/

Vice President Administration

Prepared by:

Beverly Hansen, CPA

Controller

GATEWAY TECHNICAL COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2006

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Introductory Section



Bryan D. Albrecht
President

ADMINISTRATION CENTER

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

AVIATION CENTER

4940 - 88th Avenue
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BURLINGTON CENTER

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ELKHORN CAMPUS

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KENOSHA CAMPUS

3520 - 30th Avenue
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RACINE CAMPUS

1001 South Main Street
Racine, WI 53403-1582
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WGTD-FM/91.1

3520 - 30th Avenue
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ADVANCED TECHNOLOGY CENTERS

Center for Advanced Technology & Innovation (CATI)

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

Center for Bioscience & Integration of Computer and Telecommunications Technology (BioCATT)

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3600
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LakeView Advanced Technology Center (LATC)

9449 - 88th Avenue (Highway H)
Pleasant Prairie, WI 53158-2216
262.564.3400
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EQUAL OPPORTUNITY/ACCESS/EMPLOYER AND EDUCATOR
OFRECE IGUALDAD EN OPORTUNIDADES/ ACCESO/EMPLEO Y EDUCACION

www.gtc.edu

December 1, 2006

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

The Comprehensive Annual Financial Report (CAFR) of Gateway Technical College District (the District or Gateway) for the fiscal year ended June 30, 2006, 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 changes in financial position and cash flows of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

Services and Environment

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

Southeastern Wisconsin's communities turn to Gateway first to ensure economic growth and viability by providing education, training, leadership, and technological resources. "Communities" include those municipalities within the District (the Gateway District is comprised of Racine, Kenosha, and Walworth counties, serving a 2006 estimated population of 453,979) as well as the groups of people it serves (students, businesses, and taxpayers). Gateway successfully connects with its students and listens to and partners with area businesses and economic development organizations to not only respond with programming to meet current needs, but to anticipate where job growth is likely to take place. Gateway proactively enhances its infrastructure and programming to ensure readiness to meet future needs.

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

Gateway offers associate of applied science degree programs, technical diploma programs, advanced technical certificates, apprenticeship programs, and other adult education services. The District is accredited by the Commission on Institutions of Higher Education, a commission of the North Central Association of Colleges and Schools. Programs and courses are approved by the WTCS Board and endorsed by the Veteran's Administration. Selected programs are accredited by the National League of Nursing, Federal Aviation Administration, and other professional organizations.

Service Efforts and Accomplishments

Connections—That's Smart - In the coming year, Gateway is focusing internally and externally based on a theme of "That's Smart". We want to congratulate our students and alumni who have recognized the importance of career and technical education as the way to achieve the successful lifestyle they want. That's Smart! We also want to recognize our communities who recognize the strong payback on investment Gateway provides in terms of a stronger economy, skilled workers, and reduced social costs. They have recognized, "That's Smart". Gateway is also determined to "Be Smart" in the coming year, in fact, Twice as Smart. We know we need to be very aggressive to lead our communities and students to the most successful future possible.

Gateway is already receiving validation and recognition for the direction it is taking. The U.S. Department of Education has recognized Gateway as one of the four most innovative colleges in the nation for demonstrating exceptional leadership in seeking strategic partnerships to accomplish workforce development.

A key strategy to being twice as smart is extending its connections within its various communities—geographic and demographic, internal and external to the district—for the purpose of expanding the educational and employment opportunities of its students. In the following paragraphs we describe some examples of what Gateway has done or is beginning to do that we feel is the smart approach.

Student Community - In fiscal year 2005-06 Gateways' full time equivalent (FTE) enrollment was 5,043 and over 25,000 students were served. While most technical colleges in the state experienced drops in enrollment, Gateway was one of just six (of the 16 colleges) who experienced an increase—an increase of 3.96 %—the third highest in the state. Gateway instituted a number of internal coordination efforts including improved scheduling of classes, increased availability of distance/online courses, better communications with potential and continuing students about their enrollment needs, increased career training-specific promotion and marketing, and internal reorganization of crucial services.

Reorganization -Two major reorganizations occurred. Over more than a year period of time, students were polled about the quality of service they received from Student Services (admission, registration, counseling, payment, and financial aid). This information, along with extensive staff input led to a major reorganization to improve student services.

A key result is the increased speed of the enrollment process, allowing students to register and pay simultaneously. We have created more of a “one-stop” philosophy allowing students to get the answers to their financial aid and admissions questions or make counselor appointments with one employee—a Student Service Associate. Physical service area changes are to come—some remodeling is planned at each campus location to further facilitate the improvements to service.

Higher level reorganizations at the senior management level may not be as immediately obvious to students, but is improving the overall district approach to serving our students. Instead of separate Vice President/Provosts running each campus, an Executive VP/Provost will be overseeing all academic affairs for the entire district with three Deans of Campus Affairs reporting directly to the Executive VP/Provost. Improved education and facility planning; and coordination, consistency, and efficiency of services are already resulting from this focus.

Facilities Improvements - Not only are process and organizational improvements underway to better serve students, but Gateway continues to improve its instructional facilities, adding computer labs, updating the libraries, adding the new Student Commons, totally revamping health occupational labs, and recently passing a three-year facilities plan to further upgrade the campuses and centers.

Academic Technology - Gateway believes it is smart to extend educational access to those who have difficulty getting to a classroom because of work or family schedules or cost/availability of transportation. Enrollment in distance learning courses continues to increase and the number of courses using this delivery method is also on the rise.

Additionally, many courses incorporate some learning modules, accessible through the internet, to support the students' learning process. The recent academic year saw a distance learning enrollment increase of 11% headcount and a 5.2% increase in full time equivalent students.

Digital authoring technologies are being implemented for instructors to easily record and develop educational content such as streaming video and podcasting. Mobile Interactive video conferencing equipment and a web-based nodal system are enabling courses to be taught, with interaction among students, at multiple campus locations simultaneously.

Student Activities - All work and no play IS boring...and not the Gateway experience we want to provide for our hard-working students who often balance family and work with their educational commitment. To further emphasize our efforts to put students first, a full-time student activities coordinator has been hired. The coordinator will be working with student clubs, student government associations, the District Activity Advisory Board, student ambassadors and more to create a better Gateway experience through creation of new activities for students and their families and to support existing events and programs.

Alumni Organization - We value our students...even after they graduate and move on to the workplace. Gateway is in the early stages of developing an Alumni Association that will create mutually beneficial activities for alumni, existing students, and the College as a whole.

WGTD 91.1FM public radio station - Gateway is the licensee for southeastern Wisconsin's only public radio station—WGTD. WGTD has been serving the public for over 25 years. To improve the reach of the station throughout the Gateway Technical College district, the station is replacing its aging transmitter and mounting it on a new tower. The tower—60 feet taller than the existing 240' structure—was built by Cingular. Cingular will sign over ownership to Gateway in exchange for free tower space.

The benefit to WGTD listeners will come only after the station installs its new antennae on the tower and hooks up the new transmitter. The rejuvenated signal will push towards the Walworth County line, allow the station to be heard throughout most of Burlington, and will shore up pockets of signal weakness in the Kenosha/Racine area. Low-power frequencies have been assigned to WGTD in Elkhorn and Lake Geneva. Once the new transmitter is installed, those repeaters can be activated and WGTD will be heard throughout most of Walworth County.

Economic Development and Collaboration

Employer Community - One of the greatest values Gateway brings to its students and the economic well-being of its communities is its relationship with employers. By staying close and responding to the needs of the business community, students become more employable by learning the latest methods and equipment. Employers benefit from having a growing pool of well-trained workers—particularly necessary for those industries facing a worker shortage because of growth or from retirement of baby boomers. The community benefits from an economy more likely to flourish because of better quality products and higher productivity due to well-trained workers.

To better respond quickly and appropriately to employers' needs, Gateway recently formed its Workforce and Economic Development Division (WEDD), which is the

combination of the former Business and Industry Services Division and the advanced technology centers. Customized training, general business workshops, industry-specific workshops, intense short-term training for industries facing severe worker shortages, worker skill assessments, and research are the prime areas of service offered to businesses.

The Boot Camp model of short-term training developed by Gateway with Racine County Workforce Development has proven itself to be an amazing program that helps meet an immediate employer workforce shortage of approximately 250 CNC operators, while training and employing unemployed and underemployed individuals. Ninety percent of those who successfully completed the first four boot camps—approximately 50 people—are still employed in the field. The boot camps produce entry-level workers. While CNC boot camps continue to be in heavy demand, a welding boot camp is about to begin to address severe shortages in that field. Gateway's standard diploma programs in these areas continue to be extremely popular and meet the needs for more advanced training in both CNC operation and welding.

Advisory Committees - Gateway has renewed its commitment to work closely with its program advisory committees. Each of Gateway's academic programs has an advisory committee which is charged with providing expertise about its industry's trends and training needs. The committees generally meet twice a year with Gateway's program area education and training experts, who, in turn, develop curriculum components to deliver to these needs. Recently, over 300 advisory committee members were invited to attend either of two listening sessions—one in Elkhorn, one in Kenosha—designed to gather input from committee members on how the advisory committee process could be improved. Gateway's Division of Institutional Effectiveness will use the input gathered during this month's meetings to refine the Advisory Committee process and reflect these changes in the next handbook.

Taxpayer Community

Economic impact study - An independent study conducted on the economic impact of Gateway Technical College produced many exciting facts and figures on various ways Gateway contributes to the economy of its communities. Here are a few:

- Gateway accounts for **3.5% of the entire economy** of Kenosha, Racine and Walworth Counties.
- Taxpayers realize a **5.4% return on their Gateway investment**
- The current workforce embodies approximately 2.5 million credit hours of Gateway study.
- Gateway graduates with a two-year Associate Degree earn 35% more than a high school graduate
- For every credit earned by a Gateway student, the state and local community will see **social savings of \$17 per year**. Savings may include those associated with better health, lower crime, and reduced costs of welfare and unemployment.
- Gateway accounts for \$339 million increase in the regional income due to skills workers gained through their Gateway education.

For complete study information see www.gtc.edu/econimpact. The study was commissioned by the Gateway Technical College Foundation, Inc. and conducted by ccBenefits, Inc., which has completed more than 450 economic impact studies across the country with its proven model.

Reach out to Bring Back

Gateway feels it is smart to develop strong partnerships with the U.S. Department of Labor, Department of Education, national and international educational organizations, and major corporations to bring back dollars, expertise, and expanded programming to the Gateway District students.

Upgrading the Nation's Automotive Programs - Gateway and its partners, including Snap-on, Incorporated, received a very strong first-year evaluation of the implementation of its U.S. Department of Labor grant to increase the number of certified automotive programs and instructors. The numbers were strong:

- 877 instructors have been training through the website in the first year—the goal was 500 instructors over two years
- 3,041 training modules have been completed by instructors
- 43 of 50 states are represented by those who have participated in training

Bioscience Grant—Department of Labor - Gateway is also delivering on a grant to further develop and expand its bioscience technician program. Under the grant, video modules, developed to better demonstrate a variety of techniques and safety measures related to bioscience are being developed for local use and national/international distribution.

Speaking Engagements - Because Gateway's innovative programs for workforce development are getting a great deal of recognition, Gateway's leaders have been invited this year to present at national conferences of educational and workforce development organizations. The growing recognition is expected to reap additional recognition and partnerships that will benefit Gateway's students.

Gateway's Workforce and Economic Development Division leadership have spoken about their business model for meeting employer needs, as well as specifically about the Boot Camp concept.

Gateway President, Bryan Albrecht represented Gateway at two prestigious conferences:

- The "*First National Summit on the Advancement of Girls in Math and Science*, May 15, 2006 in Washington, D.C. Albrecht was invited by the U.S. Department of Education to address this prestigious national policy organization concerning the topic, "Higher Education/Workforce Development Issues". Albrecht was the only representative of a two-year educational institution invited to speak. The other speakers were the chief officers of organizations such as the Girl Scouts, Good Housekeeping magazine, American Society of Civil Engineers, the Corporation for Public Broadcasting and others.
- Albrecht was invited to speak at the Association of Canadian Community Colleges annual conference about creating a quality learning experience in a globalized economy. The session reported on the collaborative activities of the American Association of Community Colleges, the Mexican Association of Technology Institutes and Universities, and the Association of Canadian Community Colleges. Gateway Technical College is considered a leader in seeking global educational opportunities.

National Skills Standards training and assessment - Gateway works with organizations such as the National Occupational Competency Testing Institute (NOCTI) and the Manufacturing Skill Standards Council (MSSC) to help bring national skills standards into our district. We work with these organizations to deliver skill standards assessments to incumbent and potential employees to verify skills and develop training to bring individuals to a desired level. These same standards are being incorporated in Gateway program curricula and many programs are incorporating the assessments into their capstone courses to provide students with a quantifiable level of achievement to take to potential employers upon graduation.

Economic Condition and Outlook

The District is located in the Southeastern corner of Wisconsin and as a result of its strategic location between Milwaukee and Chicago; it has a significant consumer population which contributes to a continually improving economic development base. Economic growth continues to be strong in the District spurred by commercial and industrial construction in the business parks within the District, as well as significant housing development. From 2001 to 2006 the District's tax base average has experienced a 9% average rate of annual growth. As reported in the September 2006 issue of *Corporate Report Wisconsin*, the counties of Racine, Kenosha and Walworth are three of the top ten counties for highest equalized property values with an average rate of increase of 12% from 2005 to 2006. As a result of the tax base growth, the District's mill rate will decrease which leads to an increased taxing margin under the state imposed mill rate of \$1.50. This margin provides additional financial flexibility for funds available to finance District operations.

Gateway Technical College Governance

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

Vision We are the community technical college of choice for academic achievement, occupational advancement, and personnel development.

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
- A positive climate for working and learning
- Innovation and risk-taking
- Honest and ethical behavior
- Quality and excellence in education

Financial Information

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

Single Audit

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

Budgeting Controls

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

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

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

Management Systems and Controls

Gateway maintains a department of internal audit and budget control which is responsible for monitoring the budget and establishing internal audit procedures. All internal control evaluations occur within the above framework. 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.

Other Information

Independent Audit

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

Certificates

Gateway has been awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) for Gateway's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005.

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

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

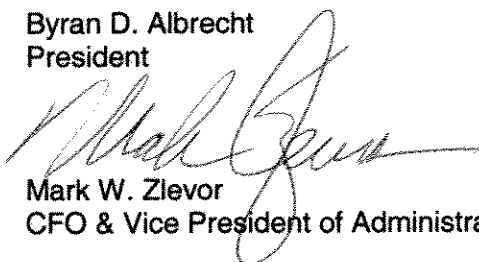
Acknowledgment

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

Respectfully submitted,



Byran D. Albrecht
President



Mark W. Zlevor
CFO & Vice President of Administration

GATEWAY TECHNICAL COLLEGE

DISTRICT BOARD AND PRINCIPAL OFFICIALS

As of the year ended June 30, 2006

District Board

| | | |
|------------------|------------------------|----------------------|
| Chairperson | Dennis R. Schultz | Employer Member |
| Vice Chairperson | Ron Jandura | School Administrator |
| Secretary | Alice J. Morava | Additional Member |
| Treasurer | Judith A. McFarlane | Employee Member |
| Member | Ram Bhatia | Additional Member |
| Member | Patricia M. Johnson | Employee Member |
| Member | Mark O. Sommer | Employer Member |
| Member | Roger Zacharias | Additional Member |
| Member | Pamela Zenner-Richards | Elected Official |

Principal Officials

| | |
|--|-------------------|
| President | Bryan D. Albrecht |
| Executive Vice President / Provost for Academic & Campus Affairs | Zina Haywood |
| Chief Financial Officer / Vice President Administration | Mark W. Zlevor |
| Vice President Human Resources | William Whyte |
| Vice President Student Success | Terry Simmons |
| Vice President Learning Innovation | Patrick Flanagan |



Gateway District Board 2005 - 2006

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.



Ron Jandura



Patricia M. Johnson



Judith A. McFarlane



Alice J. Morava



Dennis R. Schultz



Mark O. Sommer



Ram P. Bhatia



Roger Zacharias

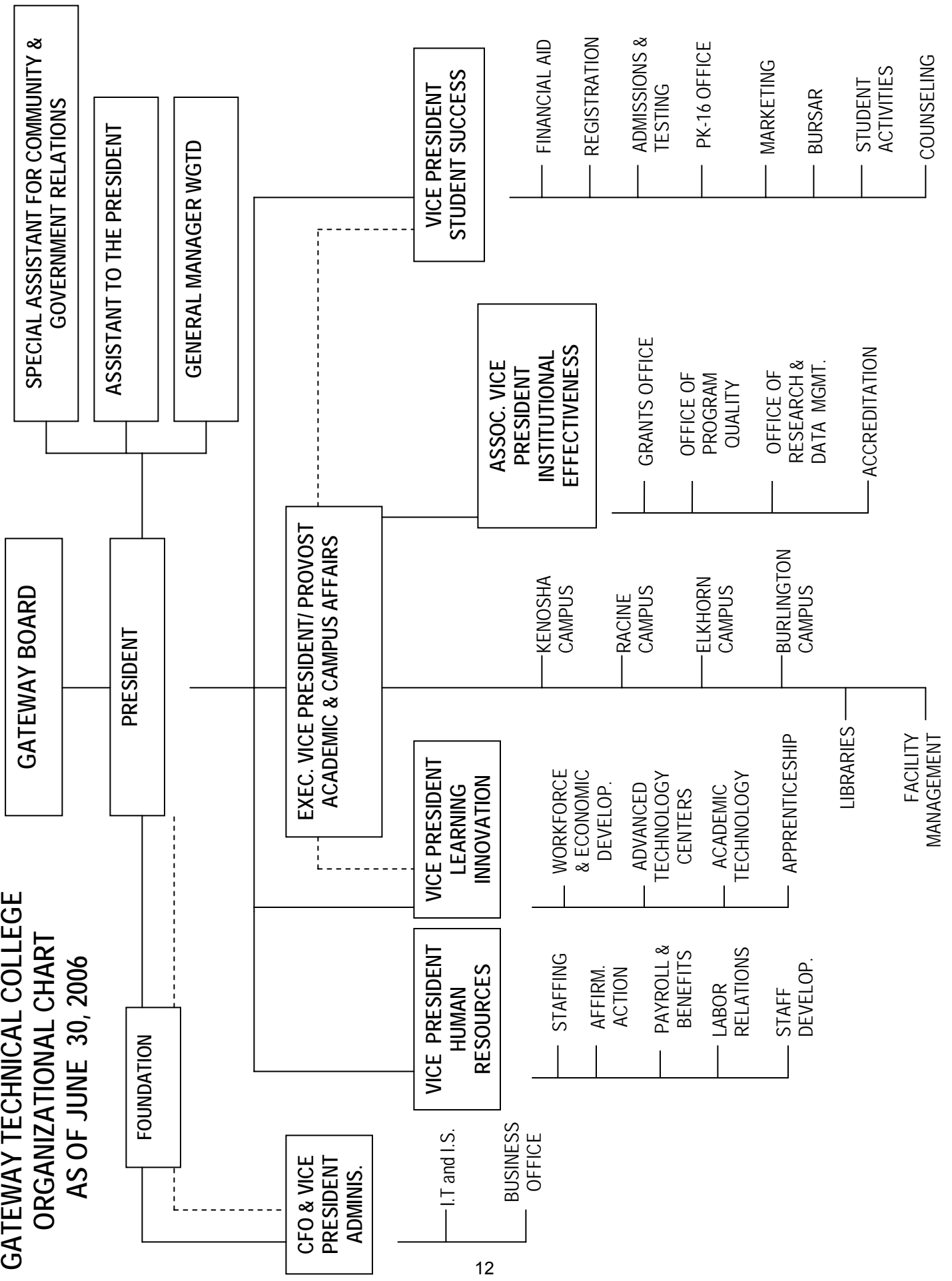


Pamela Zenner-Richards

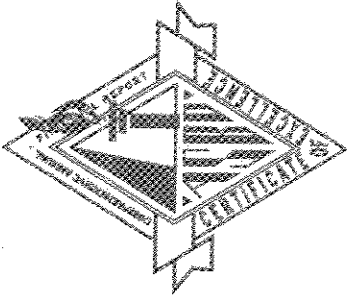


*Bryan D. Albrecht
President
Gateway Technical College*

GATEWAY TECHNICAL COLLEGE ORGANIZATIONAL CHART AS OF JUNE 30, 2006



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

is presented to

Gateway Technical College District

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2005

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

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

Melody Jovanfor

President

John D. Mueser

Executive Director

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Financial Section

Independent Auditor's Report

Board of Directors
Gateway Technical College District
Kenosha, Wisconsin

We have audited the accompanying basic financial statements of Gateway Technical College District as of and for the years ended June 30, 2006 and 2005 as listed in the table of contents. These financial statements are the responsibility of Gateway Technical College District management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gateway Technical College District as of June 30, 2006 and 2005, and its changes in financial position and cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2006 on our consideration of Gateway Technical College District 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 and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 17 through 26 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consists principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The financial and statistical information listed in the accompanying table of contents under "Introductory Section" and "Statistical Section" is presented only for additional analysis purposes and is not a required part of the basic financial statements of Gateway Technical College District. We have not audited or reviewed this information and, accordingly, do not express an opinion or other form of assurance on such information.

Clifton Gunderson LLP

Racine, Wisconsin
September 15, 2006

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, 2006.

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

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

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

Statement of Net Assets

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

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

Stated in Thousands (\$000)

| | <u>2006</u> | <u>2005</u> | <u>Incr (Decr)</u> <u>2006-2005</u> | <u>2004</u> | <u>Incr (Decr)</u> <u>2005-2004</u> |
|---|-------------------------|-------------------------|--|-------------------------|--|
| <u>Assets</u> | | | | | |
| <u>Current Assets</u> | | | | | |
| Cash and investments | \$ 14,504 | \$ 12,985 | \$ 1,519 | \$ 14,334 | \$ (1,349) |
| Other | <u>15,935</u> | <u>15,438</u> | <u>497</u> | <u>15,276</u> | <u>162</u> |
| Total Current Assets | 30,439 | 28,423 | 2,016 | 29,610 | (1,187) |
| <u>Non-Current Assets</u> | | | | | |
| Capital Assets - Net of Depreciation | <u>35,394</u> | <u>35,089</u> | <u>305</u> | <u>33,295</u> | <u>1,794</u> |
| Total Assets | <u>65,833</u> | <u>63,512</u> | <u>2,321</u> | <u>62,905</u> | <u>607</u> |
| <u>Liabilities</u> | | | | | |
| Current | 11,354 | 11,198 | 156 | 11,507 | (309) |
| Non-Current | <u>23,217</u> | <u>22,396</u> | <u>821</u> | <u>20,659</u> | <u>1,737</u> |
| Total Liabilities | <u>34,571</u> | <u>33,594</u> | <u>977</u> | <u>32,166</u> | <u>1,428</u> |
| <u>Net Assets</u> | | | | | |
| Invested in Capital Assets Net of Related Debt | 13,303 | 12,834 | 469 | 13,183 | (349) |
| Restricted | 1,725 | 1,342 | 383 | 1,169 | 173 |
| Unrestricted | <u>16,234</u> | <u>15,742</u> | <u>492</u> | <u>16,387</u> | <u>(645)</u> |
| Total Net Assets | <u>\$ 31,262</u> | <u>\$ 29,918</u> | <u>\$ 1,344</u> | <u>\$ 30,739</u> | <u>\$ (821)</u> |

Fiscal Year 2006 Compared to Fiscal Year 2005

During FY 2006, total assets increased by \$2.3 million or 3.7% for the fiscal year.

- Cash and investments increased by \$1.5 million primarily as a result of unexpended funds borrowed, to be used for planned remodeling projects and equipment purchases.
- Overall, other current assets increased by \$497,000 of which the majority was a \$571,000 increase in property tax receivables.
- Capital assets – net of depreciation increased by \$305,000 as a result of remodeling projects and equipment purchases.

Total liabilities increased by \$977,000 or 2.9% for the fiscal year:

- Overall, current liabilities increased by \$156,000. The significant changes are summarized below.

Accounts payable and accrued liabilities decreased by \$475,000 as a result of a reduction in construction project payables at June 30, 2006.

The increase in employment related payables of \$472,000 at June 30, 2006 is due to the increase in year-end accruals for wages including an accrual for a grievance settlement totaling \$97,000.

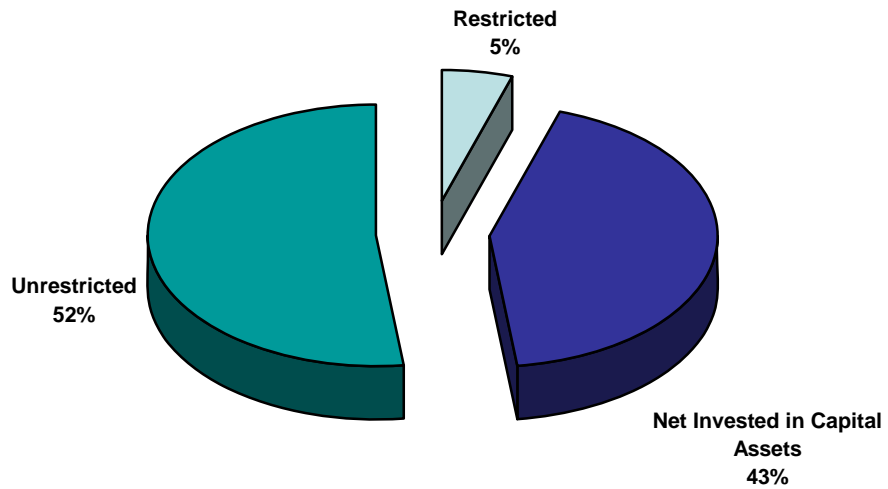
The increase in current portion of long term debt of \$165,000 reflects the general increase in long term debt outstanding at June 30, 2006.

- Long-term liabilities increased by \$821,000 as a result of debt issued in FY 2006 for equipment and facilities.

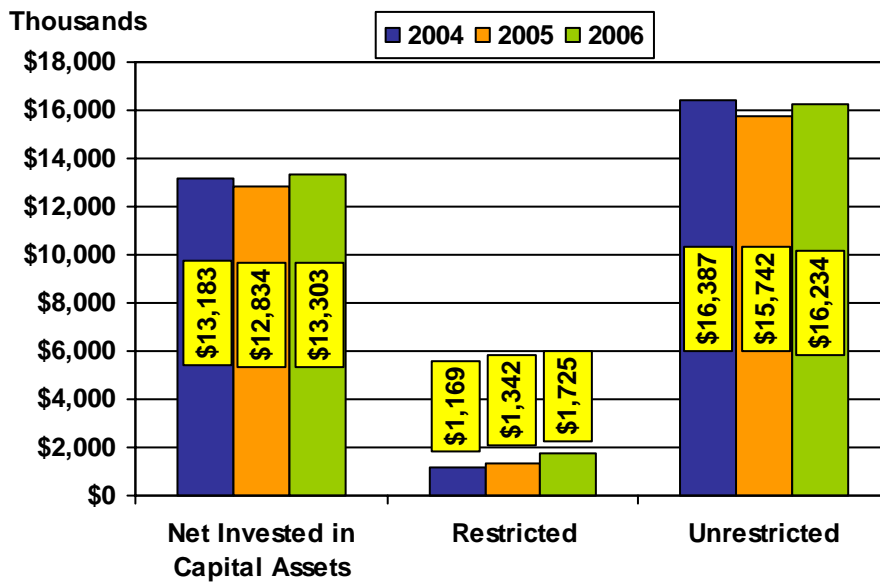
Overall net assets increased by \$1.3 million in FY 2006 or 4.5% for the fiscal year:

- Invested in capital assets net of related debt increased by \$468,000 due to the additional investments in facilities and equipment.
- Restricted net assets increased by \$383,000 due to an accumulation of resources for future debt service payments and an increase in funds restricted for student organizations.
- Unrestricted net assets increased by \$492,000 or 3%, as a result of increasing revenues (operating and non-operating) by \$7.8 million or 10.3%, while expenses rose by \$5.7 million or 7.4%.

**Net Assets
June 30, 2006**



**Comparative Net Assets
Fiscal Years 2006, 2005 and 2004**



Statement of Revenues, Expenses and Changes in Net Assets

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

The following is a summary of the various components of the Statement of Revenues, Expenses and Change in Net Assets:

| | Stated in Thousands (\$000) | | | | |
|---|-----------------------------|------------------|--|------------------|--|
| | <u>2006</u> | <u>2005</u> | <u>Incr (Decr)</u> <u>2006-2005</u> | <u>2004</u> | <u>Incr (Decr)</u> <u>2005-2004</u> |
| <u>Operating Revenues</u> | | | | | |
| Student Fees | \$ 8,541 | \$ 8,836 | \$ (295) | \$ 8,655 | \$ 181 |
| Federal Grants | 13,584 | 7,955 | 5,629 | 7,907 | 48 |
| State Grants | 2,554 | 2,255 | 299 | 2,068 | 187 |
| Contract Revenues | 2,189 | 2,432 | (243) | 2,183 | 249 |
| Auxiliary Revenues | 463 | 505 | (42) | 661 | (156) |
| Miscellaneous | 801 | 679 | 122 | 817 | (138) |
| Total Operating Revenues | \$ 28,132 | \$ 22,662 | \$ 5,470 | \$ 22,291 | \$ 371 |
| <u>Operating Expenses</u> | | | | | |
| Instruction | \$ 45,932 | \$ 45,545 | \$ 387 | \$ 43,543 | \$ 2,002 |
| Instructional Resources | 1,227 | 1,050 | 177 | 1,224 | (174) |
| Student Services | 7,657 | 7,773 | (116) | 7,755 | 18 |
| General Institutional | 7,116 | 6,821 | 295 | 6,366 | 455 |
| Physical Plant | 5,911 | 5,795 | 116 | 5,149 | 646 |
| Student Aid | 9,784 | 5,147 | 4,637 | 4,783 | 364 |
| Public Services | 301 | 298 | 3 | 274 | 24 |
| Auxiliary Services | 892 | 976 | (84) | 818 | 158 |
| Depreciation | 2,501 | 2,281 | 220 | 2,012 | 269 |
| Total Operating Expenses | \$ 81,321 | \$ 75,686 | \$ 5,635 | \$ 71,924 | \$ 3,762 |
| <u>Non-operating Revenues (Expenses)</u> | | | | | |
| Property Taxes | \$ 47,291 | \$ 45,118 | \$ 2,173 | \$ 43,321 | \$ 1,797 |
| State Operating Appropriations | 7,465 | 7,621 | (156) | 8,458 | (837) |
| State Capital Grants | 1 | 2 | (1) | 7 | (5) |
| Federal Capital Grants | 2 | 9 | (7) | 557 | (548) |
| Other Grants | 143 | 33 | 110 | 190 | (157) |
| Donated Capital Assets | - | - | - | 551 | (551) |
| Gain (Loss) on Sale of Capital Assets | - | 53 | (53) | (28) | 81 |
| Investment Income | 715 | 412 | 303 | 202 | 210 |
| Interest Expense | (1,085) | (1,045) | (40) | (1,055) | 10 |
| Total Non-operating Revenues (Expenses) | \$ 54,532 | \$ 52,203 | \$ 2,329 | \$ 52,203 | \$ - |

Fiscal Year 2006 Compared to Fiscal Year 2005

- Operating revenues represent the charges for services offered by the District. Total operating revenues increased by \$5.5 million or 24.1%.
- Student fee revenue declined by \$295,000 or 3.3%. Although enrollment increased by 4%, amounts paid directly by students declined by 3.3%. Students relied on more financial aid in the form of government subsidized loans and grants. In addition, the District changed its method of reporting student revenues in the Basic Financial Statements. Revenues received from student enrollment are allocated to tuition and federal/state financial aid. The allocation is done in accordance with generally accepted accounting principals and its purpose is to accurately reflect tuition paid directly by students versus tuition paid by federal/state financial aid. In FY 2006, the college changed its allocation method which resulted in a decline in student fee revenue and a corresponding increase in federal and state grant revenues. Prior year numbers were revised for comparison purposes.
- Federal grants increased by \$5.6 million as a result of more federal loans and grants for students attending Gateway and new federal grants awarded in FY 2006.
- State grants increased by \$299,000 as a result of additional funds for new and emerging occupational training and more financial aid for students.
- Contract revenues declined by \$243,000 primarily as a result of a decline in contracts with high schools in Youth Options services, along with a decline in contracts with business and industry.

Operating expenses are costs incurred for providing education, training and related services. Overall operating expenses increased by \$5.6 million or 7.4%. Operating expenses are shown by function and significant changes are as follows:

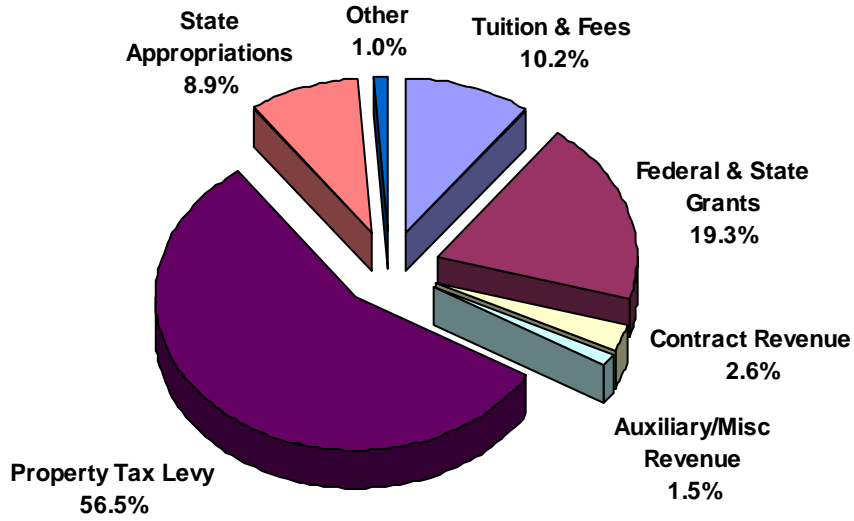
- Instructional resources expenditures increased \$177,000 or 17% as a result of additional investments in its automated library system.
- Student aid expenses increased by \$4.6 million or 90% as a result of increased enrollment, utilization of financial aid and a change in the allocation process for reporting revenue for student enrollment.

Non-operating revenues are revenues not directly associated with providing educational and training services. Overall, non-operating revenues increased by \$2.3 million or 4.5%. An increase in tax levy of \$2.2 million and interest earnings of \$303,000, were the significant changes in this category.

Non-operating expenses consist of interest expense on long-term debt. Interest expense has remained relatively the same, even though the outstanding debt increased by 3.5%. Interest rates have continued to be low as a result of Gateway's favorable credit rating.

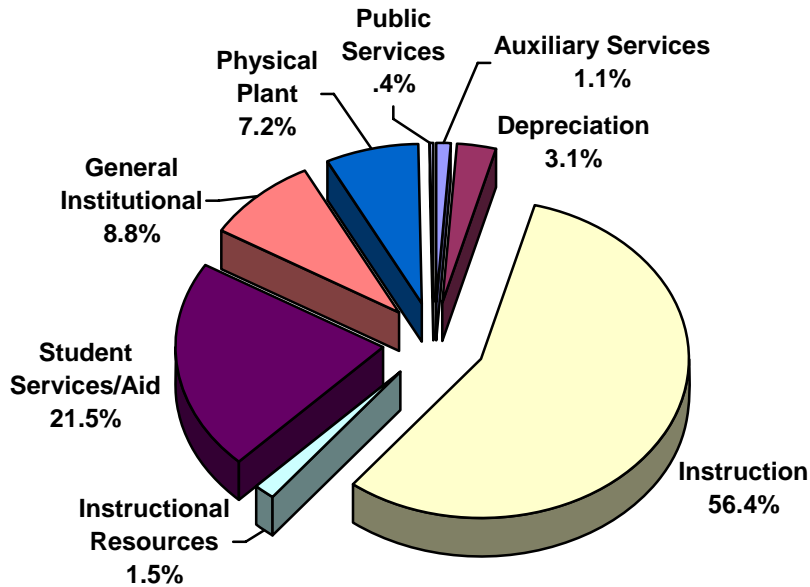
Revenue by Source

June 30, 2006



Operating Expenses

June 30, 2006



Statement of Cash Flows

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

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

Stated in Thousands (\$000)

| | <u>2006</u> | <u>2005</u> | <u>Incr (Decr) 2006-2005</u> | <u>2004</u> | <u>Incr (Decr) 2005-2004</u> |
|---|-----------------|-------------------|----------------------------------|-------------------|----------------------------------|
| Cash Used By Operating Activities | \$ (50,266) | \$ (51,617) | \$ 1,351 | \$ (47,608) | \$ (4,009) |
| Cash Provided By Non-Capital Financing Activities | 53,752 | 51,881 | 1,871 | 51,518 | 363 |
| Cash Used By Capital and Related Financing Activities | (2,680) | (2,024) | (656) | (5,735) | 3,711 |
| Cash Provided By (Used for) Investing Activities | <u>1,713</u> | <u>(601)</u> | <u>2,314</u> | <u>202</u> | <u>(803)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>\$ 2,519</u> | <u>\$ (2,361)</u> | <u>\$ 4,880</u> | <u>\$ (1,623)</u> | <u>\$ (738)</u> |

Fiscal Year 2006 Compared to Fiscal Year 2005

Overall in FY 2006 cash and cash equivalents increased by \$2.5 million or 21% over FY 2005 year end balances. Net cash used for operating activities decreased from \$(51.6 million) in FY 2005 to \$(50.3 million) in FY 2006. Cash received from tuition, grants, and other sources increased by \$4.9 million while cash payments for employees, materials and services increased by \$3.6 million.

Cash provided by non-capital financing activities increased by \$1.9 million primarily due to an increase in local taxes of \$1.8 million.

Net cash used for capital and related financing activities was \$656,000 more than in FY 2005. The most significant changes occurring were cash received from gifts and grants for capital assets increased by \$255,000 while proceeds from debt decreased by \$1.0 million. Cash outflow on capital purchases decreased by \$338,000, as a result of less construction projects in progress during FY 2006 versus FY 2005.

Cash provided by investing activities increased by \$2.3 million. This increase is a result of liquidation of short-term investments of \$1.1 million.

Capital Asset and Debt Administration

Stated in Thousands (\$000)

| | <u>2006</u> | <u>2005</u> | <u>2006-2005</u> | <u>2004</u> | <u>2005-2004</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Land and Land Improvements | \$ 4,002 | \$ 3,987 | \$ 15 | \$ 3,900 | \$ 87 |
| Less Accumulated Depreciation | (319) | (226) | (93) | (137) | (89) |
| Buildings, Improvements and Leasehold Interest/Improvement | 44,562 | 42,711 | 1,851 | 40,491 | 2,220 |
| Less Accumulated Depreciation | (20,391) | (19,155) | (1,236) | (18,018) | (1,137) |
| Equipment | 15,999 | 14,594 | 1,405 | 13,649 | 945 |
| Less Accumulated Depreciation | (8,683) | (7,695) | (988) | (6,747) | (948) |
| Construction in Progress | <u>223</u> | <u>873</u> | <u>(650)</u> | <u>157</u> | <u>716</u> |
| Cost of Capital Assets Net of Accumulated Depreciation | <u>\$ 35,393</u> | <u>\$ 35,089</u> | <u>\$ 304</u> | <u>\$ 33,295</u> | <u>\$ 1,794</u> |
| Outstanding Capital Debt at Year End | <u>\$ 25,440</u> | <u>\$ 21,800</u> | <u>\$ 3,640</u> | <u>\$ 21,700</u> | <u>\$ 100</u> |

Fiscal Year 2006 Compared to Fiscal Year 2005

Capital assets, net of accumulated depreciation, increased by \$305,000 from FY 2005 to FY 2006. Major capital projects included a \$1.0 million leasehold improvement for the Burlington Center and a \$500,000 remodeling project for the Health Careers Lab in Kenosha.

Construction in progress decreased by \$650,000 as a result of the completion of the projects.

The district had a total general obligation debt, relating to capital assets, outstanding of \$25.4 million at June 30, 2006, an increase of \$3.6 million from the previous year-end. Gateway continues to receive an Aa1 rating from Moody's Investors Services for the debt issues. Gateway meets all of its debt service requirements, including timely repayment of all debt payments. All debt issued for buildings and improvements are repaid in 15 years or less, debt issued for equipment will be repaid in 7 years or less to correspond to the useful lives of the capital investment. Additional information about Gateway's long-term debt may be found on pages 45-49 in the footnote section to the financial statements.

Financial Position

Gateway's financial position improved in FY 2006. This is evidenced by the following positive financial results:

- Increase in net assets of \$1.3 million for Fiscal Year 2006.
- Increase in unrestricted net assets of \$492,000.
- Increase in the current ratio (current assets compared to current liabilities) of 5.5%. It increased from 2.54 in FY 2005 to 2.68 in FY 2006.

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

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

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

Economic Factors

The Gateway District consists of Kenosha, Racine and Walworth Counties. The counties of this region, known as Southeastern Wisconsin, share similar challenges in terms of economic development such as the need for high-skilled jobs and infrastructure to support business growth. Gateway has taken a leadership role in providing training for careers in information technology, bioscience and health-related fields. Gateway introduced several new programs in FY 2006 to address those needs.

Southeastern Wisconsin property values continue to rise at a rate higher than the state average. Values grew by a 12% average in 2006 providing an adequate tax base for future years. The District operates in a political environment with a focus on keeping property tax increases to a minimum. These political pressures, along with reductions in state support, create an environment where the District will be challenged to provide the same level of service to its customers with fewer resources.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Net Assets
June 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| <u>Current assets</u> | | |
| Cash and cash equivalents | \$ 9,849,846 | \$ 8,926,387 |
| Short-term investments | 11,000 | 1,011,000 |
| Restricted assets - cash and cash equivalents | 4,642,896 | 3,047,158 |
| Receivables: | | |
| Property taxes | 12,166,747 | 11,595,634 |
| Accounts, net of reserve of \$163,243 and \$115,940 for 2006 and 2005, respectively | 1,646,127 | 1,677,569 |
| Federal and state aid | 858,714 | 1,151,468 |
| Prepaid expenses | <u>1,264,053</u> | <u>1,014,132</u> |
| Total Current assets | <u>30,439,383</u> | <u>28,423,348</u> |
| <u>Non-current assets</u> | | |
| Capital assets | 64,787,065 | 62,165,639 |
| Less: accumulated depreciation | <u>(29,393,673)</u> | <u>(27,076,617)</u> |
| Total Capital assets, net of depreciation | <u>35,393,392</u> | <u>35,089,022</u> |
| Total Assets | <u>65,832,775</u> | <u>63,512,370</u> |
| LIABILITIES | | |
| <u>Current liabilities</u> | | |
| Accounts payable and accrued liabilities | 1,179,467 | 1,654,375 |
| Accrued payroll and benefits | 4,046,938 | 3,574,394 |
| Accrued interest payable | 247,373 | 243,486 |
| Due to students and other groups | 399,199 | 441,898 |
| Deferred revenue | 720,684 | 689,062 |
| General obligation debt - current portion | <u>4,760,000</u> | <u>4,595,000</u> |
| Total Current liabilities | <u>11,353,661</u> | <u>11,198,215</u> |
| <u>Non-current liabilities</u> | | |
| General obligation debt | 21,955,000 | 21,215,000 |
| Deferred revenue | <u>1,262,469</u> | <u>1,180,917</u> |
| Total Non-current liabilities, less current portion | <u>23,217,469</u> | <u>22,395,917</u> |
| Total Liabilities | <u>34,571,130</u> | <u>33,594,132</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | 13,302,497 | 12,834,119 |
| Restricted for: | | |
| Debt service | 1,035,418 | 847,575 |
| Student financial assistance: | | |
| Expendable | 264,205 | 212,297 |
| Nonexpendable | 11,000 | 11,000 |
| Student organizations | 414,459 | 271,658 |
| Unrestricted | <u>16,234,066</u> | <u>15,741,589</u> |
| Total Net Assets | <u>\$31,261,645</u> | <u>\$29,918,238</u> |

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|---|----------------------|----------------------|
| <u>Operating revenues</u> | | |
| Student tuition and program fees, net of scholarship allowances of \$ 3,201,514 and \$ 2,015,150 for 2006 and 2005, respectively | \$ 8,540,801 | \$ 8,835,736 |
| Federal grants | 13,584,444 | 7,955,313 |
| State grants | 2,554,174 | 2,255,096 |
| Contract revenue | 2,189,500 | 2,431,502 |
| Auxiliary enterprise revenues | 462,974 | 505,014 |
| Miscellaneous - institutional revenue | <u>800,678</u> | <u>678,927</u> |
| Total Operating revenues | <u>28,132,571</u> | <u>22,661,588</u> |
| <u>Operating expenses</u> | | |
| Instruction | 45,931,954 | 45,544,656 |
| Instructional resources | 1,227,300 | 1,050,064 |
| Student services | 7,656,716 | 7,773,264 |
| General institutional | 7,115,812 | 6,820,544 |
| Physical plant | 5,911,484 | 5,795,086 |
| Student aid | 9,784,156 | 5,146,925 |
| Public services | 300,708 | 297,502 |
| Auxiliary services | 891,585 | 976,406 |
| Depreciation | <u>2,501,129</u> | <u>2,281,202</u> |
| Total Operating expenses | <u>81,320,844</u> | <u>75,685,649</u> |
| Net Operating loss | <u>(53,188,273)</u> | <u>(53,024,061)</u> |
| <u>Non-operating revenues (expenses)</u> | | |
| Property taxes | 47,291,043 | 45,118,323 |
| State appropriations | 7,464,990 | 7,621,031 |
| State capital grants | 1,305 | 2,168 |
| Federal capital grants | 1,730 | 9,261 |
| Other grants | 143,210 | 32,687 |
| Gain (loss) on sale of capital assets | - | 53,250 |
| Investment income | 714,778 | 412,183 |
| Interest expense | <u>(1,085,376)</u> | <u>(1,045,601)</u> |
| Total Non-operating revenues (expenses) | <u>54,531,680</u> | <u>52,203,302</u> |
| Change in net assets | 1,343,407 | (820,759) |
| Net assets - beginning of year | <u>29,918,238</u> | <u>30,738,997</u> |
| Net assets - end of year | <u>\$ 31,261,645</u> | <u>\$ 29,918,238</u> |

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Cash Flows
For the years ended June 30, 2006 and 2005

| <u>Cash flows from operating activities</u> | <u>2006</u> | <u>2005</u> |
|---|--------------------------|--------------------------|
| Tuition and fees received | \$ 8,490,288 | \$ 9,021,547 |
| Federal and state grants received | 16,431,372 | 10,774,919 |
| Contract revenues received | 2,257,737 | 2,540,425 |
| Payments to employees | (56,687,106) | (55,826,085) |
| Payments for materials and services | (21,960,118) | (19,245,608) |
| Auxiliary enterprise revenues received | 464,000 | 501,321 |
| Other receipts | <u>737,956</u> | <u>616,205</u> |
| Net cash used for operating activities | <u>(50,265,871)</u> | <u>(51,617,276)</u> |
| <u>Cash flows from non-capital financing activities</u> | | |
| Local government property taxes received | 46,719,930 | 44,939,143 |
| State appropriations received | 7,464,990 | 7,352,231 |
| Principal paid on pension obligation | (335,000) | (295,000) |
| Interest paid on pension obligation | <u>(97,570)</u> | <u>(114,975)</u> |
| Net cash provided by noncapital financing activities | <u>53,752,350</u> | <u>51,881,399</u> |
| <u>Cash flows from capital and related financing activities</u> | | |
| State and federal grants received for capital assets | 3,035 | 11,429 |
| Gifts and other grants received for capital assets | 287,484 | 32,687 |
| Proceeds from sale of capital assets | - | 53,250 |
| Purchases of capital assets | (3,226,871) | (3,564,788) |
| Proceeds from issuance of capital debt | 5,500,000 | 6,500,000 |
| Principal paid on capital debt | (4,260,000) | (4,135,000) |
| Interest paid on capital debt | <u>(983,919)</u> | <u>(921,648)</u> |
| Net cash used for capital and related financing activities | <u>(2,680,271)</u> | <u>(2,024,070)</u> |
| <u>Cash flows from investing activities</u> | | |
| Investment income received | 712,989 | 410,213 |
| Investment purchases | - | (1,011,000) |
| Proceeds on sales of investments | <u>1,000,000</u> | <u>-</u> |
| Net cash provided for (used in) investing activities | <u>1,712,989</u> | <u>(600,787)</u> |
| Net increase (decrease) in cash and cash equivalents | 2,519,197 | (2,360,734) |
| <u>Cash and cash equivalents</u> | | |
| Beginning of year | <u>11,973,545</u> | <u>14,334,279</u> |
| End of year | <u>\$ 14,492,742</u> | <u>\$ 11,973,545</u> |

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Comparative Statements of Cash Flows
For the years ended June 30, 2006 and 2005

Reconciliation of operating (loss) to net cash
used by operating activities:

| | <u>2006</u> | <u>2005</u> |
|---|----------------------------|----------------------------|
| Operating loss | \$ (53,188,273) | \$ (53,024,061) |
| Adjustment to reconcile operating loss to net cash used by operating activities: | | |
| Depreciation | 2,501,129 | 2,281,202 |
| Changes in assets and liabilities: | | |
| (Increase) decrease | | |
| Receivables | 325,985 | 923,889 |
| Prepaid expenditures | (249,921) | (905,963) |
| Increase (decrease) | | |
| Accounts payable and accrued liabilities | (53,536) | 141,264 |
| Accrued payroll and benefits | 472,544 | (973,674) |
| Due to agency organizations | (42,699) | 54,077 |
| Deferred revenue - other | <u>(31,100)</u> | <u>(114,010)</u> |
| Net cash used for operating activities | <u>\$ (50,265,871)</u> | <u>\$ (51,617,276)</u> |

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies

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

The Board consists of nine members appointed by the county board chairs for Kenosha, Racine and Walworth counties. The members are appointed to staggered three-year terms. As the District's governing authority, the Board has powers which include:

Authority to borrow money and levy taxes;

Budgetary authority; and

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity

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

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

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies (continued)

(c) Budgetary Data

The District's reporting structure used in the preparation of the basic financial statements is different than the fund structure used for budgetary accounting. Annual budgets are adopted for all funds in accordance with the requirements of the Wisconsin Technical College System Board. The process includes an administrative compilation and review of campus and departmental requests, public hearings, and approval by the District Board prior to June 30 of each year. Capital outlays for multi-year projects are budgeted annually in the Capital Projects Fund upon planned inception of the project.

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

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

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

(d) Property Tax and Student Receivables

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies (continued)

(c) Property Tax and Student Receivables (continued)

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

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

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

(g) Cash and Cash Equivalents

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

(f) Prepaid Expenses

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

(g) Capital Assets

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies (continued)

(h) Compensated Absences

Employees are granted vacation and sick leave benefits in varying amounts in accordance with the provisions of union contracts and District policy. Liabilities for vacation and salary related payments, including social security taxes, are recorded when incurred. Vacation benefits lapse if not utilized in the year subsequent to that in which they are earned. In the event of retirement or death, the District is obligated to pay all unused vacation benefits. Included in other accrued liabilities is the amount of compensated absences outstanding at June 30, 2006 and 2005, which was \$225,000 and \$268,000 respectively.

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

(i) Tuition and Fees

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

(j) Deferred Revenues

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

(k) Self-Insurance

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

(l) Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Aid is generally reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies (continued)

(l) Scholarship Allowances and Student Aid (continued)

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

(m) Classification of Revenue

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

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

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

(n) Net Assets

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies (continued)

(n) Net Assets (continued)

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

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

(i) New Accounting Pronouncements

In May 2004, GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section*. The statement amends the portions of NCGA Statement No. 1, *Governmental Accounting and Financial Reporting Principles* that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information to assess the economic condition of a government. The requirements of this Statement are effective for the fiscal year ended June 30, 2006.

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(2) Cash, Cash Equivalents and Investments

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

| | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| Cash and cash equivalents | | |
| Cash on hand | \$ 3,559 | \$ 31,983 |
| Repurchase agreements | 1,751,257 | 383,684 |
| Wisconsin Local Government Investment Pool | 3,788,735 | 2,538,956 |
| Demand deposits | <u>8,949,191</u> | <u>9,018,922</u> |
| Total Cash and Cash Equivalents | <u>14,492,742</u> | <u>11,973,545</u> |
| Investments | | |
| Certificates of Deposit | <u>11,000</u> | <u>1,011,000</u> |
| Total Cash, Cash Equivalents and Investments | <u>\$ 14,503,742</u> | <u>\$ 12,984,545</u> |

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

| | | |
|--|----------------------|----------------------|
| Restricted for | | |
| Capital Projects | \$ 3,349,105 | \$ 1,945,097 |
| Debt Service | 1,282,791 | 1,091,061 |
| Student Financial Assistance | <u>11,000</u> | <u>11,000</u> |
| | 4,642,896 | 3,047,158 |
| Unrestricted | <u>9,860,846</u> | <u>9,937,387</u> |
| Total Cash, Cash Equivalents and Investments | <u>\$ 14,503,742</u> | <u>\$ 12,984,545</u> |

The cash, repurchase agreements, demand deposits, and certificates of deposit are fully insured or collateralized by securities being held by the Federal Reserve Bank in the District's name. The value of the collateral for the deposits and repurchase agreements as of June 30, 2006 and 2005 was \$27,810,106 and \$23,304,262 respectively.

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

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

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

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

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

| <u>June 30, 2005</u> <u>Investment Type</u> | Book <u>Value</u> | <u>Investment Maturities (in Years)</u> | |
|--|----------------------|---|------------------|
| | | <u>Less than 1</u> | <u>1 - 2</u> |
| Repurchase Agreements | \$ 383,684 | \$ 383,684 | \$ - |
| Certificate of deposits | 1,011,000 | 1,000,000 | 11,000 |
| Wisconsin Local Government Investment Pool | <u>2,538,956</u> | <u>2,538,956</u> | <u>-</u> |
| | <u>\$ 3,933,640</u> | <u>\$ 3,922,640</u> | <u>\$ 11,000</u> |

Investments are stated at book value which approximates market value. The Wisconsin Local Government Investment Pool has compiled fair value information for all securities in the pool and has provided a book value to fair value conversion factor. As of June 30, 2006 and 2005, the conversion factors were 100.00% and 99.9976% respectively. The effect of this conversion would result in no change at June 30, 2006, but it would reduce the investment balance of June 30, 2005, by \$61 and recognize an unrealized loss for the same amount. For June 30, 2005, the amount was immaterial to the financial statements and the District elected not to adjust for its effect.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

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

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

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. Any investment that represents 5 percent or more of total investments is required to be disclosed. Exempt from this disclosure are investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment 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, 2006 and June 30, 2005 the District had 44.5% and 9.75% respectively in repurchase agreements. The repurchase agreements mature each day and are collateralized by U.S. government securities and therefore, concentration risk is not applicable.

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(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, 2006, and 2005, were as follows:

| | <u>2006</u> | | <u>2005</u> | |
|-------------------------|------------------|----------------------|------------------|----------------------|
| | <u>Mill Rate</u> | <u>Amount Levied</u> | <u>Mill Rate</u> | <u>Amount Levied</u> |
| Operating levy | \$ 1.16826 | \$ 41,545,000 | \$ 1.23456 | \$ 39,520,000 |
| Debt service levy | 0.16169 | <u>5,750,000</u> | 0.17253 | <u>5,523,000</u> |
| Total Property Tax Levy | | <u>\$ 47,295,000</u> | | <u>\$ 45,043,000</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 \$244,490 and \$293,731 in state aid revenue in lieu of property tax for the year ended June 30, 2006, and 2005, respectively. The District is limited by state law to an operational property tax mill rate of \$1.50 per \$1,000 of equalized valuation as determined by the State of Wisconsin Department of Revenue. The debt service property tax mill rate per \$1,000 of equalized valuation is not limited by state law.

Property tax revenue recognized in the financial statements total \$47,291,043 and \$45,118,323 for the years ended June 30, 2006, and 2005, 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, 2006 and 2005

(4) Capital Assets

Following are the changes in the District's capital assets for the years ended June 30, 2006, and 2005:

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(4) Capital Assets (continued)

| | 2005 | | | |
|--|-------------------------|---------------------|-------------------|--------------------------|
| | Balance July 1, 2004 | Additions | Disposals | Balance June 30, 2005 |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,161,188 | \$ - | \$ - | \$ 2,161,188 |
| Construction in progress | 156,751 | 1,241,279 | 524,758 | 873,272 |
| Total capital assets not depreciated | <u>2,317,939</u> | <u>1,241,279</u> | <u>524,758</u> | <u>3,034,460</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 1,739,551 | 86,457 | - | 1,826,008 |
| Buildings and improvements | 39,695,307 | 2,220,292 | - | 41,915,599 |
| Equipment | 13,648,673 | 1,060,527 | 115,511 | 14,593,689 |
| Leasehold Interest | 795,883 | - | - | 795,883 |
| Total capital assets being depreciated | <u>55,879,414</u> | <u>3,367,276</u> | <u>115,511</u> | <u>59,131,179</u> |
| Total Cost of Capital Assets | <u>58,197,353</u> | <u>4,608,555</u> | <u>640,269</u> | <u>62,165,639</u> |
| Less: Accumulated depreciation for | | | | |
| Land improvements | 136,500 | 89,695 | - | 226,195 |
| Buildings and improvements | 17,978,504 | 1,096,960 | - | 19,075,464 |
| Equipment | 6,747,246 | 1,054,753 | 106,629 | 7,695,370 |
| Leasehold Interest | 39,794 | 39,794 | - | 79,588 |
| Total Accumulated Depreciation | <u>24,902,044</u> | <u>2,281,202</u> | <u>106,629</u> | <u>27,076,617</u> |
| Net Capital Assets | <u>33,295,309</u> | <u>\$ 2,327,353</u> | <u>\$ 533,640</u> | <u>35,089,022</u> |
| Plus capital project funds borrowed but not spent | 1,722,762 | | | 1,945,097 |
| Less: General obligation debt | <u>(21,835,000)</u> | | | <u>(24,200,000)</u> |
| Total Invested in Capital Assets, Net of Related Debt | <u>\$ 13,183,071</u> | | | <u>\$ 12,834,119</u> |

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(4) Capital Assets (continued)

Advanced Technology Centers

CATI

The District constructed the Center for Advanced Technology and Innovation Project (CATI) in 2003, which is used as a technology center as well as leased to certain third parties. The total cost of the project was approximately \$3,266,000, including the cost of land, and is recorded as capital assets in the accompanying financial statements. The construction of the building was funded through general obligation Applied Technology Center Bonds, contributions, and prepaid rents.

BioCatt

In the Fall of 2003, the Center for Bioscience and the Integration of Computer and Telecommunications Technology (BioCatt) was completed. The total cost of the project was approximately \$3,485,000 and is recorded as capital assets in the accompanying financial statements. The construction of the building was funded through general obligation Applied Technology Center Bonds and contributions.

Child Care Center

On April 15, 2003, the District entered into a ground lease agreement with the Gateway Technical College Foundation (Foundation) to lease a plot of land for construction of a building for use as a child care center. On the same day 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 BioCatt. The District coordinated and managed the construction of the project.

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

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

The total cost of the project was approximately \$1,653,000, of which approximately \$796,000 was funded, in December 2003, by the Foundation for use as the child care center. The remaining \$857,000 relates to the portion of the project originally paid by the District. The District's portion was funded from current funds, general obligation promissory notes, and contributions received. Subsequently, in November 2005, the Foundation funded an additional \$162,310 towards the building so in effect the District's portion was reduced to be in compliance with the projects original approved funding by the Wisconsin Technical College System Board. The portion of the project, funded by the Foundation, is reflected as a leasehold interest and deferred revenue in the accompanying financial statements and is amortized over the life of the lease or 20 years.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(4) Capital Assets (continued)

The portion of the project funded by the District is reflected as buildings and improvements in the accompanying financial statements and is depreciated over the life of the building or 40 years.

Burlington Building

On October 25, 2004 the District entered into a twenty year lease with Burlington Area School District (BASD) for an instructional facility. BASD coordinated construction of the building for which the District was to contribute \$1,000,000 in the form of leasehold improvements. As of June 30, 2005 approximately \$383,000 was reflected in construction in progress in the accompanying capital asset footnote. As of June 30, 2006 the construction was completed and \$1,002,233 is reflected as a leasehold improvement in the accompanying capital asset footnote and it will be amortized over the life of the lease or 20 years.

(5) Long-Term Obligations

The following is a summary of the changes in long-term obligations for the years ended June 30, 2006, and 2005:

| | July 1, 2005 | Additions | Reductions | June 30, 2006 | Due Within One Year |
|-------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| General Obligation Debt | <u>\$ 25,810,000</u> | <u>\$ 5,500,000</u> | <u>\$ (4,595,000)</u> | <u>\$ 26,715,000</u> | <u>\$ 4,760,000</u> |
| | July 1, 2004 | Additions | Reductions | June 30, 2005 | Due Within One Year |
| General Obligation Debt | <u>\$ 23,740,000</u> | <u>\$ 6,500,000</u> | <u>\$ (4,430,000)</u> | <u>\$ 25,810,000</u> | <u>\$ 4,595,000</u> |

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(5) Long-Term Obligations (continued)

General obligation debt outstanding at June 30, 2006, and 2005, consists of the following notes and bonds:

| | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|
| General obligation promissory notes, 4.30%-4.50%, payable in annual installments of \$250,000 to \$500,000, plus interest, to April 1, 2007 (issued for \$2,500,000 on August 1, 1998, through R.W. Baird & Co., to finance the acquisition of moveable equipment). | 500,000 | 950,000 |
| General obligation taxable promissory notes, 5.6%-6.15%, payable in annual installments of \$165,000 to \$475,000, plus interest, to April 1, 2009 (issued for \$2,750,000 on April 15, 1999, through R.W. Baird & Co., to finance the liquidation of the pension liability owed to the State of Wisconsin). | 1,275,000 | 1,610,000 |
| General obligation promissory notes, 4.70%-4.80%, payable in annual installments of \$220,000 to \$625,000, plus interest to April 1, 2006 (issued for \$2,500,000 on October 1, 1999, through R.W. Baird & Co., to finance the acquisition of movable equipment). | -0- | 625,000 |
| General obligation promissory notes, 4.80%-4.85%, payable in annual installments of \$200,000 to \$910,000, plus interest to April 1, 2007 (issued for \$3,250,000 on October 1, 2000, through R. W. Baird & Co., to finance the acquisition of equipment and remodeling of various buildings district-wide). | 910,000 | 1,710,000 |
| General obligation promissory notes, 4.25%-4.30%, payable in annual installments of \$125,000, plus interest to April 1, 2006 (issued for \$500,000 on June 1, 2001, through R.W. Baird & Co., to finance the remodeling of various buildings district-wide). | -0- | 125,000 |
| General obligation promissory notes, 3.25% to 3.75%, payable in annual installments of \$125,000, plus interest, to April 1, 2006 (issued for \$500,000 on October 1, 2001, through R.W. Baird & Co., to finance the remodeling of various buildings district-wide). | -0- | 125,000 |
| General obligation promissory notes, 3.25% to 3.875%, payable in annual installments of \$100,000 to \$1,140,000, plus interest, to April 1, 2008 (issued for \$2,750,000 on October 1, 2001, through R.W. Baird & Co., to finance the acquisition of equipment). | 1,805,000 | 2,155,000 |

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(5) Long-Term Obligations (continued)

| | <u>2006</u> | <u>2005</u> |
|--|-------------|-------------|
| General obligation promissory notes, 2.5% to 4.05%, payable in annual installments of \$100,000, plus interest, to April 1, 2007 (issued for \$500,000 on February 1, 2002, through R.W. Baird & Co., to finance the resurfacing of a parking lot). | 100,000 | 200,000 |
| General obligation promissory notes, 3.00% to 3.40%, payable in annual installments of \$95,000 to \$100,000, plus interest, to April 1, 2007 (issued for \$495,000 on June 1, 2002, through R.W. Baird & Co., to finance the construction of a child care center). | 100,000 | 200,000 |
| General obligation Applied Technology Center Bonds, 3.75% to 4.75%, payable in annual installments of \$75,000 to \$670,000, plus interest, to April 1, 2017 (issued for \$5,000,000 on June 1, 2002, through R.W. Baird & Co., to finance the construction of two technology centers, the BioCATT in Kenosha and CATI in Racine). | 4,725,000 | 4,825,000 |
| General obligation promissory notes, 2.00% to 3.25%, payable in annual installments of \$150,000 to \$725,000 plus interest to April 1, 2007 (issued for \$3,250,000 on October 15, 2002, through R.W. Baird & Co., to finance the remodeling of various buildings district-wide and acquisition of equipment). | 2,045,000 | 2,440,000 |
| General obligation promissory notes, 2.00% to 2.75%, payable in annual installments of \$145,000 to \$350,000, plus interest, to April 1, 2008 (issued for \$1,000,000 on May 1, 2003, through R.W. Baird & Co., to finance the remodeling of various buildings and other facility improvements district-wide). | 690,000 | 855,000 |
| General obligation promissory notes, 2.00% to 3.70%, payable in annual installments of \$190,000 to \$215,000, plus interest, to April 1, 2013 (issued for \$3,750,000 on October 15, 2003, through R.W. Baird & Co., to finance the acquisition of equipment and various campus remodeling projects). | 2,610,000 | 3,160,000 |
| General obligation promissory notes, 2.00% to 4.00%, payable in annual installments of \$65,000 to \$80,000, plus interest, to April 1, 2011 (issued for \$500,000 on May 1, 2004, through R.W. Baird & Co., to finance various facility remodeling and repair projects). | 370,000 | 435,000 |

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(5) Long-Term Obligations (continued)

| | <u>2006</u> | <u>2005</u> |
|---|--------------------------|--------------------------|
| General obligation promissory notes, 3.00% to 3.65%, payable in annual installments of \$105,000 to \$2,825,000, plus interest, to April 1, 2014 (issued for \$4,500,000 on September 1, 2004, through R.W. Baird & Co., to finance the acquisition of equipment and construct the Kenosha Campus Student Commons addition. | 4,285,000 | 4,395,000 |
| General obligation promissory notes, 3.00% to 4.50%, payable in annual installments of \$105,000 to \$410,000, plus interest, to April 1, 2015 (issued for \$2,000,000 on April 1, 2005, through R.W. Baird & Co., to finance the acquisition of equipment, various facility remodeling projects and the district's share of the cost of the Burlington Center building project). | 1,800,000 | 2,000,000 |
| General obligation promissory notes, 3.125% to 3.60%, payable in annual installments of \$50,000 to \$2,510,000, plus interest, to April 1, 2015 (issued for \$4,500,000 on September 1, 2005, to Piper Jaffray, to finance the acquisition of equipment and various facility remodeling projects. | 4,500,000 | -0- |
| General obligation promissory notes, 3.60% to 3.75%, payable in annual installments of \$35,000 to \$200,000, plus interest, to April 1, 2013 (issued for \$1,000,000 on April 1, 2006, to Harris N.A., to finance various facility remodeling projects. | <u>1,000,000</u> | <u>-0-</u> |
| Total General Obligation Debt | <u>\$ 26,715,000</u> | <u>\$ 25,810,000</u> |

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(5) Long-Term Obligations (continued)

| Year Ending <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|----------------------|---------------------|----------------------|
| 2007 | 4,760,000 | 989,495 | 5,749,495 |
| 2008 | 4,935,000 | 810,396 | 5,745,396 |
| 2009 | 5,020,000 | 642,486 | 5,662,486 |
| 2010 | 3,785,000 | 471,041 | 4,256,041 |
| 2011 | 1,925,000 | 336,078 | 2,261,078 |
| 2012 - 2017 | <u>6,290,000</u> | <u>812,760</u> | <u>7,102,760</u> |
| | <u>\$ 26,715,000</u> | <u>\$ 4,062,256</u> | <u>\$ 30,777,256</u> |

Chapter 67.03(1) of the Wisconsin State Statutes limits general obligation debt of the District to 5% of the equalized value of the taxable property located in the District. As of June 30, 2006, the 5% limitation was \$1,838,472,751 and the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$25,679,582. The 5% limit, as of June 30, 2005, was \$1,653,204,030; the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$24,962,425.

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, 2006, the 2% limitation was \$735,389,101 and the District's outstanding bonded indebtedness (net of resources available to pay principal and interest) was \$4,617,919. The 2% limit, as of June 30, 2005, was \$661,281,612; the District's outstanding bonded indebtedness (net of resources available to pay principal and interest) was \$4,716,044.

(6) Retirement System

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

Wisconsin Retirement System

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

All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.9 percent of their salary to the plan. In addition, the District is required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits (currently 4.5 percent of covered employee's salary).

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(6) Retirement System (continued)

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

The payroll for Gateway Technical College employees covered by the WRS for the year ended June 30, 2006 was \$35,930,959; the employer's total payroll was \$39,088,649. The total required contribution paid for the year ended June 30, 2006 was \$3,700,912, which consisted of \$1,598,939 from the District and \$2,101,973, or 5.9% of payroll from the District on behalf of the employees. Total contribution for the years ended June 30, 2005 and 2004 were \$3,561,292 and \$3,284,402, respectively, equal to the required contributions for each year.

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

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

(7) Other Post-Employment Benefits

In addition to the pension benefits described in Note 6, the District provides post-employment health care benefits under contractual arrangements with both represented and non-represented employees. Employees must be 55 years old and have completed 25 years of service, 56 years old and 20 years of service or 57 years old and 15 years of service before they are eligible for benefits. The District pays eligible retirees health care benefits up to age 65. The District accounts for post-employment benefits on a pay-as-you-go basis. At June 30, 2006, and 2005, approximately 74 and 65, respectively, eligible retirees are receiving benefits at an annual cost of \$1,188,883 and \$954,188.

Governmental Accounting Standard No. 45 (GASB 45) "Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions" was issued in June 2004. GASB 45 will require the recognition of a current obligation as well as an unfunded prior service liability for other post retirement benefits. The District had an actuarial study completed as of June 30, 2006 to compute the estimated liability for retired and current employees.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(7) Other Post-Employment Benefits (continued)

The liability was computed using the provisions outlined in GASB 45 and amounted to \$10,355,474 of which \$5,962,995 related to current employees and \$4,392,479 related to retirees. Calculations were made using an assumed discount rate of 6.00 percent. GASB 45 will be effective for the District for the year ended June 30, 2009.

(8) Risk Management

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

In January 1992, the District established a Risk Management Fund (an internal service fund) to account for and finance its health and dental employee benefits program. Effective with October 1, 2004 the District changed from the self-insurance plan to a front-end deductible premium plan which provides coverage for health, dental and long-term care benefits through WEA Trust.

Districts Mutual Insurance Company (DMI)

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

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

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

Each member college was assessed an annual premium that included a capitalization component to establish reserves for the company. The total capitalization amount for all members in fiscal year 2006 totaled \$1,593,068 of which the District's portion was \$191,635. For the year ended June 30, 2006, the District paid a premium of \$554,940, which included an additional charge of \$29,715 relating to FY 2004/05 worker's compensation premiums. Future premiums will be based on relevant rating exposure bases as well as the historical loss experience by members. DMI's ongoing operational

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(8) Risk Management (continued)

expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

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

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: \$2,000,000 aggregate general; \$1,000,000 auto per accident; \$1,000,000 employee benefits; includes benefit for accidental death and dismemberment, repatriation, and medical expenses; \$1,000 deductible for employee benefits.
- Crime: \$750,000 coverage for employee dishonesty, forgery, computer fraud and funds transfer fraud; \$500,000 coverage for theft, robbery, burglary, disappearance and destruction of money and securities; \$25,000 coverage for investigation expenses, \$15,000 deductible for employee dishonesty, forgery and fraud.

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

The District has purchased the following additional insurance through:

Wenk Insurance Agencies, Inc.

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

Arthur J. Gallagher

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(9) Operating Leases

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

| <u>Year Ended June 30,</u> | | <u>Amount</u> |
|----------------------------|----|------------------|
| 2007 | \$ | 503,197 |
| 2008 | | 493,263 |
| 2009 | | 402,895 |
| 2010 | | 350,125 |
| 2011 | | 351,125 |
| Thereafter | | <u>2,953,968</u> |
| | \$ | <u>5,054,573</u> |

Rental expenses for all operating leases aggregated \$664,383 and \$399,033 for the years ended June 30, 2006 and 2005, respectively. There were no contingent rentals or sublease rentals associated with leases in effect at June 30, 2006.

The District leases space to incubator tenants in the CATI building located in Sturtevant. The leases are on a year to year basis with various options to extend. Also, the District currently leases a facility located on the Elkhorn Campus, related to the Walworth Job Center, to three tenants. The tenants have leases ranging from one year to five years. As of June 30, 2006 and June 30, 2005, the cost of the Job Center lease assets is \$249,001 for both years and the depreciation is \$20,442 and \$11,524 respectively. The commitments under the noncancelable leases provide for future minimum rentals as follows:

| <u>Year Ended June 30,</u> | | <u>Amount</u> |
|----------------------------|----|----------------|
| 2007 | \$ | 33,032 |
| 2008 | | 34,023 |
| 2009 | | 35,043 |
| 2010 | | 36,094 |
| 2011 | | <u>18,314</u> |
| | \$ | <u>156,506</u> |

Rental revenue received, as of June 30, 2006, for all of the operating leases was \$63,000.

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(10) Expenses Classification

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

| | <u>2006</u> | <u>2005</u> |
|---------------------------------------|----------------------|----------------------|
| Salaries and wages | \$ 39,186,439 | \$ 38,745,098 |
| Fringe benefits | 18,174,037 | 16,810,431 |
| Travel, memberships and subscriptions | 723,762 | 757,681 |
| Supplies and minor equipment | 5,089,428 | 6,279,418 |
| Contract services | 2,193,068 | 2,456,209 |
| Rentals | 664,383 | 399,033 |
| Repairs and maintenance | 641,042 | 548,907 |
| Insurance | 653,990 | 636,080 |
| Utilities | 1,709,410 | 1,624,665 |
| Depreciation | 2,501,129 | 2,281,202 |
| Student aid | <u>9,784,156</u> | <u>5,146,925</u> |
| | | |
| Total Operating Expenses | <u>\$ 81,320,844</u> | <u>\$ 75,685,649</u> |

(11) Joint Venture

The District had implemented a computerized database through a joint venture with Moraine Park Technical College and Waukesha County Technical College (WCTC) by forming the Wisconsin Public Access Library System (WISPALS) in 1989. It was organized as a consortium under Wis. Stats. 66.0301 and Gateway Technical College is the fiscal agent for the consortium. Since 1997 and as of June 30, 2006, seven additional technical colleges have joined. As of June 30, 2006 there are nine full members (CVTC, FVTC, GTC, LTC, MPTC, MSTC, NTC, NWTC, and WCTC), one participating member (WITC) and one service level agreement (Agnesian Healthcare). WISPALS is governed by the nine full member colleges' presidents and librarians, with each college having an equal vote. Through the joint venture each full member college owns one-ninth of the computer hardware and software that comprises WISPALS. The hardware and software is permanently housed at WCTC's Pewaukee campus. Operating costs of WISPALS are also shared equally by the nine full member colleges.

Gateway Technical College's share of the operating costs, for the year ended June 30, 2006, was \$67,363. The net assets for the joint venture increased, by approximately \$2,812. WISPALS has no joint venture debt outstanding.

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Notes to Financial Statements

June 30, 2006 and 2005

(12) Commitments and Contingent Liabilities

The District had contracted with third-party not-for-profit organizations to manage the operations of two of its advanced technology centers. These contracts have been discontinued or revised effective with June 30, 2006.

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

Cati Inc. - In exchange for promoting entrepreneurial development, technology transfer, and education, as well as managing the daily operations of the Cati Center including developing specific service contracts and lease agreements with the incubator tenants, the District was paying Cati Inc. \$40,000 per year. The contract was terminated May 2006; therefore Cati Inc. no longer manages the technology center. District staff now manages the facility.

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

(13) Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation.

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

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SUPPLEMENTARY INFORMATION

The following supplementary information is provided to document Gateway's compliance with budgetary requirements. This accountability is an essential requirement to maintain the public trust. The method of accounting used for budgetary compliance monitoring is substantially different from the method of preparing the basic financial statements of the College. At the end of this section is a reconciliation between the two methods.

GENERAL FUND

The general fund is the primary operating fund of the College and receives most of its revenue from local sources. It is used to account for all financial resources except those required to be accounted for in another fund.

GATEWAY TECHNICAL COLLEGE DISTRICT

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2006

| | <u>Budget Amounts</u> | | <u>Actual on a Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|--|------------------------|------------------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Local government - tax levy | \$38,961,000 | \$38,961,000 | \$38,957,043 | \$ (3,957) |
| Intergovernmental revenue: | | | | |
| State | 7,529,000 | 7,529,000 | 7,464,990 | (64,010) |
| Federal | - | - | 12,085 | 12,085 |
| Tuition and fees: | | | | |
| Statutory program fees | 9,150,000 | 9,150,000 | 9,440,451 | 290,451 |
| Material fees | 765,000 | 765,000 | 701,692 | (63,308) |
| Other student fees | 938,000 | 938,000 | 911,213 | (26,787) |
| Miscellaneous - institutional revenue | <u>3,170,000</u> | <u>3,265,000</u> | <u>3,310,241</u> | <u>45,241</u> |
| Total revenues | <u>60,513,000</u> | <u>60,608,000</u> | <u>60,797,715</u> | <u>189,715</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | 41,518,982 | 41,412,982 | 41,153,827 | 259,155 |
| Instructional resources | 1,013,925 | 1,071,925 | 1,071,557 | 368 |
| Student services | 6,501,084 | 6,433,084 | 6,126,573 | 306,511 |
| General institutional | 6,420,188 | 6,632,188 | 6,631,886 | 302 |
| Physical plant | <u>6,058,821</u> | <u>6,057,821</u> | <u>6,057,543</u> | <u>278</u> |
| Total expenditures | <u>61,513,000</u> | <u>61,608,000</u> | <u>61,041,386</u> | <u>566,614</u> |
| Revenues over (under) expenditures | <u>(1,000,000)</u> | <u>(1,000,000)</u> | <u>(243,671)</u> | <u>756,329</u> |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | 1,000,000 | 1,000,000 | 250,000 | (750,000) |
| Transfers out | <u>(104,000)</u> | <u>(104,000)</u> | <u>-</u> | <u>104,000</u> |
| Total other financing sources (uses) | <u>896,000</u> | <u>896,000</u> | <u>250,000</u> | <u>(646,000)</u> |
| Net change in fund balances | (104,000) | (104,000) | 6,329 | 110,329 |
| <u>Fund balance</u> | | | | |
| Beginning of year | <u>14,701,789</u> | <u>14,701,789</u> | <u>14,701,789</u> | <u>-</u> |
| End of year | <u>\$14,597,789</u> | <u>\$14,597,789</u> | <u>\$14,708,118</u> | <u>\$ 110,329</u> |

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted to expenditures for designated purposes because of legal or regulatory provisions. Gateway has two special revenue funds.

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Special Revenue Fund - Operating Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2006

| | <u>Budget Amounts</u> | | <u>Actual on a Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|-----------------------|---------------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Local government - tax levy | \$ 2,238,000 | \$ 2,238,000 | \$ 2,238,000 | \$ - |
| Intergovernmental revenue: | | | | |
| State | 1,170,186 | 1,170,186 | 1,103,131 | (67,055) |
| Federal | 2,444,206 | 2,444,206 | 1,850,023 | (594,183) |
| Miscellaneous - institutional revenue | <u>49,153</u> | <u>49,153</u> | <u>50,141</u> | <u>988</u> |
| Total revenues | <u>5,901,545</u> | <u>5,901,545</u> | <u>5,241,295</u> | <u>(660,250)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | 4,192,537 | 4,192,537 | 3,421,881 | 770,656 |
| Student services | 936,663 | 961,663 | 959,916 | 1,747 |
| General institutional | 527,716 | 502,716 | 250,299 | 252,417 |
| Public services | <u>348,629</u> | <u>348,629</u> | <u>282,242</u> | <u>66,387</u> |
| Total expenditures | <u>6,005,545</u> | <u>6,005,545</u> | <u>4,914,338</u> | <u>1,091,207</u> |
| Revenues over (under) expenditures | (104,000) | (104,000) | 326,957 | 430,957 |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in | <u>104,000</u> | <u>104,000</u> | <u>-</u> | <u>(104,000)</u> |
| Total other financing sources (uses) | <u>104,000</u> | <u>104,000</u> | <u>-</u> | <u>(104,000)</u> |
| Net change in fund balances | - | - | 326,957 | 326,957 |
| <u>Fund balance</u> | | | | |
| Beginning of year | <u>1,880,793</u> | <u>1,880,793</u> | <u>1,880,793</u> | <u>-</u> |
| End of year | <u>\$ 1,880,793</u> | <u>\$ 1,880,793</u> | <u>\$ 2,207,750</u> | <u>\$ 326,957</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, 2006

| | <u>Budget Amounts</u> | | <u>Actual on a Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|-----------------------|-----------------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Local government - tax levy | \$ 26,000 | \$ 26,000 | \$ 26,000 | \$ - |
| Intergovernmental revenue: | | | - | |
| State | 1,202,000 | 1,202,000 | 1,451,043 | 249,043 |
| Federal | 6,400,000 | 22,865,000 | 11,711,430 | (11,153,570) |
| Tuition and fees - other student fees | 435,000 | 435,000 | 480,409 | 45,409 |
| Miscellaneous - institutional revenue | <u>1,027,100</u> | <u>1,027,100</u> | <u>1,463,710</u> | <u>436,610</u> |
| Total revenues | <u>9,090,100</u> | <u>25,555,100</u> | <u>15,132,592</u> | <u>(10,422,508)</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | - | 550 | 504 | 46 |
| Student services | <u>9,090,100</u> | <u>25,554,550</u> | <u>14,937,379</u> | <u>10,617,171</u> |
| Total expenditures | <u>9,090,100</u> | <u>25,555,100</u> | <u>14,937,883</u> | <u>10,617,217</u> |
| Net change in fund balances | - | - | 194,709 | 194,709 |
| <u>Fund balance</u> | | | | |
| Beginning of year | <u>494,955</u> | <u>494,955</u> | <u>494,955</u> | <u>-</u> |
| End of year | <u>\$ 494,955</u> | <u>\$ 494,955</u> | <u>\$ 689,664</u> | <u>\$ 194,709</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, 2006

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget |
|---------------------------------------|-------------------|-------------------|-----------------------------------|----------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Intergovernmental revenue: | | | | |
| State | \$ 54,000 | \$ 54,000 | \$ 1,305 | \$ (52,695) |
| Federal | 5,000 | 5,000 | 1,730 | (3,270) |
| Miscellaneous - institutional revenue | <u>100,000</u> | <u>100,000</u> | <u>455,900</u> | <u>355,900</u> |
| Total revenues | <u>159,000</u> | <u>159,000</u> | <u>458,935</u> | <u>299,935</u> |
| <u>Expenditures</u> | | | | |
| Capital outlay: | | | | |
| Instruction | 3,029,000 | 3,009,000 | 2,203,831 | 805,169 |
| Instructional resources | 20,000 | 190,000 | 188,649 | 1,351 |
| Student services | 60,000 | 202,000 | 201,818 | 182 |
| General institutional | 500,000 | 500,000 | 469,841 | 30,159 |
| Physical plant | 2,000,000 | 2,268,000 | 869,413 | 1,398,587 |
| Public services | <u>50,000</u> | <u>140,000</u> | <u>45,022</u> | <u>94,978</u> |
| Total expenditures | <u>5,659,000</u> | <u>6,309,000</u> | <u>3,978,574</u> | <u>2,330,426</u> |
| Revenues over (under) expenditures | (5,500,000) | (6,150,000) | (3,519,639) | 2,630,361 |
| <u>Other financing sources (uses)</u> | | | | |
| Long-term debt issued | <u>5,500,000</u> | <u>5,500,000</u> | <u>5,500,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>5,500,000</u> | <u>5,500,000</u> | <u>5,500,000</u> | <u>-</u> |
| Net change in fund balances | - | (650,000) | 1,980,361 | 2,630,361 |
| <u>Fund balance</u> | | | | |
| Beginning of year | <u>793,149</u> | <u>793,149</u> | <u>793,149</u> | <u>-</u> |
| End of year | <u>\$ 793,149</u> | <u>\$ 143,149</u> | <u>\$ 2,773,510</u> | <u>\$ 2,630,361</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, 2006

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget |
|---------------------------------------|---------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Local government - tax levy | \$ 5,750,000 | \$ 5,750,000 | \$ 5,750,000 | \$ - |
| Miscellaneous - institutional revenue | 50,000 | 50,000 | 118,219 | 68,219 |
| Total revenues | <u>5,800,000</u> | <u>5,800,000</u> | <u>5,868,219</u> | <u>68,219</u> |
| <u>Expenditures</u> | | | | |
| Physical plant | <u>5,689,800</u> | <u>5,689,800</u> | <u>5,676,489</u> | <u>13,311</u> |
| Total expenditures | <u>5,689,800</u> | <u>5,689,800</u> | <u>5,676,489</u> | <u>13,311</u> |
| Net change in fund balances | 110,200 | 110,200 | 191,730 | 81,530 |
| <u>Fund balance</u> | | | | |
| Beginning of year | <u>1,091,061</u> | <u>1,091,061</u> | <u>1,091,061</u> | <u>-</u> |
| End of year | <u>\$ 1,201,261</u> | <u>\$ 1,201,261</u> | <u>\$ 1,282,791</u> | <u>\$ 81,530</u> |

ENTERPRISE FUNDS

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Enterprise Fund Schedule of Revenues, Expenses, and Changes in Net Assets
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2006

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget |
|---------------------------------------|-----------------------|-----------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Local government - tax levy | \$ 320,000 | \$ 320,000 | \$ 320,000 | \$ - |
| Intergovernmental revenue: | | | | |
| Federal | 10,000 | 10,000 | 10,906 | 906 |
| Other student fees | 109,000 | 134,000 | 170,905 | 36,905 |
| Miscellaneous - institutional revenue | <u>471,000</u> | <u>471,000</u> | <u>482,930</u> | <u>11,930</u> |
| Total revenues | <u>910,000</u> | <u>935,000</u> | <u>984,741</u> | <u>49,741</u> |
| <u>Expenses</u> | | | | |
| Auxiliary services | <u>910,000</u> | <u>935,000</u> | <u>891,585</u> | <u>43,415</u> |
| Total expenses | <u>910,000</u> | <u>935,000</u> | <u>891,585</u> | <u>43,415</u> |
| Change in net assets | - | - | 93,156 | 93,156 |
| <u>Net Assets</u> | | | | |
| Beginning of year | <u>373,852</u> | <u>373,852</u> | <u>373,852</u> | <u>-</u> |
| End of year | <u>\$ 373,852</u> | <u>\$ 373,852</u> | <u>\$ 467,008</u> | <u>\$ 93,156</u> |

INTERNAL SERVICE FUND

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Internal Service Fund Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2006

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget |
|---------------------------------------|-------------------|-------------------|-----------------------------------|----------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Local government - tax levy | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous - institutional revenue | - | - | - | - |
| Total revenues | - | - | - | - |
| <u>Expenses</u> | | | | |
| Auxiliary services | - | 201,000 | 200,826 | 174 |
| Total expenses | - | 201,000 | 200,826 | 174 |
| Operating income (loss) | - | (201,000) | (200,826) | 174 |
| <u>Transfers</u> | | | | |
| Transfers out | (1,000,000) | (1,000,000) | (250,000) | 750,000 |
| Total transfers | (1,000,000) | (1,000,000) | (250,000) | 750,000 |
| Change in net assets | (1,000,000) | (1,201,000) | (450,826) | 750,174 |
| <u>Fund balance</u> | | | | |
| Beginning of year | 1,805,318 | 1,805,318 | 1,805,318 | - |
| End of year | <u>\$ 805,318</u> | <u>\$ 604,318</u> | <u>\$ 1,354,492</u> | <u>\$ 750,174</u> |

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budgetary Combined Balance Sheet - All Fund Types
to the Statement of Net Assets
June 30, 2006

| ASSETS | General Fund | Special Revenue Fund | | Capital Projects Fund | Debt Service Fund | Enterprise Fund | Internal Service Fund | Agency Funds | Total | Reconciling Items | Statement of Revenues, Expenses, and Change in Net Assets |
|--|----------------------|----------------------|-------------------|-----------------------|---------------------|-------------------|-----------------------|-------------------|----------------------|----------------------|---|
| | | Operating | Non-Aidable | | | | | | | | |
| Assets | | | | | | | | | | | |
| Cash and investments | \$ 9,860,746 | \$ - | \$ 11,000 | \$ 3,349,105 | \$ 1,282,791 | \$ 100 | \$ - | \$ - | \$ 14,503,742 | \$ - | \$ 14,503,742 |
| Receivables: | | | | | | | | | | | |
| Property taxes | 12,166,747 | - | - | - | - | - | - | - | 12,166,747 | - | 12,166,747 |
| Accounts, net of reserve of \$ 115,940 | 1,559,144 | 11,611 | 33 | - | - | 8,792 | - | 66,547 | 1,646,127 | - | 1,646,127 |
| Federal and state aid | - | 837,914 | 19,307 | - | - | 1,493 | - | - | 858,714 | - | 858,714 |
| Due from other funds | - | 1,526,781 | 706,127 | - | - | 467,503 | 1,555,318 | 399,199 | 4,654,928 | (4,654,928) | - |
| Prepaid expenditures | 1,509,354 | - | - | - | - | - | - | - | 1,509,354 | (245,301) | 1,264,053 |
| Capital assets | - | - | - | - | - | - | - | - | - | 64,787,065 | 64,787,065 |
| Less: accumulated depreciation | - | - | - | - | - | - | - | - | - | (29,393,673) | (29,393,673) |
| Total Assets | \$ 25,095,991 | \$ 2,376,306 | \$ 736,467 | \$ 3,349,105 | \$ 1,282,791 | \$ 477,888 | \$ 1,555,318 | \$ 465,746 | \$ 35,339,612 | \$ 30,493,163 | \$ 65,832,775 |
| LIABILITIES AND FUND EQUITY/NET ASSETS | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,067,941 | \$ 15,685 | \$ 32,889 | \$ - | \$ - | \$ - | \$ - | \$ 62,952 | \$ 1,179,467 | \$ - | \$ 1,179,467 |
| Employee-related payables | 3,457,016 | 136,165 | 13,914 | - | - | 10,422 | 200,826 | 3,595 | 3,821,938 | - | 3,821,938 |
| Accrued vacation payable | 225,000 | - | - | - | - | - | - | - | 225,000 | - | 225,000 |
| Accrued interest | - | - | - | - | - | - | - | - | - | 247,373 | 247,373 |
| Due to other funds | 4,654,470 | - | - | - | - | 458 | - | - | 4,654,928 | (4,654,928) | - |
| Due to agency organizations | - | - | - | - | - | - | - | 399,199 | 399,199 | - | 399,199 |
| Deferred revenue | 759,425 | - | - | - | - | - | - | - | 759,425 | (38,741) | 720,684 |
| Long-term liabilities | - | - | - | - | - | - | - | - | - | 27,977,469 | 27,977,469 |
| Total Liabilities | 10,163,852 | 151,850 | 46,803 | - | 10,880 | 10,880 | 200,826 | 465,746 | 11,039,957 | 23,531,173 | 34,571,130 |
| Fund balances / net assets | | | | | | | | | | | |
| Invested in capital assets | - | - | - | - | - | - | - | - | - | 13,302,497 | 13,302,497 |
| Net assets | - | - | - | - | - | - | - | - | - | 14,425,025 | 14,425,025 |
| Fund balances: | | | | | | | | | | | |
| Reserved for prepaid expenditures | 1,509,354 | - | - | - | - | - | - | - | 1,509,354 | (1,509,354) | - |
| Reserved for student organizations | - | - | 414,459 | - | - | - | - | - | 414,459 | - | 414,459 |
| Reserved for student financial assistance | - | - | 275,205 | - | - | - | - | - | 275,205 | - | 275,205 |
| Reserved for capital projects | - | - | - | 2,773,510 | - | - | - | - | 2,773,510 | (2,773,510) | - |
| Reserved for debt service | - | - | - | - | 1,282,791 | - | - | - | 1,282,791 | (247,373) | 1,035,418 |
| Unreserved - Designated for: | | | | | | | | | | | |
| Operations | 12,458,764 | 2,207,750 | - | - | - | - | - | - | 14,666,514 | (14,678,973) | (12,459) |
| State aid fluctuations/health insurance | 740,000 | - | - | - | - | - | - | - | 740,000 | (740,000) | - |
| Total Fund balances / net assets | 14,708,118 | 2,207,750 | 689,664 | 2,773,510 | 1,282,791 | 467,008 | 1,354,492 | - | 23,483,333 | 7,778,312 | 31,261,645 |
| Reserve for encumbrances | 224,021 | 16,706 | - | 575,595 | - | - | - | - | 816,322 | (816,322) | - |
| Total Liabilities and Fund Equity/ Net Assets | \$ 25,095,991 | \$ 2,376,306 | \$ 736,467 | \$ 3,349,105 | \$ 1,282,791 | \$ 477,888 | \$ 1,555,318 | \$ 465,746 | \$ 35,339,612 | \$ 30,493,163 | \$ 65,832,775 |

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budgetary Basis Financial Statements
to the Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2006

| | Special Revenue Fund | | | | Enterprise Funds | Internal Service Fund | Total | Reconciling Items | Statement of Revenues, Expenses and Changes in Net Assets |
|---|----------------------|------------------|-------------------|------------------|------------------|-----------------------|------------------|--------------------|---|
| | General Fund | Operating | Non-Aidable | Projects Fund | | | | | |
| Revenues | | | | | | | | | |
| Local government - tax levy | \$ 38,957,043 | \$ 2,238,000 | \$ 26,000 | \$ - | \$ 5,750,000 | \$ 320,000 | \$ - | \$ - | \$ 47,291,043 |
| Intergovernmental revenue: | | | | | | | | | |
| State | 7,464,990 | 1,103,131 | 1,451,043 | 1,305 | - | - | - | - | 10,020,469 (1) |
| Federal | 12,085 | 1,850,023 | 11,711,430 | 1,730 | - | 10,906 | - | - | 13,586,174 |
| Tuition and fees: | | | | | | | | | |
| Statutory program fees | 9,440,451 | - | - | - | - | - | - | (2,582,812) | 6,857,639 |
| Material fees | 701,692 | - | - | - | - | - | - | (194,774) | 506,918 |
| Other student fees | 911,213 | - | 480,409 | - | 170,905 | - | - | (386,283) | 1,176,244 |
| Miscellaneous - institutional revenue | 3,310,241 | 50,141 | 1,463,710 | 455,900 | 118,219 | 482,930 | - | (1,570,001) | 4,311,140 (2) |
| Total revenues | 60,797,715 | 5,241,295 | 15,132,592 | 458,935 | 5,868,219 | 984,741 | - | (4,733,870) | 83,749,627 |
| Expenditures | | | | | | | | | |
| Current: | | | | | | | | | |
| Instruction | 41,153,827 | 3,421,881 | 504 | 2,203,831 | - | - | - | (848,089) | 45,931,954 |
| Instructional resources | 1,071,557 | - | - | 188,649 | - | - | - | (32,906) | 1,227,300 |
| Student services | 6,126,573 | 959,916 | 14,937,379 | 201,818 | - | - | - | (14,568,970) | 7,656,716 |
| General institutional | 6,631,886 | 250,299 | - | 469,841 | - | - | - | (236,214) | 7,115,812 |
| Physical plant | 6,057,543 | - | - | 869,413 | - | - | - | (1,015,472) | 5,911,484 |
| Student aid | - | - | - | - | - | - | - | 9,784,156 | 9,784,156 |
| Public services | - | 282,242 | - | 45,022 | - | - | - | (26,556) | 300,708 |
| Depreciation | - | - | - | - | - | - | - | 2,501,129 | 2,501,129 |
| Auxiliary services | - | - | - | - | - | 891,585 | - | (200,826) | 891,585 |
| Debt Service: | | | | | | | | | |
| Principal | - | - | - | - | 4,595,000 | - | - | (4,595,000) | - |
| Interest and fiscal charges | - | - | - | - | 1,081,489 | - | - | 3,887 | 1,085,376 |
| Total expenditures | 61,041,386 | 4,914,338 | 14,937,883 | 3,978,574 | 5,676,489 | 891,585 | 200,826 | (9,234,861) | 82,406,220 |
| Revenues over (under) expenditures | (243,671) | 326,957 | 194,709 | (3,519,639) | 191,730 | 93,156 | (200,826) | 4,500,991 | 1,343,407 |
| Other financing sources (uses) | | | | | | | | | |
| Long-term debt issued | - | - | - | 5,500,000 | - | - | - | (5,500,000) | - |
| Transfers in | 250,000 | - | - | - | - | - | - | 250,000 | - |
| Transfers out | - | - | - | - | - | - | (250,000) | 250,000 | - |
| Total other financing sources (uses) | 250,000 | - | - | 5,500,000 | - | - | (250,000) | (5,500,000) | - |
| Net change in fund balances | 6,329 | 326,957 | 194,709 | 1,980,361 | 191,730 | 93,156 | (450,826) | (999,009) | 1,343,407 |
| Fund balances/Net Assets | | | | | | | | | |
| Beginning of year | 14,701,789 | 1,880,793 | 494,955 | 793,149 | 1,091,061 | 373,852 | 1,805,318 | 8,777,321 | 29,918,238 (3) |
| End of year | \$ 14,708,118 | \$ 2,207,750 | \$ 689,664 | \$ 2,773,510 | \$ 1,282,791 | \$ 467,008 | \$ 1,354,492 | \$ 7,778,312 | \$ 31,261,645 |

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budget (Non-GAAP) Basis Financial Statements
to the Statement of Revenues, Expenses and Changes in Net Assets (Continued)
June 30, 2006

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

| | | |
|--------------------------------------|----|-------------------|
| Operating | \$ | 2,554,174 |
| Non-operating - State Appropriations | | 7,464,990 |
| Non-operating - Capital Grants | | <u>1,305</u> |
| Total | \$ | <u>10,020,469</u> |

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

| | | |
|--------------------------------|----|------------------|
| Auxiliary enterprise revenues | \$ | 462,974 |
| Contract revenue | | 2,189,500 |
| Miscellaneous income | | 800,678 |
| Gifts and non-operating grants | | 143,210 |
| Investment income | | <u>714,778</u> |
| Total | \$ | <u>4,311,140</u> |

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

| | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| Budgetary basis fund equity | \$ 23,483,333 | \$ 21,140,917 |
| General capital assets - cost | 64,787,065 | 62,165,639 |
| Accumulated depreciation on capital assets | (29,393,673) | (27,076,617) |
| General obligation debt | (26,715,000) | (25,810,000) |
| Prepaid expense treated as a capital asset | (245,301) | (313,305) |
| Accrued interest on long-term debt | (247,373) | (243,486) |
| Summer school tuition and fees | 110,481 | 72,836 |
| Deferred revenue for government-wide basis | (1,334,209) | (1,243,639) |
| Encumbrances | <u>816,322</u> | <u>1,225,893</u> |
| Net assets per basic financial statements | \$ <u>31,261,645</u> | \$ <u>29,918,238</u> |



Statistical Section

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. The information in this section was prepared by the District and was not subject to audit by the independent certified public accounting firm.

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Financial Trends These schedules contain trend information to assist the reader in understanding and assessing how the District's financial position has changed over time. | 67 |
| Revenue Capacity These schedules contain information to assist the reader in assessing the District's most significant local revenue source, the property tax. | 70 |
| 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. | 77 |
| 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. | 80 |
| 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. | 84 |

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Changes in Net Assets
Last Five Fiscal Years

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

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

(1) Prior year's numbers have been reclassified to conform to the current year presentation.

GATEWAY TECHNICAL COLLEGE

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

| Expense Classifications | 2006 | | 2005 | | 2004 | | 2003 | | 2002 | |
|---------------------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | Total | % of Total | Total | % of Total | Total | % of Total | Total | % of Total | Total | % of Total |
| Salaries and wages | \$ 39,186,439 | 47.6% | \$ 38,745,098 | 50.5% | \$ 37,692,488 | 51.6% | \$ 35,347,582 | 51.0% | \$ 32,992,253 | 53.1% |
| Fringe benefits | 18,174,037 | 22.1% | 16,810,431 | 21.9% | 15,114,098 | 20.7% | 13,644,307 | 19.7% | 11,632,758 | 18.7% |
| Travel, memberships and subscriptions | 723,762 | 0.9% | 757,681 | 1.0% | 721,010 | 1.0% | 629,687 | 0.9% | 786,440 | 1.3% |
| Supplies and minor equipment | 5,089,428 | 6.2% | 6,279,418 | 8.2% | 5,824,308 | 8.0% | 7,175,524 | 10.4% | 5,107,894 | 8.2% |
| Contract services | 2,193,068 | 2.7% | 2,456,209 | 3.2% | 2,556,530 | 3.5% | 2,563,748 | 3.7% | 2,701,503 | 4.3% |
| Rentals | 664,383 | 0.8% | 399,033 | 0.5% | 442,924 | 0.6% | 370,325 | 0.5% | 432,307 | 0.7% |
| Repairs and maintenance | 641,042 | 0.8% | 548,907 | 0.7% | 692,438 | 0.9% | 922,004 | 1.3% | 840,277 | 1.4% |
| Insurance | 653,990 | 0.8% | 636,080 | 0.8% | 577,503 | 0.8% | 416,838 | 0.6% | 309,285 | 0.5% |
| Utilities | 1,709,410 | 2.1% | 1,624,665 | 2.1% | 1,507,900 | 2.1% | 1,303,295 | 1.9% | 1,165,129 | 1.9% |
| Depreciation | 2,501,129 | 3.0% | 2,281,202 | 3.0% | 2,012,339 | 2.8% | 1,608,085 | 2.3% | 1,401,669 | 2.3% |
| Student aid | 9,784,156 | 11.9% | 5,146,925 | 6.7% | 4,782,520 | 6.6% | 4,225,503 | 6.1% | 3,739,829 | 6.0% |
| Total operating expenses | 81,320,844 | 98.7% | 75,685,649 | 98.6% | 71,924,058 | 98.5% | 68,206,898 | 98.4% | 61,109,344 | 98.4% |
| Interest expense | 1,085,376 | 1.3% | 1,045,601 | 1.4% | 1,054,660 | 1.4% | 1,102,850 | 1.6% | 1,021,961 | 1.6% |
| Loss on disposal of assets | - | 0.0% | - | 0.0% | 28,442 | 0.0% | - | 0.0% | - | 0.0% |
| Total non-operating expenses | 1,085,376 | 1.3% | 1,045,601 | 1.4% | 1,083,102 | 1.5% | 1,102,850 | 1.6% | 1,021,961 | 1.6% |
| Total Expenses | \$ 82,406,220 | 100.0% | \$ 76,731,250 | 100.0% | \$ 73,007,160 | 100.0% | \$ 69,309,748 | 100.0% | \$ 62,131,305 | 100.0% |

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Levy Distribution by Municipality
Fiscal Year 2006

| <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 | \$ 171,589,500 | 0.482514 % | \$ 228,205 |
| | Bristol | 520,314,701 | 1.463138 | 691,991 |
| | Paris | 182,781,700 | 0.513987 | 243,090 |
| | Randall | 455,915,200 | 1.282045 | 606,343 |
| | Salem | 1,011,312,101 | 2.843836 | 1,344,992 |
| | Somers | 679,674,300 | 1.911262 | 903,931 |
| | Wheatland | 283,272,600 | 0.796570 | 376,738 |
| | Village of: | | | |
| | Genoa City | 6,800 | 0.000019 | 9 |
| | Paddock Lake | 227,702,000 | 0.640304 | 302,832 |
| | Pleasant Prairie | 2,111,591,800 | 5.937850 | 2,808,306 |
| | Silver Lake | 176,731,800 | 0.496974 | 235,044 |
| | Twin Lakes | 762,078,300 | 2.142984 | 1,013,524 |
| | City of Kenosha | 5,431,182,600 | 15.272625 | 7,223,187 |
| Racine | Town of: | | | |
| | Burlington | 585,264,900 | 1.645780 | 778,372 |
| | Caledonia | 1,950,053,900 | 5.483602 | 2,593,470 |
| | Dover | 306,506,401 | 0.861904 | 407,637 |
| | Mount Pleasant | 2,288,088,600 | 6.434164 | 3,043,038 |
| | Norway | 280,900,152 | 0.789898 | 373,582 |
| | Raymond | 373,319,001 | 1.049783 | 496,495 |
| | Rochester | 231,876,000 | 0.652041 | 308,383 |
| | Waterford | 650,831,500 | 1.830155 | 865,572 |
| | Yorkville | 385,446,300 | 1.083885 | 512,623 |
| | Village of: | | | |
| | Elmwood Park | 43,363,400 | 0.121939 | 57,671 |
| | North Bay | 35,218,100 | 0.099034 | 46,838 |
| | Rochester | 66,425,000 | 0.186789 | 88,342 |
| | Sturtevant | 269,124,400 | 0.756785 | 357,921 |
| | Union Grove | 273,374,900 | 0.768737 | 363,574 |
| | Waterford | 371,008,800 | 1.043286 | 493,422 |
| | Wind Point | 251,154,700 | 0.706253 | 334,022 |
| City of: | | | | |
| Burlington | 594,260,000 | 1.671074 | 790,334 | |
| Racine | 3,406,324,050 | 9.578670 | 4,530,232 | |

GATEWAY TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Levy Distribution by Municipality (continued)
Fiscal Year 2006

| <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 | \$ 425,500,600 | 1.196519 % | \$ 565,894 | |
| | Darien | 151,151,700 | 0.425042 | 201,024 | |
| | Delavan | 883,400,800 | 2.484146 | 1,174,877 | |
| | East Troy | 627,601,600 | 1.764832 | 834,677 | |
| | Geneva | 674,551,100 | 1.896855 | 897,118 | |
| | Lafayette | 203,887,000 | 0.573335 | 271,159 | |
| | LaGrange | 626,774,900 | 1.762507 | 833,578 | |
| | Linn | 1,240,283,000 | 3.487708 | 1,649,511 | |
| | Lyons | 418,330,600 | 1.176356 | 556,358 | |
| | Richmond | 210,141,600 | 0.590924 | 279,478 | |
| | Sharon | 64,340,700 | 0.180928 | 85,570 | |
| | Spring Prairie | 206,167,200 | 0.579747 | 274,191 | |
| | Sugar Creek | 323,623,600 | 0.910038 | 430,402 | |
| | Troy | 233,872,000 | 0.657654 | 311,037 | |
| | Walworth | 179,319,500 | 0.504251 | 238,486 | |
| | Whitewater | 265,479,100 | 0.746534 | 353,073 | |
| | | Village of: | | | |
| | | Darien | 78,196,300 | 0.219890 | 103,997 |
| | | East Troy | 280,971,000 | 0.790098 | 373,677 |
| | | Fontana | 842,374,000 | 2.368777 | 1,120,313 |
| | | Genoa City | 101,369,900 | 0.285055 | 134,817 |
| | | Mukwonago | 2,494,800 | 0.007015 | 3,318 |
| | | Sharon | 63,293,000 | 0.177982 | 84,177 |
| | | Walworth | 188,279,200 | 0.529446 | 250,401 |
| | | Williams Bay | 558,789,900 | 1.571332 | 743,161 |
| | | City of: | | | |
| | | Delavan | 550,274,000 | 1.547385 | 731,836 |
| | | Elkhorn | 495,607,700 | 1.393662 | 659,132 |
| | | Lake Geneva | 886,183,500 | 2.491971 | 1,178,578 |
| | | Whitewater | 402,601,900 | 1.132127 | 535,440 |
| | | Totals | <u>\$ 35,561,553,706</u> | <u>100 %</u> | <u>\$ 47,295,000</u> |

GATEWAY TECHNICAL COLLEGE DISTRICT

Property Tax Levies and Collections Last Ten Fiscal Years

| Fiscal Year Ended <u>June 30,</u> | Taxes Levied for <u>the Fiscal Year</u> | | Collected within the <u>Fiscal Year of the Levy</u> | | Collections in Subsequent <u>Year</u> | | <u>Total Collections to Date</u> | |
|---|--|-------------------------------|--|-------------------------------|---|---------------|----------------------------------|--|
| | <u>Amount</u> | <u>Percentage of Levy</u> | <u>Amount</u> | <u>Percentage of Levy</u> | <u>Year</u> | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 1997 | \$ 29,361,941 | 70.57 % | \$ 20,721,277 | 70.57 % | 8,640,664 | \$ 29,361,941 | 100.00 | |
| 1998 | 30,536,419 | 71.08 | 21,706,741 | 71.08 | 8,829,673 | 30,536,414 | 100.00 | |
| 1999 | 32,375,164 | 71.74 | 23,226,473 | 71.74 | 9,148,691 | 32,375,164 | 100.00 | |
| 2000 | 34,448,589 | 72.25 | 24,889,663 | 72.25 | 9,558,926 | 34,448,589 | 100.00 | |
| 2001 | 37,464,985 | 71.69 | 26,859,023 | 71.69 | 10,605,962 | 37,464,985 | 100.00 | |
| 2002 | 40,573,084 | 72.40 | 29,374,807 | 72.40 | 11,198,277 | 40,573,084 | 100.00 | |
| 2003 | 41,928,338 | 72.87 | 30,552,660 | 72.87 | 11,375,678 | 41,928,338 | 100.00 | |
| 2004 | 43,338,000 | 73.66 | 31,921,546 | 73.66 | 11,416,454 | 43,338,000 | 100.00 | |
| 2005 | 45,043,000 | 74.26 | 33,447,366 | 74.26 | 11,595,634 | 45,043,000 | 100.00 | |
| 2006 | 47,295,000 | 74.27 | 35,128,253 | 74.27 | - | 35,128,253 | 74.27 | |

Tax Levies, Rates, and Collections

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Taxing Districts and Counties
2005 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 | \$ 5,431,182,600 | \$ 7,223,187 | 15.27 % |
| City of Racine | Racine | 3,406,324,050 | 4,530,232 | 9.58 |
| Town of Mount Pleasant | Racine | 2,288,088,600 | 3,043,038 | 6.43 |
| Village of Pleasant Prairie | Kenosha | 2,111,591,800 | 2,808,306 | 5.94 |
| Town of Caledonia | Racine | 1,950,053,900 | 2,593,470 | 5.48 |
| Town of Linn | Walworth | 1,240,283,000 | 1,649,511 | 3.49 |
| Town of Salem | Kenosha | 1,011,312,101 | 1,344,992 | 2.84 |
| City of Lake Geneva | Walworth | 886,183,500 | 1,178,578 | 2.49 |
| Town of Delavan | Walworth | 883,400,800 | 1,174,877 | 2.48 |
| Village of Fontana | Walworth | <u>842,374,000</u> | <u>1,120,313</u> | <u>2.37</u> |
| Total principal taxing districts | | <u>\$ 20,050,794,351</u> | <u>\$ 26,666,504</u> | <u>56.4 %</u> |
| County: | | | | |
| Racine | | \$ 12,362,540,104 | \$ 16,441,528 | 34.8 % |
| Kenosha | | 12,014,153,402 | 15,978,192 | 33.8 |
| Walworth | | <u>11,184,860,200</u> | <u>14,875,280</u> | <u>31.5</u> |
| | | <u>\$ 35,561,553,706</u> | <u>\$ 47,295,000</u> | <u>100.1 %</u> |

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Property Taxpayers by County
Current Year and Nine Years Ago

| County | Name of Business | Type of Business | Year Ended June 30, 2006 | | | Year Ended June 30, 1997 | | |
|------------------------------------|--|---------------------------|--------------------------|------|---|--------------------------|------|---|
| | | | 2005 Equalized Valuation | Rank | Percent of District equalized valuation | 1996 Equalized Valuation | Rank | Percent of District equalized valuation |
| Racine | S. C. Johnson & Son, Inc. | Manufacturing | \$ 113,943,058 | 1 | 0.32 | \$ 32,588,000 | 3 | 0.18 |
| | Racine Joint Venture (Regency Mall) | Shopping center | 75,843,674 | 2 | 0.21 | 95,634,500 | 1 | 0.52 |
| | All Saints Health Care | Health care services | 43,486,130 | 3 | 0.12 | 13,641,600 | 4 | 0.07 |
| | CNH Global ⁽¹⁾ | Manufacturing | 31,987,256 | 4 | 0.09 | 38,857,900 | 2 | 0.21 |
| | Aurora Medical Group | Health care provider | 25,531,282 | 5 | 0.07 | - | - | - |
| | Continental 63 & 81 Fund LLC | Retail-Wal-Mart Stores | 22,009,908 | 6 | 0.06 | - | - | - |
| | Inland Southeast/Orix Bradford | Village Center strip mall | 20,507,722 | 7 | 0.06 | - | - | - |
| | Bombardier Motor Corp | Manufacturing | 19,618,083 | 8 | 0.06 | - | - | - |
| | High Ridge Improvements | Corporation | 16,820,340 | 9 | 0.05 | - | - | - |
| | American National Insurance | Insurance | 16,782,227 | 10 | 0.05 | - | - | - |
| | R-O Associates of Racine | Consulting services | - | - | - | 7,995,000 | 6 | 0.04 |
| | Westgate Shopping Center | Retail Mall | - | - | - | 11,487,800 | 5 | 0.06 |
| | Yorkville Investments | Property management | - | - | - | 7,134,000 | 7 | 0.04 |
| | C & D Foods | Retail | - | - | - | 7,102,338 | 8 | 0.04 |
| | Fox River Plaza Partners | Shopping center | - | - | - | 6,622,400 | 9 | 0.04 |
| | Ganton Technologies, Inc. | Manufacturing | - | - | - | 4,580,600 | 10 | 0.02 |
| Racine county total | | | \$ 386,529,680 | | 1.09 | \$ 97,421,638 | | 0.53 |
| | (1) Formerly known as J.I. Case Corporation | | | | | | | |
| Kenosha ⁽²⁾ | Cabot Acquisitions LLC | Manufacturing | \$ 44,200,677 | 1 | 0.12 | \$ - | - | - |
| | Prime Outlets at Pleasant Prairie | Retail Mall | 34,107,398 | 2 | 0.10 | - | - | - |
| | Southport Plaza Ltd. Partners | Shopping center | 38,225,112 | 3 | 0.11 | 19,739,659 | 7 | 0.11 |
| | Centerpoint Wispark Land Co. LLC | Business park | 29,838,612 | 4 | 0.08 | 55,319,220 | 1 | 0.30 |
| | Chicoboco | Property development | 27,894,650 | 5 | 0.08 | 23,574,447 | 5 | 0.13 |
| | Edward Rose Assoc. Apartments | Property management | 26,360,822 | 6 | 0.07 | 20,510,883 | 6 | 0.11 |
| | Petrett Realty et Al. | Developer/Builder | 25,910,382 | 7 | 0.07 | 18,181,880 | 9 | 0.10 |
| | Daimler-Chrysler Corp. | Manufacturer | 23,828,444 | 8 | 0.07 | - | - | - |
| | Villa Royale Apartments | Property management | 22,743,851 | 9 | 0.06 | - | - | - |
| | Dairyland Greyhound Park | Recreation/dog track | 21,558,044 | 10 | 0.06 | 29,426,813 | 4 | 0.16 |
| | First Horizon Group Ltd. | Property management | - | - | - | 34,767,336 | 2 | 0.19 |
| | Factory Outlet Centre Ltd. | Retail Mall | - | - | - | 30,264,514 | 3 | 0.16 |
| | Waste Management of WI | Landfill | - | - | - | 18,970,672 | 8 | 0.10 |
| | Aurora Medical Group, Inc. | Physician offices | - | - | - | 18,039,513 | 10 | 0.10 |
| Kenosha county total | | | \$ 294,667,992 | | 0.83 | \$ 268,794,937 | | 1.45 |
| | (2) Estimated equalized valuations for 2005. | | | | | | | |
| Walworth | Grand Geneva (Americana) | Resort | \$ 41,943,037 | 1 | 0.12 | \$ 7,797,093 | 10 | 0.04 |
| | DLK Enterprises, Inc. | Farm/Real Estate | 37,121,400 | 2 | 0.10 | 17,950,448 | 1 | 0.10 |
| | Wal-Mart | Retail store | 27,296,127 | 3 | 0.08 | - | - | - |
| | Geneva Project | Property development | 25,168,898 | 4 | 0.07 | - | - | - |
| | Lake Lawn Lodge | Resort | 18,972,350 | 5 | 0.05 | 13,543,807 | 3 | 0.07 |
| | Kikkoman Foods Inc. | Manufacturing | 17,554,231 | 6 | 0.05 | 12,159,522 | 5 | 0.07 |
| | Veisacold Cascade | Cold storage facility | 17,228,580 | 7 | 0.05 | - | - | - |
| | Paloma Geneva National LLC | Resort | 16,802,575 | 8 | 0.05 | 10,215,756 | 7 | 0.06 |
| | Lake Geneva Investors LLC | Investor | 11,601,947 | 9 | 0.03 | - | - | - |
| | Edwin Kowalski | Landlord | 11,390,829 | 10 | 0.03 | - | - | - |
| | Midwest Track Associates | Dog track | - | - | - | 16,577,875 | 2 | 0.09 |
| | ABKA Partnership (The Abbey) | Resort | - | - | - | 13,179,216 | 4 | 0.07 |
| | Elgin Club | Property management | - | - | - | 10,619,478 | 6 | 0.06 |
| | USP Real Estate | Property development | - | - | - | 8,289,861 | 8 | 0.04 |
| | Northmonte Partnership | Property development | - | - | - | 7,914,510 | 9 | 0.04 |
| Walworth county total | | | \$ 225,079,974 | | 0.63 | \$ 118,247,566 | | 0.64 |
| Grand total | | | \$ 906,277,646 | | 2.55 | \$ 484,464,141 | | 2.61 |
| Total District Equalized Valuation | | | \$ 35,561,553,706 | | | \$ 18,535,059,129 | | |

Source: Robert W. Baird report

GATEWAY TECHNICAL COLLEGE DISTRICT

Property Tax Rates⁽¹⁾ - All Overlapping Governments
 (Per \$1,000 of General Property Full Values of Taxable Property)
 Calendar Year Taxes are Payable 1997-2006

| County | Year | Gateway District Direct Rates | | | School districts | | County tax | Other taxes ⁽⁴⁾ | Total property tax | State tax relief | Net total |
|----------|------|-------------------------------|--------------|-------------|-----------------------|--------------------------|------------|----------------------------|--------------------|------------------|-----------|
| | | Operational ⁽²⁾ | Debt Service | Direct Rate | elementary/s econdary | Local tax ⁽³⁾ | | | | | |
| Racine | 1997 | 1.37 | 0.21 | 1.58 | 9.58 | 8.09 | 4.71 | 0.87 | 24.83 | (2.29) | 22.54 |
| | 1998 | 1.35 | 0.21 | 1.56 | 9.85 | 8.22 | 4.68 | 0.91 | 25.22 | (1.99) | 23.23 |
| | 1999 | 1.34 | 0.22 | 1.56 | 9.22 | 8.04 | 4.63 | 0.84 | 24.29 | (1.81) | 22.48 |
| | 2000 | 1.34 | 0.20 | 1.54 | 9.16 | 8.08 | 4.60 | 0.75 | 24.13 | (1.68) | 22.45 |
| | 2001 | 1.41 | 0.19 | 1.60 | 9.16 | 7.83 | 4.72 | 1.06 | 24.37 | (1.54) | 22.83 |
| | 2002 | 1.43 | 0.19 | 1.62 | 9.09 | 7.43 | 4.76 | 1.04 | 23.94 | (1.46) | 22.48 |
| | 2003 | 1.37 | 0.19 | 1.56 | 8.15 | 7.22 | 4.76 | 1.06 | 22.75 | (1.38) | 21.37 |
| | 2004 | 1.30 | 0.18 | 1.48 | 8.12 | 7.04 | 4.59 | 1.11 | 22.34 | (1.25) | 21.09 |
| | 2005 | 1.24 | 0.17 | 1.41 | 8.03 | 6.71 | 4.33 | 1.11 | 21.59 | (1.11) | 20.48 |
| 2006 | 1.17 | 0.16 | 1.33 | 7.17 | 6.36 | 4.07 | 1.06 | 19.99 | (1.00) | 18.99 | |
| Kenosha | 1997 | 1.37 | 0.21 | 1.58 | 11.74 | 6.37 | 4.71 | 1.24 | 25.64 | (2.30) | 23.34 |
| | 1998 | 1.35 | 0.21 | 1.56 | 11.08 | 6.63 | 4.76 | 1.52 | 25.55 | (2.13) | 23.42 |
| | 1999 | 1.34 | 0.22 | 1.56 | 10.52 | 6.59 | 5.02 | 1.62 | 25.31 | (1.93) | 23.38 |
| | 2000 | 1.34 | 0.20 | 1.54 | 9.47 | 6.37 | 5.01 | 0.50 | 22.89 | (1.66) | 21.23 |
| | 2001 | 1.41 | 0.19 | 1.60 | 9.76 | 6.66 | 5.04 | 0.55 | 23.61 | (1.51) | 22.10 |
| | 2002 | 1.43 | 0.19 | 1.62 | 9.63 | 6.86 | 5.03 | 0.60 | 23.74 | (1.40) | 22.34 |
| | 2003 | 1.37 | 0.19 | 1.56 | 9.22 | 6.54 | 5.00 | 0.73 | 23.05 | (1.31) | 21.74 |
| | 2004 | 1.30 | 0.18 | 1.48 | 9.31 | 6.22 | 4.80 | 0.80 | 22.61 | (1.24) | 21.37 |
| | 2005 | 1.24 | 0.17 | 1.41 | 9.35 | 5.81 | 4.51 | 0.86 | 21.94 | (1.14) | 20.80 |
| 2006 | 1.17 | 0.16 | 1.33 | 8.47 | 5.45 | 4.18 | 0.83 | 20.26 | (1.05) | 19.21 | |
| Walworth | 1997 | 1.37 | 0.21 | 1.58 | 9.89 | 3.74 | 4.51 | 0.85 | 20.57 | (1.88) | 18.69 |
| | 1998 | 1.35 | 0.21 | 1.56 | 10.41 | 3.75 | 4.78 | 0.94 | 21.44 | (1.80) | 19.64 |
| | 1999 | 1.34 | 0.22 | 1.56 | 10.20 | 3.81 | 4.83 | 1.03 | 21.43 | (1.79) | 19.64 |
| | 2000 | 1.34 | 0.20 | 1.54 | 10.11 | 3.67 | 4.84 | 1.05 | 21.21 | (1.73) | 19.48 |
| | 2001 | 1.41 | 0.19 | 1.60 | 10.00 | 3.86 | 5.08 | 1.11 | 21.65 | (1.72) | 19.93 |
| | 2002 | 1.43 | 0.19 | 1.62 | 9.71 | 3.79 | 5.14 | 1.13 | 21.39 | (1.57) | 19.82 |
| | 2003 | 1.37 | 0.19 | 1.56 | 9.43 | 3.73 | 5.13 | 1.19 | 21.04 | (1.46) | 19.58 |
| | 2004 | 1.30 | 0.18 | 1.48 | 9.03 | 3.48 | 4.94 | 1.25 | 20.18 | (1.33) | 18.85 |
| | 2005 | 1.24 | 0.17 | 1.41 | 8.98 | 3.41 | 4.75 | 1.22 | 19.77 | (1.22) | 18.55 |
| 2006 | 1.17 | 0.16 | 1.33 | 8.01 | 3.16 | 4.40 | 1.03 | 17.93 | (1.09) | 16.84 | |

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

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Distribution of Real Property of Merged Equalized Values
Racine, Kenosha, and Walworth Counties ⁽¹⁾
Calendar Years 1996-2005
(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 |
|---------------|-------------|------------|---------------|--------------|-------------------------|---------|-------------------|------------|---------------------------------|-----------------------|
| 1996 | 14,287,395 | 2,826,393 | 596,234 | 548,320 | 63,660 | 327,732 | (3) | 18,649,734 | 18,535,059 | 1.58413 |
| % of Total | 72.4% | 14.3% | 3.0% | 2.8% | 0.3% | 1.7% | | | | |
| 1997 | 15,063,572 | 3,024,898 | 685,699 | 575,597 | 62,666 | 324,427 | (3) | 19,736,859 | 19,503,890 | 1.56566 |
| % of Total | 76.3% | 15.3% | 3.5% | 2.9% | 0.3% | 1.6% | | | | |
| 1998 | 15,971,651 | 3,291,954 | 770,741 | 542,661 | 69,474 | 353,256 | (3) | 20,999,737 | 20,680,398 | 1.56550 |
| % of Total | 76.1% | 15.7% | 3.7% | 2.6% | 0.3% | 1.7% | | | | |
| 1999 | 17,035,258 | 3,548,727 | 864,170 | 512,676 | 80,386 | 406,612 | 606,418 | 23,054,247 | 22,286,343 | 1.54573 |
| % of Total | 73.9% | 15.4% | 3.7% | 2.2% | 0.3% | 1.8% | 2.6% | | | |
| 2000 | 18,176,837 | 3,745,598 | 932,571 | 222,420 | 96,880 | 433,350 | 627,973 | 24,235,629 | 23,361,009 | 1.60374 |
| % of Total | 75.0% | 15.5% | 3.8% | 0.9% | 0.4% | 1.8% | 2.6% | | | |
| 2001 | 19,616,133 | 3,955,765 | 977,878 | 223,089 | 99,827 | 446,971 | 679,978 | 25,999,641 | 25,054,873 | 1.61937 |
| % of Total | 75.4% | 15.2% | 3.8% | 0.9% | 0.4% | 1.7% | 2.6% | | | |
| 2002 | 21,373,420 | 4,374,347 | 1,008,832 | 123,209 | 101,417 | 477,245 | 629,738 | 28,088,208 | 26,953,225 | 1.55559 |
| % of Total | 76.1% | 15.6% | 3.6% | 0.4% | 0.4% | 1.7% | 2.2% | | | |
| 2003 | 23,455,469 | 4,700,585 | 1,038,551 | 87,813 | 119,114 | 503,104 | 646,437 | 30,551,073 | 29,223,904 | 1.48297 |
| % of Total | 76.8% | 15.4% | 3.4% | 0.3% | 0.4% | 1.6% | 2.1% | | | |
| 2004 | 26,018,470 | 5,046,556 | 1,068,047 | 82,788 | 107,327 | 513,950 | 635,552 | 33,472,690 | 32,011,437 | 1.40709 |
| % of Total | 77.7% | 15.1% | 3.2% | 0.2% | 0.3% | 1.5% | 1.9% | | | |
| 2005 | 29,295,258 | 5,508,464 | 1,042,155 | 83,169 | 113,746 | 544,035 | 649,894 | 37,236,721 | 35,561,554 | 1.32995 |
| % of Total | 78.7% | 14.8% | 2.8% | 0.2% | 0.3% | 1.5% | 1.7% | | | |

Source: Wisconsin Department of Revenue

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Ratio of Net Debt to Equalized Value
and Net Debt Per Capita
Fiscal Years 1997-2006

| | Population ⁽¹⁾ | Equalized Value- TID in ⁽²⁾ | Gross Debt ⁽³⁾ | Debt Service Net Assets Available ⁽⁴⁾ | Net debt ⁽⁵⁾ | |
|--|---------------------------|---|---------------------------|--|-------------------------|------------------------------------|
| | | | | | Amount | Ratio to equalized valuation |
| <i>(Dollars in thousands, except per capita)</i> | | | | | | |
| 1997 | 404,253 | \$ 18,999,821 | \$ 14,495 | 60 | \$ 14,435 | 0.08 % \$ 36 |
| 1998 | 409,474 | 20,100,873 | 15,100 | 235 | 14,865 | 0.07 36 |
| 1999 | 413,218 | 21,413,741 | 17,715 | 563 | 17,152 | 0.08 42 |
| 2000 | 416,804 | 22,765,508 | 17,505 | 653 | 16,852 | 0.07 40 |
| 2001 | 432,167 | 23,924,832 | 17,960 | 478 | 17,482 | 0.07 40 |
| 2002 | 433,456 | 25,681,383 | 23,450 | 647 | 22,803 | 0.09 53 |
| 2003 | 440,943 | 27,733,860 | 23,820 | 735 | 23,085 | 0.08 52 |
| 2004 | 444,987 | 30,180,566 | 23,740 | 725 | 23,015 | 0.08 52 |
| 2005 | 449,954 | 33,064,081 | 25,810 | 848 | 24,962 | 0.08 55 |
| 2006 | 453,979 | 36,769,455 | 26,715 | 1,035 | 25,680 | 0.07 57 |

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

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

(3) Includes general obligation promissory notes and bonds.

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Legal Debt Margin Information⁽¹⁾
Last Ten Fiscal Years

Calculation of Legal Debt Margin for Fiscal Year 2006

| | |
|--|-------------------------|
| 2005 Equalized Valuation - TID In | \$ 36,769,455,028 |
| | x 5% |
| Total debt limit - 5% of total equalized valuation | <u>1,838,472,751</u> |
| Debt applicable to limit: | |
| Total gross indebtedness (includes general obligation notes and bonds) | \$ 26,715,000 |
| Less Net Assets Restricted for Debt Service (GAAP basis) | <u>(1,035,418)</u> |
| Total amount of debt applicable to debt limit | <u>25,679,582</u> |
| Legal debt margin | <u>\$ 1,812,793,169</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 Assets Available | Total Net Debt Applicable to Limit | | |
| 1997 | \$ 18,999,821 | \$ 949,991 | \$ 3,815 | \$ 10,680 | \$ 60 | \$ 14,435 | \$ 935,556 | 1.52 % |
| 1998 | 20,100,873 | 1,005,044 | 2,375 | 12,725 | 235 | 14,865 | 990,179 | 1.48 |
| 1999 | 21,413,741 | 1,070,687 | 1,245 | 16,470 | 563 | 17,152 | 1,053,535 | 1.60 |
| 2000 | 22,765,508 | 1,138,275 | - | 17,505 | 653 | 16,852 | 1,121,423 | 1.48 |
| 2001 | 23,924,832 | 1,196,242 | - | 17,960 | 478 | 17,482 | 1,178,760 | 1.46 |
| 2002 | 25,681,383 | 1,284,069 | - | 23,450 | 647 | 22,803 | 1,261,266 | 1.78 |
| 2003 | 27,733,860 | 1,386,693 | - | 23,820 | 735 | 23,085 | 1,363,608 | 1.66 |
| 2004 | 30,180,566 | 1,509,028 | 4,925 | 18,815 | 725 | 23,015 | 1,486,013 | 1.53 |
| 2005 | 33,064,081 | 1,653,204 | 4,825 | 20,985 | 848 | 24,962 | 1,628,242 | 1.51 |
| 2006 | 36,769,455 | 1,838,473 | 4,725 | 21,990 | 1,035 | 25,680 | 1,812,793 | 1.40 |

(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 Year ended June 30, 2006

| Jurisdiction ⁽¹⁾ | Net Debt Outstanding | Applicable to Gateway Technical College District | |
|--|-------------------------|---|-------------------------|
| | | Percentage ⁽²⁾ | Amount |
| District: | | | |
| Gateway Technical College District | \$ 26,715,000 | 100% | \$ 26,715,000 |
| Towns: | | | |
| Racine County ⁽³⁾ | 40,921,224 | varies | 40,439,738 |
| Kenosha County | 26,064,442 | 100% | 26,064,442 |
| Walworth County | 7,507,245 | 100% | 7,507,245 |
| Town Total | <u>74,492,911</u> | | <u>74,011,425</u> |
| Villages: | | | |
| Racine County | 39,394,933 | 100% | 39,394,933 |
| Kenosha County | 104,818,288 | 100% | 104,818,288 |
| Walworth County | 64,632,242 | 100% | 64,632,242 |
| Village Total | <u>208,845,463</u> | | <u>208,845,463</u> |
| Cities: | | | |
| Racine County | 120,187,218 | 100% | 120,187,218 |
| Kenosha County | 144,795,269 | 100% | 144,795,269 |
| Walworth County | 56,376,724 | 100% | 56,376,724 |
| City Total | <u>321,359,211</u> | | <u>321,359,211</u> |
| Counties: | | | |
| Racine County | 53,731,255 | 96.43% | 51,813,049 |
| Kenosha County | 93,415,538 | 100% | 93,415,538 |
| Walworth County | 49,490,000 | 100% | 49,490,000 |
| County Total | <u>196,636,793</u> | | <u>194,718,587</u> |
| School Districts: | | | |
| Racine County | 113,299,196 | 100% | 113,299,196 |
| Kenosha County | 165,738,577 | 100% | 165,738,577 |
| Walworth County | 132,457,087 | 100% | 132,457,087 |
| School District Total | <u>411,494,860</u> | | <u>411,494,860</u> |
| Sanitary Districts Total | <u>29,369,446</u> | varies | <u>26,189,446</u> |
| Total Direct and Overlapping debt | <u>\$ 1,268,913,684</u> | | <u>\$ 1,263,333,992</u> |

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

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Demographic Statistics for Kenosha, Racine, and Walworth Counties Historical Comparisons 1997-2006

| <u>Year</u> | District Population (1) | Number of households (2) | Total Personal Income (3) | Per Capita Income (4) | Unemployment Rate (5) | Public and private school enrollment (6) |
|-------------|-------------------------------|--------------------------------|------------------------------------|-----------------------------|-----------------------------|--|
| 1997 | 404,253 | 155,470 | 52,779 | 24,454 | 3.8 | 80,769 |
| 1998 | 409,474 | 156,997 | 53,484 | 25,823 | 3.9 | 80,732 |
| 1999 | 413,218 | 159,106 | 54,005 | 26,445 | 3.7 | 82,040 |
| 2000 | 416,804 | 160,210 | 57,115 | 28,093 | 3.7 | 83,487 |
| 2001 | 432,167 | 162,614 | 57,209 | 28,715 | 5.0 | 84,454 |
| 2002 | 433,456 | 168,470 | 58,318 | 29,197 | 5.9 | 85,646 |
| 2003 | 440,943 | 170,231 | 59,815 | 29,749 | 6.2 | 86,145 |
| 2004 | 444,987 | 172,795 | 58,972 | 31,119 | 5.2 | 85,875 |
| 2005 | 449,954 | 173,958 | (7) | (7) | 5.4 | 84,526 |
| 2006 | 453,979 | (7) | (7) | (7) | 5.5 | (7) |

- (1) Wisconsin Department of Administration, Demographic Services Center. (2006 is an estimate)
- (2) Editor Publisher Market Guide, 2006, New York, N. Y.
- (3) U.S. Department of Commerce Bureau of Economic Anyalysis. (Amounts in thousands.)
- (4) U.S. Department of Commerce Bureau of Economic Anyalysis.
- (5) Wisconsin Department of Workforce Development, Office of Economic Adivsors.
- (6) Wisconsin Department of Public Instruction
- (7) Information not yet available.

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Employers
Current Year and Nine Years Ago

| County | Name of Business | Type of Business | Year Ended June 30, 2006 | | | Year Ended June 30, 1997 | | |
|----------|--|--|--------------------------|------|--------------------------------|--------------------------|------|--------------------------------|
| | | | Number of Employees | Rank | Percent of District Population | Number of Employees | Rank | Percent of District Population |
| Racine | All Saints Health Care | Health care services | 3,400 | 1 | 0.75 % | 3,000 | 2 | 0.74 % |
| | Regency Mall | Retail shopping center | 2,800 | 2 | 0.62 | 2,800 | 3 | 0.69 |
| | CNH Global ⁽¹⁾ | Manufacturing, agricultural & construction equipment | 2,500 | 3 | 0.55 | 2,367 | 5 | 0.59 |
| | Racine School District | Education | 2,472 | 4 | 0.54 | 2,557 | 4 | 0.63 |
| | S. C. Johnson & Son, Inc. | Manufacturing, commerial & institutional cleaning products | 1,384 | 5 | 0.30 | 3,040 | 1 | 0.75 |
| | City of Racine ⁽²⁾ | Government | 1,328 | 6 | 0.29 | 1,050 | 7 | 0.26 |
| | Gateway Technical College ⁽²⁾ | Education | 1,151 | 7 | 0.25 | - | - | 0.00 |
| | Racine County | Government | 1,138 | 8 | 0.25 | 1,160 | 6 | 0.29 |
| | In-Sink-Erator Division | Manufacturing | 1,000 | 9 | 0.22 | 970 | 10 | 0.24 |
| | Modine Manufacturing | Heat exchange manufacturing | 1,000 | 10 | 0.22 | - | - | - |
| | Lincoln Lutheran of Racine | Nursing home | - | - | - | 1,050 | 8 | 0.26 |
| | Western Publishing Company | Commerial publisher, books,games, videos | - | - | - | 1,000 | 9 | 0.25 |
| | (1)Formerly known as J.I. Case Corporation | | - | - | - | 18,994 | - | 4.70 % |
| | (2)Includes full-time and part-time employees. | | 18,173 | - | 4.00 % | - | - | - |
| | | Racine county sub-total | 18,173 | - | 4.00 % | 18,994 | - | 4.70 % |
| Kenosha | Kenosha Unified School District No. 1 ⁽¹⁾ | Education | 2,240 | 1 | 0.49 % | 2,054 | 1 | 0.51 % |
| | Kenosha Memorial Hospital | Health care services | 1,450 | 2 | 0.32 | 930 | 4 | 0.23 |
| | Daimler-Chrysler Corp. | Manufacturer, jeep engines | 1,178 | 3 | 0.26 | 1,546 | 2 | 0.38 |
| | Kenosha County | Government | 998 | 4 | 0.22 | 825 | 6 | 0.20 |
| | City of Kenosha ⁽²⁾ | Government | 773 | 5 | 0.17 | 722 | 8 | 0.18 |
| | University of Wisconsin-Parkside | Education | 679 | 6 | 0.15 | 600 | 10 | 0.15 |
| | Snap-On Tools Corporation | Manufacturer, hand tools & electronics | 527 | 7 | 0.12 | 1,000 | 3 | 0.25 |
| | Kenosha Beef | Beef processing | 510 | 8 | 0.11 | - | - | - |
| | Dairyland Greyhound Park | Greyhound racing | 348 | 9 | 0.08 | 750 | 7 | 0.19 |
| | Carthage College | Education | 200 | 10 | 0.04 | - | - | - |
| | St. Catherine's Hospital | Health care services | - | - | - | 920 | 5 | 0.23 |
| | Tri-Clover, Inc. | Manufacturer, pumps & valves | - | - | - | 618 | 9 | 0.15 |
| | (1)Includes full-time and part-time employees. | | - | - | - | 9,965 | - | 2.47 % |
| | (2)Regular full-time only. | | 8,903 | - | 1.96 % | - | - | - |
| | | Kenosha county sub-total | 8,903 | - | 1.96 % | 9,965 | - | 2.47 % |
| Wauworth | University of Wisconsin-Whitewater ⁽¹⁾ | Education | 2,414 | 1 | 0.53 % | 2,224 | 1 | 0.55 % |
| | Grand Geneva, Timber Ridge Lodge | Resort | 1,010 | 2 | 0.22 | - | - | - |
| | Pentair, Inc. | Water & fluid power pumps | 1,000 | 3 | 0.22 | - | - | - |
| | Walworth County | Government | 936 | 4 | 0.21 | 1,038 | 2 | 0.26 |
| | Aurora Health Care | Healthcare | 764 | 5 | 0.17 | - | - | - |
| | Wal-Mart | Retail | 573 | 6 | 0.13 | - | - | - |
| | Lake Lawn Lodge | Resort | 550 | 7 | 0.12 | - | - | - |
| | Miniature Precision Components | Automotive industry parts supplier | 400 | 8 | 0.09 | 428 | 9 | 0.11 |
| | Trostel Ltd. | Packaging seals & assemblies | 350 | 9 | 0.08 | 700 | 3 | 0.17 |
| | Elkhorn Area School District | Elementary & secondary schools | 303 | 10 | 0.07 | - | - | - |
| | Lakeland Medical Center | Nursing home | - | - | - | 619 | 4 | 0.15 |
| | Sta-Rite Industries | Manufacturer, pumps & plastic products | - | - | - | 611 | 5 | 0.15 |
| | ECM Motor, Co. | Electric motors | - | - | - | 600 | 6 | 0.15 |
| | Road Master Corp. | Manufacturer, bicycles | - | - | - | 521 | 7 | 0.13 |
| | The Abbey | Resort | - | - | - | 434 | 8 | 0.11 |
| | Waukesha Fluid Handling | Manufacturer, fluid handling equip. | - | - | - | 428 | 10 | 0.11 |
| | (1)Includes student employees of 1,200-1,300. | | 8,300 | - | 1.83 % | 7,603 | - | 1.88 % |
| | | Wauworth county sub-total | 8,300 | - | 1.83 % | 7,603 | - | 1.88 % |
| | | Total | 35,376 | - | 7.79 % | 36,562 | - | 9.04 % |

Source: Robert W. Baird report

GATEWAY TECHNICAL COLLEGE DISTRICT

Employment Trends by Equal Employment Opportunity Categories
Historical Comparisons
1996-2005

| <u>Category</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administrative/Managerial: | 52 | 50 | 51 | 51 | 52 | 58 | 57 | 56 | 56 | 55 |
| Female percent | 48 | 48 | 45 | 53 | 48 | 52 | 51 | 54 | 54 | 58 |
| Minority percent | 10 | 10 | 10 | 8 | 10 | 12 | 11 | 13 | 12 | 9 |
| Faculty: | 234 | 237 | 234 | 240 | 234 | 257 | 252 | 255 | 264 | 266 |
| Female percent | 58 | 57 | 57 | 56 | 58 | 55 | 57 | 57 | 56 | 57 |
| Minority percent | 8 | 8 | 7 | 7 | 8 | 7 | 7 | 8 | 8 | 8 |
| Professional/Noninstructional: | 42 | 39 | 40 | 40 | 42 | 31 | 39 | 38 | 39 | 35 |
| Female percent | 67 | 72 | 68 | 65 | 67 | 74 | 67 | 68 | 67 | 83 |
| Minority percent | 7 | 5 | 5 | 5 | 7 | 16 | 10 | 11 | 18 | 20 |
| Secretarial/Clerical: | 105 | 107 | 107 | 111 | 105 | 104 | 113 | 114 | 113 | 110 |
| Female percent | 95 | 95 | 95 | 95 | 95 | 99 | 96 | 97 | 96 | 97 |
| Minority percent | 13 | 16 | 19 | 17 | 13 | 16 | 18 | 18 | 19 | 18 |
| Technical/Paraprofessional: | 94 | 96 | 94 | 94 | 94 | 105 | 100 | 100 | 109 | 108 |
| Female percent | 64 | 61 | 61 | 63 | 64 | 62 | 65 | 64 | 62 | 62 |
| Minority percent | 19 | 19 | 17 | 18 | 19 | 22 | 22 | 22 | 26 | 25 |
| Service/Maintenance: | 31 | 31 | 32 | 31 | 31 | 33 | 33 | 33 | 35 | 35 |
| Female percent | 16 | 16 | 19 | 16 | 16 | 18 | 15 | 18 | 17 | 14 |
| Minority percent | 26 | 26 | 28 | 32 | 26 | 33 | 36 | 42 | 37 | 34 |
| Total: | 558 | 560 | 558 | 567 | 558 | 588 | 594 | 596 | 616 | 609 |
| Female percent | 63 | 63 | 62 | 63 | 63 | 63 | 63 | 64 | 63 | 64 |
| Minority percent | 12 | 12 | 12 | 12 | 12 | 14 | 14 | 15 | 16 | 15 |

Information provided by the Affirmative Action Office Compliance Report 1995-2005.

GATEWAY TECHNICAL COLLEGE DISTRICT

Per Credit Course Fee History Last Ten Fiscal Years

| Year | <u>Post Secondary/ Vocational Adult⁽¹⁾</u> | | | <u>Non-Aidable⁽²⁾</u> | | |
|------|---|-------------------|--|----------------------------------|-------------------------|-------------------|
| | Resident Program Fees | Percent change | Out of State Program Fees ⁽³⁾ | Percent change | Avocational programs | Percent change |
| 1997 | 51.20 | 6.2 % | 395.00 | 6.6 % | 80.00 | 2.6 % |
| 1998 | 54.20 | 5.9 | 427.20 | 8.2 | 82.50 | 3.1 |
| 1999 | 57.00 | 5.2 | 440.90 | 3.2 | 85.00 | 3.0 |
| 2000 | 59.25 | 3.9 | 454.20 | 3.0 | 89.00 | 4.7 |
| 2001 | 61.50 | 3.8 | 481.35 | 6.0 | 93.00 | 4.5 |
| 2002 | 64.00 | 4.1 | 499.60 | 3.8 | 97.00 | 4.3 |
| 2003 | 67.00 | 4.7 | 513.70 | 2.8 | 100.00 | 3.1 |
| 2004 | 70.00 | 4.5 | 489.75 | -4.7 | 105.00 | 5.0 |
| 2005 | 76.00 | 8.6 | 488.10 | -0.3 | 108.00 | 2.9 |
| 2006 | 80.50 | 5.9 | 510.30 | 4.5 | 115.00 | 6.5 |

Additional Per Credit Fees

Material Fees

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

Student Activity Fee

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

Notes:

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Enrollment Statistics
Historical Comparisons
Last Ten Fiscal Years

Student Enrollment ⁽¹⁾

| Fiscal year ended June 30 | Aidable | | | | Non-Aidable | | Unduplicated Total |
|------------------------------|---------------------|----------------------|---------------------|---------------------------------|---------------------------------|--------|-----------------------|
| | Associate degree | Technical Diploma | Vocational Adult | Non-post- secondary (ABE) | Community service program | | |
| 1997 | 7,290 | 2,315 | 15,628 | 6,962 | 51 | 28,085 | |
| 1998 | 7,032 | 2,202 | 14,378 | 6,740 | 37 | 26,451 | |
| 1999 | 7,250 | 2,248 | 13,572 | 6,697 | 20 | 26,153 | |
| 2000 | 7,254 | 2,246 | 12,435 | 6,687 | 11 | 25,512 | |
| 2001 | 7,307 | 2,265 | 13,419 | 6,898 | 0 | 26,485 | |
| 2002 | 8,214 | 2,840 | 13,274 | 8,101 | 22 | 28,252 | |
| 2003 | 8,512 | 3,296 | 12,892 | 8,097 | 0 | 28,524 | |
| 2004 | 8,910 | 3,480 | 11,714 | 7,813 | 0 | 27,511 | |
| 2005 | 8,747 | 3,001 | 12,049 | 7,181 | 0 | 26,955 | |
| 2006 | 9,008 | 2,746 | 10,874 | 6,918 | 0 | 25,540 | |

Full-Time Equivalent ⁽²⁾

| Fiscal year ended June 30 | Aidable | | | | Non-Aidable | | Total |
|------------------------------|---------------------|----------------------|---------------------|---------------------------------|---------------------------------|-------|-------|
| | Associate degree | Technical Diploma | Vocational Adult | Non-post- secondary (ABE) | Community service program | | |
| 1997 | 2,307 | 1,152 | 252 | N/A | 2 | 3,713 | |
| 1998 | 2,165 | 479 | 244 | 639 | 1 | 3,528 | |
| 1999 | 2,198 | 422 | 246 | 602 | 1 | 3,469 | |
| 2000 | 2,247 | 441 | 199 | 611 | 0 | 3,498 | |
| 2001 | 2,441 | 426 | 224 | 633 | 0 | 3,724 | |
| 2002 | 2,903 | 528 | 229 | 859 | 1 | 4,520 | |
| 2003 | 3,216 | 575 | 208 | 981 | 0 | 4,980 | |
| 2004 | 3,330 | 576 | 197 | 912 | 0 | 5,015 | |
| 2005 | 3,296 | 534 | 200 | 821 | 0 | 4,851 | |
| 2006 | 3,580 | 426 | 183 | 853 | 0 | 5,042 | |

Source: Wisconsin Technical College System Board

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

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

| <u>Year</u> | <u>Number of graduates</u> | <u>Number of respondents</u> | <u>Total number in labor force</u> | <u>Percent employed</u> | <u>Percent employed in related occupation</u> | <u>Percent employed in District</u> | <u>Average Hourly Salary⁽²⁾</u> | <u>Percent Satisfied with Training</u> |
|-------------|----------------------------|------------------------------|------------------------------------|-------------------------|---|-------------------------------------|--|--|
| 1996 | 1,088 | 904 | 796 | 92% | 72% | 75% | \$ 10.86 | 95% |
| 1997 | 1,160 | 900 | 832 | 94 | 72 | 71 | 11.43 | 96 |
| 1998 | 1,000 | 807 | 747 | 93 | 78 | 68 | 11.89 | 97 |
| 1999 | 947 | 784 | 738 | 94 | 73 | 62 | 12.51 | 95 |
| 2000 | 905 | 733 | 680 | 93 | 75 | 63 | 13.59 | 96 |
| 2001 | 1,070 | 851 | 763 | 91 | 75 | 70 | 14.08 | 96 |
| 2002 | 1,429 | 1,180 | 1,057 | 89 | 67 | 74 | 14.15 | 97 |
| 2003 | 1,799 | 1,473 | 1,316 | 87 | 63 | 71 | 13.70 | 97 |
| 2004 | 2,029 | 1,600 | 1,404 | 89 | 61 | 68 | 14.10 | 97 |
| 2005 | 1,782 | 1,439 | 1,254 | 88 | 66 | 65 | 15.12 | 98 |

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Square Footage of District Facilities Last Five Fiscal Years

| <u>County</u> | <u>Location</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|---------------|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Racine | Racine Campus | | | | | |
| | Main Building | 16,115 | 16,115 | 16,115 | 16,115 | 16,115 |
| | Lake Building | 76,362 | 76,362 | 76,362 | 76,362 | 76,362 |
| | Tech Building | 109,336 | 109,336 | 109,336 | 109,336 | 109,336 |
| | Racine Building | 69,490 | 69,490 | 69,490 | 69,490 | 69,490 |
| | Connecting Passages | 3,270 | 3,270 | 3,270 | 3,270 | 3,270 |
| | Racine Campus Sub-Total | <u>274,573</u> | <u>274,573</u> | <u>274,573</u> | <u>274,573</u> | <u>274,573</u> |
| | CATI | 42,186 | 42,186 | 42,186 | 42,186 | - |
| | Burn Building-Town of Dover (Land lease) | 1,440 | 1,440 | 1,440 | 1,440 | 1,440 |
| | Racine County Job Center (Leased) | - | 1,440 | 1,440 | 1,440 | 1,440 |
| | Racine County Sub-Total | <u>318,199</u> | <u>319,639</u> | <u>319,639</u> | <u>319,639</u> | <u>277,453</u> |
| Kenosha | Kenosha Campus | | | | | |
| | Administration Building | 17,353 | 17,353 | 17,353 | 17,353 | 17,353 |
| | Conference Building | 29,365 | 29,365 | 29,365 | 29,365 | 29,365 |
| | BioCatt Building | 30,405 | 30,405 | 30,405 | - | - |
| | Child Care (ECP) | 18,085 | 18,085 | 18,085 | - | - |
| | Academic Building | 113,965 | 113,965 | 96,835 | 96,835 | 96,835 |
| | Horticultural Buildings | 5,873 | 5,873 | 5,873 | 5,873 | 5,873 |
| | Sciences Building | 55,992 | 55,992 | 55,992 | 55,992 | 55,992 |
| | Service Building | 13,456 | 13,456 | 13,456 | 13,456 | 13,456 |
| | Storage Buildings | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 |
| | Technical Building | 63,634 | 63,634 | 63,634 | 63,634 | 63,634 |
| | Kenosha Campus Sub-Total | <u>350,478</u> | <u>350,478</u> | <u>333,348</u> | <u>284,858</u> | <u>284,858</u> |
| | Leased Facilities: | | | | | |
| | Aviation Building (Land lease) | 23,477 | 23,477 | 23,477 | 23,477 | 23,477 |
| | Lakeview Technology Center | 23,200 | 23,200 | 23,200 | 23,200 | 23,200 |
| | Kenosha County Job Center | 1,026 | 1,026 | 1,026 | 1,026 | 1,026 |
| | Kenosha County Sub-Total | <u>398,181</u> | <u>398,181</u> | <u>381,051</u> | <u>332,561</u> | <u>332,561</u> |
| Walworth | Elkhorn Campus | | | | | |
| | Alternative High School | 7,474 | 7,474 | 7,474 | 7,474 | 7,474 |
| | South Building | 38,596 | 38,596 | 38,596 | 38,596 | 38,596 |
| | North Building | 42,230 | 42,230 | 42,230 | 42,230 | 42,230 |
| | Job Center Building | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| | Garage Building | 1,673 | 1,673 | 1,673 | 1,673 | 1,673 |
| | Elkhorn Campus Sub-Total | <u>96,473</u> | <u>96,473</u> | <u>96,473</u> | <u>96,473</u> | <u>96,473</u> |
| | Burlington Campus (Leased) | | | | | |
| | 380 Building | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| | 496 Building | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| | Walworth County Sub-Total | <u>141,473</u> | <u>141,473</u> | <u>141,473</u> | <u>141,473</u> | <u>141,473</u> |
| | Total District Square Footage | <u>856,827</u> | <u>856,827</u> | <u>839,697</u> | <u>791,207</u> | <u>749,021</u> |

CAMPUSES

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| A S S O C I A T E D E G R E E S | Elkhorn | Kenosha | Racine |
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2006-2007 Associate Degree Programs at Gateway Technical College (current as of date printed)

Length of Program (full time)
Most programs may be started on any campus.

| | |
|--|---------|
| Accounting (10-101-1) | 2 Years |
| Administrative Assistant (10-106-6) | 2 Years |
| Aeronautics – Pilot Training (10-402-1) | 2 Years |
| Air Conditioning, Heating, and Refrigeration Technology (10-601-1) | 2 Years |
| Automated Manufacturing Systems Technician (10-628-3) | 2 Years |
| Automotive Technology (10-602-3) | 2 Years |
| Bioscience Technician (10-007-4) | 2 Years |
| Civil Engineering Technology (10-607-1) | 2 Years |
| * Clinical Laboratory Technician (shared program with MATC) (10-513-1) | 2 Years |
| ✓ Criminal Justice - Law Enforcement (10-504-1) | 2 Years |
| ■ Culinary Arts (10-316-1) | 2 Years |
| * Dental Hygiene (shared program with MATC) (10-508-1) | 2 Years |
| ■ Early Childhood Education (10-307-1) | 2 Years |
| ■ Electrical Engineering Technology (10-662-1) | 2 Years |
| ■ Electromechanical Technology (10-620-1) | 2 Years |
| ■ Electronic Technician (10-605-1) | 2 Years |
| ■ Fire Science (10-503-1) | 2 Years |
| * Global Business Specialist (shared program with WCTC) (10-138-1) | 2 Years |
| ■ Graphic Technologies/Designer (10-204-3) | 2 Years |
| ■ Health Information Technology (10-530-1) | 2 Years |
| ■ Horticulture (10-001-1) | 2 Years |
| ■ Hotel/Hospitality Management (10-109-1) | 2 Years |
| ✓ Human Services Associate (10-520-3) | 2 Years |
| + Individualized Technical Studies (10-825-1) | 2 Years |
| ✓ Industrial Mechanical Technician (10-462-1) | 2 Years |
| Information Technology – Computer Support Specialist (10-154-3) | 2 Years |
| Information Technology – Network Specialist (10-150-2) | 2 Years |
| Information Technology – Programmer/Analyst (10-152-1) | 2 Years |
| ■ Instructional Assistant (10-522-2) | 2 Years |
| ■ Interior Design (10-304-1) | 2 Years |
| ■ Interpreter Technician (10-533-2) | 2 Years |
| * Judicial Reporting (shared program with LTC) (10-106-1) | 2 Years |
| ■ Marketing (10-104-3) | 2 Years |
| ■ Mechanical Design Technician (10-606-1) | 2 Years |
| + Nursing – Associate Degree (ADN/RN) (10-543-1) | 2 Years |
| * Occupational Therapy Assistant (shared program with MATC) (10-514-1) | 2 Years |
| ■ Paramedic Technician (10-531-1) | 2 Years |
| ■ Physical Therapist Assistant (10-524-1) | 2 Years |
| ■ Radio Broadcasting (10-701-2) | 2 Years |
| ■ Radiography (10-526-1) | 2 Years |
| * Respiratory Care (shared program with MATC) (10-515-1) | 2 Years |
| ■ Supervisory Management (10-196-1) | 2 Years |
| + Surgical Technology (10-512-1) | 2 Years |
| ■ Technical Communications (10-699-1) | 2 Years |
| ■ Web Developer/Administrator (10-152-3) | 2 Years |

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

| TECHNICAL DIPLOMAS | CAMPUSES | | |
|--------------------|----------|---------|--------|
| | Elkhorn | Kenosha | Racine |
| | ■ | ■ | ■ |
| | ■ | ■ | ■ |

2006-2007 Technical Diploma Programs at Gateway Technical College *(current as of date printed)*

Most programs may be started on any campus.

| | Length of Program (full time) |
|--|----------------------------------|
| Airframe and Powerplant Mechanics (32-402-1) | 2 Years |
| Automotive Maintenance Technician (31-404-3) | 1 Year |
| Barber/Cosmetologist (31-502-1) | 1 Year |
| + Dental Assistant (31-508-1) | 1 Year |
| + Emergency Medical Technician (EMT) – Basic (30-531-3) | 20 Weeks |
| EMT - Basic IV Tech (30-531-6) | 20 Weeks |
| EMT - Intermediate (30-531-4) | 20 Weeks |
| EMT - Paramedic (30-531-2) | 20 Weeks |
| Facilities Maintenance (31-443-2) | 1 Year |
| Health Unit Coordinator (30-510-2) | 18 Weeks |
| Medical Assistant (31-509-1) | 1 Year |
| Medical Transcription (31-106-7) | 1 Year |
| Nursing Assistant-Basic (30-543-1)/Medication Assistant (30-510-5) | 6 Weeks |
| Office Assistant (31-106-1) | 1 Year |
| * Pharmacy Technician (shared program with Lakeshore Technical College) (31-536-1) | 1 Year |
| + Practical Nursing (31-543-1) | 1 Year |
| * Renal Dialysis Technician (shared program with MATC) (31-517-1) | 1 Year |
| + Welding (31-442-1) | 1 Year |
| + Welding/Maintenance and Fabrication (30-442-2) | 18 Weeks |

| A T C | CAMPUSES | | |
|-------|----------|---------|--------|
| | Elkhorn | Kenosha | Racine |
| | ■ | ■ | ■ |
| | ■ | ■ | ■ |

2006-2007 Advanced Technical Certificates at Gateway Technical College *(current as of date printed)*

See Student Services for Enrollment Information

| |
|--|
| AEDC |
| Educational Interpreting |
| Electronic Computer Specialist |
| Financial Planning |
| Law Enforcement |
| Multimedia |
| Network Security |
| Oracle |
| Oracle Forms Builder |
| Psychosocial Nursing |
| Solaris Unix Certification |
| WebSphere Programming & Administration |

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



SERVING SOUTHEASTERN WISCONSIN SINCE 1911

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

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

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

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

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

Center for Bioscience &
Integration of Computer
and Telecommunications
Technology (BioCATT)
3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3600
262.564.3601 FAX

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

Racine County
Workforce Development
Center
1717 Taylor Avenue
Racine, WI 53403-2405
262.638.6640
FAX 262.638.6990

Kenosha County Job Center
8600 Sheridan Road
Kenosha, WI 53143-6505
262.697.4500
FAX 262.697.4563

Walworth County Job Center
1000 E. Centralia Street
Elkhorn, WI 53121-2032
262.741.8518
FAX 262.741.8133

WGTD-FM/91.1
3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3800
262.619.6800
262.564.3801 FAX

Center for Advanced
Technology & Innovation (CATI)
Renaissance Business Park
2320 Renaissance Blvd.
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