

FINAL OFFICIAL STATEMENT DATED NOVEMBER 20, 2025

NEW ISSUE
Bank Qualified

Moody's Rated "Aa2"
(See "RATING" herein)

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Notes shall be designated as "qualified tax-exempt obligations". See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

\$4,500,000
SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT, WISCONSIN
Crawford, Dane, Grant, Green, Iowa, Lafayette, Richland, Sauk and Vernon Counties
General Obligation Promissory Notes, Series 2025A

Dated: December 11, 2025

Due: June 1, 2026 - 2030

The \$4,500,000 General Obligation Promissory Notes, Series 2025A (the "Notes") will be dated December 11, 2025, will be in the denomination of \$5,000 each or any multiple thereof, and will mature serially on June 1 of the years 2026 through 2030. Interest on the Notes shall be payable commencing on June 1, 2026 and semi-annually thereafter on December 1 and June 1 of each year.

MATURITY SCHEDULE

				CUSIP ⁽¹⁾
				Base
(June 1)	Amount	Rate	Yield	84533P
2026	\$900,000	5.00%	2.86%	KU7
2027	900,000	5.00	2.77	KV5
2028	900,000	5.00	2.76	KW3
2029	900,000	5.00	2.76	KX1
2030	900,000	5.00	2.78	KY9

The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Notes will be general obligations of the Southwest Wisconsin Technical College District (the "District" or "SWTC") for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The proceeds from the sale of the Notes will be used for the public purposes of paying the cost of building remodeling and improvement projects (\$700,000) and the acquisition of movable equipment (\$3,800,000).

The Notes are not subject to call and prior optional redemption. (See "REDEMPTION PROVISIONS" herein).

The Financial Advisor to the District is:

BAIRD

The Notes will be issued only as fully registered Notes and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Notes. Individual purchases will be made in book-entry form only in denominations of \$5,000 principal amount or any integral multiple thereof. Purchasers of the Notes will not receive certificates representing their interest in the Notes purchased. (See "BOOK-ENTRY-ONLY SYSTEM.")

The District's Notes are offered when, as and if issued subject to the approval of legality by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. The settlement date for this issue is on or about December 11, 2025.

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SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT, WISCONSIN
Crawford, Dane, Grant, Green, Iowa, Lafayette, Richland, Sauk and Vernon Counties

DISTRICT BOARD

Chris J. Prange, Chairperson
Charles J. Bolstad, Vice Chairperson
Kent Enright, Secretary
Jane Wonderling, Treasurer
David A. Blume, Member
Theresa Braudt, Member
Jeanne Jordie, Member
Donald L. Tuescher, Member
Steve Williamson, Member

ADMINISTRATION

Caleb White, Interim President/Vice President for Administrative Services
Cynde Larsen, Chief Academic Officer/Executive Dean
Krista Weber, Chief Human Resources Officer
Holly Clendenen, Chief Student Services Officer
Katie Glass, Chief Communications Officer

ATTORNEY FOR DISTRICT

Eric B. Hagen
Boardman & Clark LLP
Fennimore, Wisconsin

PROFESSIONAL SERVICES

Financial Advisor: Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin
Bond Counsel: Quarles & Brady LLP, Milwaukee, Wisconsin
Paying Agent Contact: District Officials, Southwest Wisconsin Technical College District, Wisconsin ⁽¹⁾

⁽¹⁾ Mr. Caleb White, Interim President/Vice President for Administrative Services, is the contact person for paying agent matters.

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is being distributed in connection with the sale of the Notes referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. No dealer, broker, salesman or other person is authorized to make any representations concerning the Notes other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the Southwest Wisconsin Technical College District, Wisconsin (the "District"). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

Unless otherwise indicated, the District is the source of the information contained in this Official Statement. Certain information in this Official Statement has been obtained by the District or on its behalf from The Depository Trust Company and other non-District sources that the District believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Nothing contained in this Official Statement is a promise of or representation by Robert W. Baird & Co. Incorporated (the "Financial Advisor"). The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor and the Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor and the Underwriter do not guarantee the accuracy or completeness of such information. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the District or other information in this Official Statement, since the date of this Official Statement.

This Official Statement contains statements that are "forward-looking statements" as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words "estimate," "intend," "project" or "projection," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Notes will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE NOTES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE NOTES ARE RELEASED FOR SALE AND THE NOTES MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE NOTES INTO INVESTMENT ACCOUNTS.

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SUMMARY

District:	Southwest Wisconsin Technical College District, Wisconsin (the "District").
Issue:	\$4,500,000 General Obligation Promissory Notes, Series 2025A (the "Notes").
Dated Date:	December 11, 2025.
Interest Due:	Commencing June 1, 2026 and semiannually thereafter on December 1 and June 1 of each year. Interest on the Notes will be computed on the basis of a 30-day month and a 360-day year.
Principal Due:	June 1 of the years 2026 through 2030.
Redemption Provision:	The Notes shall not be subject to call and prior redemption. (See "REDEMPTION PROVISIONS" herein).
Security:	The full faith, credit and resources of the District are pledged to the payment of the principal of and the interest on the Notes as the same become due and, for said purposes, there are levied on all the taxable property in the District, direct, annual irrepealable taxes in each year and in such amounts which will be sufficient to meet such principal and interest payments when due. Under current law, such taxes may be levied without limitation as to rate or amount.
Purpose:	The proceeds from the sale of the Notes will be used for the public purposes of paying the cost of building remodeling and improvement projects (\$700,000) and the acquisition of movable equipment (\$3,800,000).
Tax Status:	Interest on the Notes is excludable from gross income for federal income tax purposes. (See "TAX EXEMPTION" herein.)
Credit Rating:	This issue has been assigned a "Aa2" rating by Moody's Investors Service, Inc. (See "RATING" herein.)
Bank Qualification:	The Notes shall be designated as "qualified tax-exempt obligations."
Bond Years:	11,125.00 years.
Average Life:	2.472 years.
Record Date:	The 15th day of the calendar month next preceding each interest payment date.

Information set forth on this page is qualified by the entire Official Statement. A full review of the entire Official Statement should be made by potential investors.

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Southwest Wisconsin Technical College District, Wisconsin (the "District" or "SWTC" and the "State" respectively) in connection with the sale of the District's \$4,500,000 General Obligation Promissory Notes, Series 2025A (the "Notes"). The Notes are issued pursuant to the Constitution and laws of the State and the resolutions (the "Resolutions") adopted by the District Board (the "Board") and other proceedings and determinations related thereto.

The Award Resolution (defined herein) provides that the District will establish a separate debt service fund with respect to payment of principal and interest on the Notes. In practice, the District will maintain a separate account in its debt service fund for each issue. This is in accordance with the traditional interpretation by the District of its obligation under prior note and bond resolutions respecting the maintenance of separate funds.

All summaries of statutes, documents and Resolutions contained in this Official Statement are subject to all the provisions of, and are qualified in their entirety by reference to such statutes, documents and Resolutions, and references herein to the Notes are qualified in their entirety by reference to the form thereof included in the Award Resolution. Copies of the Resolutions may be obtained from the Financial Advisor (defined herein) upon request.

REDEMPTION PROVISIONS

The Notes shall not be subject to call and prior redemption.

ESTIMATED SOURCES AND USES

Sources of Funds

Par Amount of Notes	\$4,500,000.00
Reoffering Premium	235,314.00
Total Sources	<u><u>\$4,735,314.00</u></u>

Uses of Funds

Deposit to Project Construction Fund	\$4,500,000.00
Bid Premium for Deposit to Debt Service Fund	219,564.00
Costs of Issuance (including Underwriter's Discount)	15,750.00
Total Uses	<u><u>\$4,735,314.00</u></u>

CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS

The Constitution and laws of the State limit the power of the District (and other municipalities of the State) to issue obligations and to contract indebtedness. Such constitutional and legislative limitations include the following, in summary form and as generally applicable to the District.

Purpose

The District may not borrow money or issue notes or bonds therefor for any purpose except those specified by statute, which include among others the purposes for which the Notes are being issued.

General Obligation Bonds

The principal amount of every sum borrowed by the District and secured by an issue of bonds may be payable at one time in a single payment or at several times in two or more installments; however, no installment may be made payable later than the termination of twenty years immediately following the date of the bonds. The Board is required to levy a direct, annual, irrepealable tax sufficient in amount to pay the interest on such bonds as it falls due and also to pay and discharge the principal thereof at maturity. Bonds issued by the District to refinance or refund outstanding notes or bonds issued by the District may be payable no later than twenty years following the original date of such outstanding notes or bonds.

Promissory Notes

In addition to being authorized to issue bonds, the District is authorized to borrow money using promissory notes for any public purpose. To evidence such indebtedness, the District must issue to the lender its promissory notes (with interest) payable within a period not exceeding 20 years following the date of said notes. Such notes constitute a general obligation of the District. Notes may be issued to refinance or refund outstanding promissory notes. However, such notes must be payable within 10 years and not later than twenty years following the original date of such outstanding notes.

Temporary Borrowing

The Board may, on its own motion, borrow money in such sums as may be needed to meet the immediate expenses of maintaining the schools in the District during the current fiscal year. No such loan or loans shall be made to extend beyond November 1 of the next fiscal year nor in any amount exceeding one-half of the estimated receipts for the operation and maintenance of the school for the current fiscal year in which the loan is made.

Debt Limit

Wisconsin Statutes limit the aggregate amount of District indebtedness to an amount not to exceed five percent (5%) of the value of taxable property located in the District. The maximum bonded indebtedness of the District for purchasing school sites and constructing and equipping buildings may not exceed two percent (2%) of the value of the taxable property within the District. For information with respect to the District's percent of legal debt incurred, see the caption INDEBTEDNESS OF THE DISTRICT --"Debt Limit," herein.

THE RESOLUTIONS

The following is a summary of certain provisions of the Resolutions pursuant to the procedures prescribed by the Wisconsin Statutes. Reference is made to the Resolutions for a complete recital of their terms.

Authorizing Resolution

By way of a resolution adopted on October 23, 2025 (the "Authorizing Resolution"), the District authorized the issuance of general obligation promissory notes in an amount not to exceed \$4,500,000 for the public purposes of paying the cost of building remodeling and improvement projects (\$700,000) and the acquisition of movable equipment (\$3,800,000).

As required by Wisconsin Statute, notice of the adoption of the Authorizing Resolution for the Notes was published in the official newspaper of the District on October 30, 2025. The Authorizing Resolution is subject to referendum if, within 30 days after publication of the notice of adoption of the resolution, a sufficient petition requesting a referendum is filed by the electors of the District. The petition period for the Authorizing Resolution for the Notes will expire on December 1, 2025. Award of the Notes is subject to the expiration of the petition period without the filing of a sufficient petition for a referendum with respect to building remodeling and improvement projects and acquiring movable equipment.

Award Resolution

By way of a resolution adopted on November 20, 2025 (the "Award Resolution"), the Board accepted the bid of the Underwriter (defined herein) for the purchase of the Notes, in accordance with bid specifications, subject to the condition that no sufficient petition for referendum is filed by the expiration of the petition period, provide the details and form of the Notes, and set out certain covenants with respect thereto. The Award Resolution pledged the full faith, credit and resources of the District to payments of the principal of and interest on the Notes. Pursuant to the Award Resolution, the amount of direct, annual, irrevocable taxes levied for collection in the years 2026 through 2030 which will be sufficient to meet the principal and interest payments on the Notes when due will be specified (or monies to pay such debt service will otherwise be appropriated). The Award Resolution establishes separate and distinct from all other funds of the District a debt service fund with respect to payment of principal of and interest on the Notes.

THE DISTRICT

The Board is comprised of nine members (two employer members, two employee members, three additional members, one elected official and one school district administrator). The Board is appointed by the K-12 School Board Chairpersons within the District and is confirmed by the Wisconsin Technical College System Board. The members are appointed for staggered three-year terms and elect a Chairperson, Vice Chairperson, Secretary and Treasurer for one-year terms.

The present members of the Board and the expiration of their respective terms of office are as follows:

Board Members	Employer and Position	Expiration of Term
Chris J. Prange, Chairperson	Retired – CPA & President/CEO, American Bank & Trust	June, 2026
Charles J. Bolstad, Vice Chairperson	Retired - Guidance Counselor & Educator, Mechanic/Controller, Wisconsin Army National Guard	June, 2028
Kent Enright, Secretary	Retired - Sales Representative, Carey's Seamless Gutters & Doors	June, 2027
Jane Wonderling, Treasurer	District Administrator, Fennimore Community Schools	June, 2027
David A. Blume, Member	Maintenance Supervisor, ElderSpan Management	June, 2026
Theresa Braudt, Member	Administrator, Emplify Health by Gunderson Hospital	June, 2028
Jeanne Jordie, Member	Senior Recreation Coordinator, Prairie du Chien Park District	June, 2028
Donald L. Tuescher, Member	President, Tuescher Electric & Refrigeration	June, 2027
Steve Williamson, Member	County Board Vice Chair, Richland County Supervisor & Purchasing Supervisor, Hartung Brothers	June, 2026

Source: *The District*.

Administration

The District Board is empowered to employ a President to conduct the District's day-to-day operations. Mr. Caleb White became the Interim President effective July 1, 2025. Mr. White continues to serve as Vice President for Administrative Services at the District. The other Administrative team members are listed below:

Name	Title	Years of Service
Caleb White	Interim President/Vice President for Administrative Services	21.0
Cynde Larsen	Chief Academic Officer/Executive Dean	21.0
Krista Weber	Chief Human Resources Officer	10.5
Holly Clendenen	Chief Student Services Officer	10.0
Katie Glass	Chief Communications Officer	9.0

Source: *The District*.

Enrollments

Enrollment Year	FTE Total
2020-21	1,258
2021-22	1,254
2022-23	1,304
2023-24	1,312
2024-25	1,294
2025-26*	1,300
2026-27*	1,325
2027-28*	1,350
2028-29*	1,350
2029-30*	1,350
2030-31*	1,375

* Projected enrollments are based on new programming plans and targeted retention and recruitment initiatives.

Source: The District.

Employment Relations

Department	2025-26 Number of Employees*
Instructional	71
Instructional Resources	2
Student Services	53
General Institutional	49
Physical Plant	13
Auxiliary Services	6
TOTAL	194

* Does not include 31 regular part-time positions or approximately 250 part-time outreach positions.

Source: The District.

The District currently has no organized labor groups. The District considers its relationship with its employees to be excellent.

All eligible District personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and, after significant changes were made to the law in 2011, very limited rights to collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32.

As a result of the 2011 amendments to MERA, the District is prohibited from bargaining collectively with municipal employees with respect to any factor or condition of employment except total base wages. Even then, the District is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless the District were to seek approval for a higher increase through a referendum). Ultimately, the District can unilaterally implement the wages for a collective bargaining unit⁽¹⁾.

⁽¹⁾On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission*, Case No. 2023CV3152, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss states that the Act violates the equal protection clause of the Wisconsin Constitution and declares those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructs the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. In the event that a final judgment is entered to the same effect, it is expected that the decision would be appealed. No guarantee can be made regarding the future outcome of the case or any subsequent appeals.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the District, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement.

Due to the changes described above, the Board is free to unilaterally determine and promulgate policies, benefits and other terms and conditions of employment. The Employee Handbook sets forth policies, procedures and benefits for employees of the nature that were previously set forth in labor contracts. The Employee Handbook's terms are subject to change at the sole discretion of the District and are not subject to grievance or arbitration by the unions. However, individual employees are allowed to file a grievance if they are disciplined or terminated. However, under the changes to MERA, the Board, rather than an arbitrator, is the final decision-maker regarding any grievance, though the grievance must be heard by an impartial hearing officer before reaching the Board.

Pension Plan

All eligible employees in the District are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

District employees are required to contribute half of the actuarially determined contributions, and the District may not pay the employees' required contribution. During the fiscal years ended June 30, 2022, June 30, 2023 and June 30, 2024 ("Fiscal Year 2024") the District's portion of contributions to WRS (not including any employee contributions) totaled \$849,302, \$906,969 and \$978,481, respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2023, the total pension liability of the WRS was calculated as \$129.2 billion and the fiduciary net position of the WRS was calculated as \$127.7 billion, resulting in a net pension liability of \$1.5 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, as of Fiscal Year 2024, the District reported a liability of \$1,096,833 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2023 based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. The District's proportion was 0.07377113% of the aggregate WRS net pension liability as of December 31, 2023.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees.

For more detailed information regarding the WRS and such actuarial assumptions, see Note 6 in "Appendix A - Basic Financial Statements and Related Notes for the year ended June 30, 2024" attached hereto.

Other Post Employment Benefits

The District provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the District and have satisfied specified eligibility standards through a single-employer defined benefit plan. Membership of the plan consisted of 87 retirees receiving benefits and 133 active eligible plan members as of June 30, 2024, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and prepared in accordance with Statement No. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75"). An actuarial study for the plan prepared in accordance with GASB 74/75 was last completed by Foster & Foster Consulting Actuaries Inc. in June 2025 with an actuarial valuation date of June 30, 2024.

For Fiscal Year 2024, benefit payments for the plan totaled \$369,321. The District's current funding practice is to make annual contributions to the plan in the amounts at least equal to the benefits paid to retirees in a particular year on a "pay-as-you-go" basis.

Under GASB 74/75, a net OPEB liability (or asset) is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

For Fiscal Year 2024 (measured as of June 30, 2024), the plan's total OPEB liability was \$2,204,042 and the plan fiduciary net position was \$326,013, resulting in a net OPEB liability of \$1,878,029.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions, see Note 7 in "Appendix A –Basic Financial Statements and Related Notes for the year ended June 30, 2024" attached hereto.

GENERAL INFORMATION

Location

The District (also referred to as "SWTC" or "College"), formerly Southwest Wisconsin Vocational Technical Institute, offers a variety of educational and training opportunities. SWTC was established in 1967 and includes all of Grant and Lafayette Counties, and portions of Crawford, Dane, Green, Iowa, Richland, Sauk and Vernon Counties. The District encompasses approximately 3,800 square miles, with 163 municipalities and 30 public school districts located within SWTC boundaries. There is one centrally located campus at Fennimore, approximately 70 miles southwest of the City of Madison.

Mission Statement

"Southwest Wisconsin Technical College provides education and training opportunities responsive to students, employers, and communities."

Vision Statement

"Southwest Wisconsin Technical College will be a preferred provider of education, source of talent, and place of employment in the region. We at the College change lives by providing opportunities for success."

Accreditation

SWTC is fully accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools.

SWTC Programs

The District offers multiple programs to achieve the mission of SWTC. These include 28 associate degree, 2 liberal arts, 2 two-year technical diploma, 18 one-year technical diploma, 8 less-than-one year technical diploma, and 4 apprenticeship programs. SWTC offers 10 completely online programs and multiple special offerings, including fully online and web-enhanced courses.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

	The District ⁽¹⁾	Grant County	City of Platteville	Iowa County	City of Dodgeville
Estimate, 2025	(2)	51,807	11,614	24,102	5,094
Estimate, 2024	124,056	51,699	11,710	23,977	5,073
Estimate, 2023	123,045	51,236	11,460	23,892	5,046
Estimate, 2022	123,182	51,171	11,154	23,936	5,038
Census, 2020	125,851	51,938	11,836	23,709	4,984

⁽¹⁾ District population estimates are based on Wisconsin Department of Administration Final Population Estimates for 2022.

⁽²⁾ Not available.

Source: Wisconsin Department of Administration, Demographic Services Center.

Adjusted Gross Income Per Tax Return

	State of Wisconsin	Grant County	City of Platteville	Iowa County	City of Dodgeville
2024	\$76,638	\$63,221	\$61,780	\$74,792	\$70,052
2023	73,001	61,057	56,050	70,316	63,618
2022	70,548	57,035	52,118	68,618	63,447
2021	66,369	54,132	53,211	65,636	63,183
2020	61,518	49,110	46,745	59,715	55,528

Source: Wisconsin Department of Revenue, Division of Research and Policy.

Unemployment Rate

	State of Wisconsin	Grant County	Iowa County
August, 2025 ⁽¹⁾	3.2%	3.2%	2.5%
August, 2024	2.9	3.3	2.4
Average, 2024 ⁽¹⁾	3.0%	3.0%	2.7%
Average, 2023	2.8	2.7	2.5
Average, 2022	2.8	2.6	2.6
Average, 2021	3.8	3.0	3.4
Average, 2020	6.4	5.3	6.3

⁽¹⁾ Preliminary.

Source: Wisconsin Department of Workforce Development – WisConomy.

Largest Employers in the District

Employer Name	Type of Business	Number of Employees
Lands' End Inc.	Retail/distribution	4,000
Wal-Mart Stores, Inc.	Retail/distribution	999 ⁽¹⁾
University of Wisconsin - Platteville	Education	941
Cabela's Inc.	Retail/distribution	800 ⁽²⁾
Truvant	Plastic packaging solutions	675 ⁽³⁾
Crossing Rivers Health	Health care center	635
Rockwell Automation	Manufacturer of electric motor controls	630
Cummins Inc.	Manufacturer of engines and generators	600
Southwest Health Center Inc.	Medical facility	510
3-M Company	Manufacturer of abrasives	500

⁽¹⁾Includes 4 locations in Prairie du Chien (250), Platteville (330), Richland Center (300), Dodgeville (119).

⁽²⁾During peak season, employment increases to over 1,000.

⁽³⁾2 locations in Boscobel (400) and Prairie du Chien (275).

Sources: Data Axle Genie (www.salesgenie.com) and City of Platteville official statement dated October 8, 2024.

Largest Taxpayers in the District*

Taxpayer Name	Type of Business/Property	2024 Assessed Valuation	2024 Equalized Valuation
Wal-Mart Stores, Inc. ^(1/2/3/4)	Retail/distribution	\$47,559,169	\$54,711,355
Cabela's Inc. ⁽¹⁾	Retail/distribution	42,562,650	42,628,489
Lands' End Inc. ⁽²⁾	Retail/distribution	32,012,400	38,326,891
Senior Village of Platteville ⁽³⁾	Assisted living	17,296,900	18,257,200
Southwest Health Center Inc. ⁽³⁾	Health care, nursing home & urgent care	16,787,700	17,719,700
Emmi Roth ⁽³⁾	Manufacturing	14,818,700	15,641,400
Fox Ridge Estates ⁽³⁾	Apartments	13,407,300	14,151,700
Schreiber Foods, Inc. ⁽⁴⁾	Manufacturer of yogurt, sour cream	8,985,700	14,003,100
Menards ⁽³⁾	Retail	11,735,800	12,387,400
Miners Development LLC ⁽³⁾	Hotel	10,115,600	10,667,200
TOTAL		<u>\$215,281,919</u>	<u>\$238,494,434</u>

The above taxpayers represent 1.64% of the District's 2024 Equalized Value (TID IN) (\$14,574,434,970). The District's 2025 Equalized Value (TID IN) is \$15,833,614,719.

**This table shows largest taxpayers in the cities identified below. There are large taxpayers in other communities within the District; however, the major commercial and industrial base is located in these cities.*

⁽¹⁾ City of Prairie du Chien.

⁽²⁾ City of Dodgeville.

⁽³⁾ City of Platteville.

⁽⁴⁾ City of Richland Center.

Source: City of Platteville, Clerk, City of Dodgeville, Clerk, City of Prairie du Chien, Clerk, Richland School District official statement dated April 2, 2025, Crawford County Land Records website. Valuations for 2025 are not yet available.

TAX LEVIES, RATES AND COLLECTIONS

Special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31. Real property taxes may be paid in full by January 31 or in two equal installments payable by January 31 and July 31. Municipalities also have the option of adopting payment plans which allow taxpayers to pay their real property taxes and special assessments in three or more 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. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. Any amounts paid after July 31 are paid to the county treasurer. For municipalities which have not adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15 and February 20. For municipalities which have adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15, February 20 and the 15th day of each month following a month in which an installment payment is due. On or before August 20, the County Treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. The County Board may authorize its County Treasurer to also settle in full with the underlying taxing 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. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023. Since, in practice, all delinquent real estate taxes are withheld from the County's share of taxes, the District receives 100 percent of the real estate taxes it levies.

2013 Wisconsin Act 145 (the "Act 145") created a revenue limit (the "Revenue Limit") beginning in Fiscal Year 2015. Act 145 also shifted a portion of funding for technical college districts in the State from property taxes levied by the districts to a State aid payment by replacing \$406 million of property tax levies with a State payment beginning in 2015 (the "State Aid"). The amount of State Aid a particular technical college district will receive will be equal to the share of the district's equalized value as compared to the aggregate equalized value of all technical college districts in the State as of January 1, 2014. State Aid payments are made on the 3rd Friday in February each year.

Under Section 38.16 of the Wisconsin Statutes, as amended by Act 145, the Board may levy a tax on the full equalized value of taxable property within the area served by the District for the purposes of making capital improvements, acquiring equipment, operating and maintaining schools and paying principal and interest on valid bonds and notes issued by the District. However, unless approved by referendum and except for taxes levied to pay debt service on valid bonds and notes (other than Noncapital Notes as defined below), the District's revenue ("Revenue") in the 2014-15 school year or any school year thereafter may not be increased by an amount in excess of the District's valuation factor (as described below). Revenue is defined in Section 38.16 of the Wisconsin Statutes as the sum of: (i) the District's tax levy and (ii) the State Aid payment described in the paragraph above. Except in limited circumstances as provided in Section 38.16 of the Wisconsin Statutes, if the Board exceeds its Revenue Limit, the State Technical College System Board is required to make corresponding reductions in state aid payments received by the District.

The calculation of the District's tax levy under the Revenue Limit excludes taxes levied for the purpose of paying principal and interest on valid bonds and notes issued by the District to finance any capital project or equipment with a useful life of more than one year or to refund any municipal obligations or any interest on municipal obligations. However, the calculation of the District's tax levy under the Revenue Limit does apply to notes issued by the District under Section 67.12(12) of the Wisconsin Statutes on or after July 2, 2013 for other purposes (in essence non-capital purposes) ("Noncapital Notes").

Under the Revenue Limit, the District is prohibited from increasing its Revenue (for all purposes except paying principal and interest on valid bonds and notes other than Noncapital Notes) by a percentage that exceeds its valuation factor. Valuation factor is defined as a percentage equal to the greater of (i) the percentage change in the District's January 1 equalized value due to aggregate new construction, less improvements removed, in municipalities located in the District between the previous year and the current year, as determined by the Wisconsin Department of Revenue or (ii) zero percent. If a municipality is located in two or more districts, the Wisconsin Department of Revenue shall apportion the value of the aggregate new construction, less improvements removed, in the municipality among the districts based on the percentage of the municipality's equalized value located in each district. The Revenue Limit permits an increase in Revenue (i) if the District's actual Revenue in any school year is less than its allowable Revenue, allowing the District to carry forward the difference between the allowable Revenue and the actual Revenue, up to a maximum of 0.5% of the prior year's actual Revenue, if the District's

Board approves the increase by a three-fourths vote, (ii) with the approval of the electors of the District pursuant to a referendum, or (iii) in an amount equal to the amount of any refunded or rescinded property taxes paid by the Board in the year of the levy if they result in a redetermination of the District's equalized valuation by the Wisconsin Department of Revenue. For the 2025-26 fiscal year, the District established a mill rate of \$0.34516 for operational purposes and \$0.44721 for payment of debt.

The District cannot predict whether there will be any other legislation affecting District's property taxes and revenues in the future.

Set forth below are the taxes levied and the tax rate per \$1,000 equalized value on all taxable property within the District. The rates as set forth include amounts levied for debt service:

Collection Year	District Tax Rate	District Levy	Uncollected Taxes as of August 20th of Each Year	Percent of Levy Collected
2026	\$0.79	\$12,225,500	-To Be Collected-	
2025	0.85	12,002,011	- 0 -	100.00%
2024	0.93	11,763,712	- 0 -	100.00
2023	1.02	11,526,626	- 0 -	100.00
2022	1.13	11,277,569	- 0 -	100.00

Source: The District.

**2025-26 Proportionate Amounts of Local Tax Revenue
Per Municipality Based on 2025 Equalized Valuation**

Entity	2025 Equalized Valuation (TID OUT)	Percent of Levy	Amount of Levy
Crawford County	\$2,008,328,837	13.016673%	\$1,591,353
Dane County	18,611,688	0.120629%	\$14,747
Grant County	5,494,345,800	35.610752%	\$4,353,592
Green County	186,145,757	1.206475%	\$147,498
Iowa County	3,203,413,931	20.762432%	\$2,538,311
Lafayette County	2,070,363,500	13.418741%	\$1,640,508
Richland County	1,955,238,582	12.672576%	\$1,549,286
Sauk County	215,383,788	1.395977%	\$170,665
Vernon County	277,063,836	1.795746%	\$219,539
TOTAL	<u>\$15,428,895,719</u>	<u>100.000000%</u>	<u>\$12,225,500</u>

Source: Wisconsin Department of Revenue.

EQUALIZED VALUATIONS

All equalized valuations of property in the State of Wisconsin are determined by the State of Wisconsin, Department of Revenue, Supervisor of Assessments Office. Equalized valuations are the State's estimate of full market value. The State determines assessed valuations of all manufacturing property in the State. Assessed valuations of residential and commercial property are determined by local assessors.

Set forth in the table below is a historical summary of equalized valuations of property located within the District. The District's valuation (TID IN) has increased an average of 11.38 percent annually, with an overall increase of 53.90 percent since 2021.

Year	Equalized Valuation (TID IN)	Equalized Valuation (TID OUT)*
2025	\$15,833,614,719	\$15,428,895,719
2024	14,574,434,970	14,156,456,970
2023	13,117,644,361	12,701,141,261
2022	11,579,996,110	11,264,911,310
2021	10,288,229,441	10,005,850,141

**Some municipalities located within the District have Tax Incremental Districts ("TIDs") under Wisconsin Statutes 66.1105. TID valuations totaling \$404,719,000 for these municipalities have been excluded from the District's tax base for 2025.*

Source: Wisconsin Department of Revenue.

INDEBTEDNESS OF THE DISTRICT

Direct Indebtedness

Set forth below is the direct general obligation indebtedness of the District, including principal and interest payments due on existing debt, as well as debt service on the Notes. The interest on the Notes has been calculated using an average rate 5.00 percent. Bond years are 11,125.00 years and average life is 2.472 years.

Year	Outstanding Debt		The Notes		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2025	\$5,950,000	703,222			\$6,653,222
2026	5,295,000	493,075	\$900,000	\$196,250	6,884,325
2027	4,545,000	309,475	900,000	157,500	5,911,975
2028	3,820,000	152,000	900,000	112,500	4,984,500
2029	2,490,000	41,350	900,000	67,500	3,498,850
2030	0	0	900,000	22,500	922,500
	22,100,000	1,699,122	4,500,000	556,250	28,855,372
Less: 2025 Payments	(5,950,000)	(703,222)	0	0	(6,653,222)
TOTAL	\$16,150,000	\$995,900	\$4,500,000	\$556,250	\$22,202,150

Future Financing

The District does not short-term borrow for cash flow purposes.

Over the next twelve months, the District anticipates issuing approximately \$4,500,000 of additional general obligation debt in November 2026.

Default Record

The District has no record of default on any prior debt repayment obligations.

Overlapping and Underlying Indebtedness

Set forth below is information relating to the outstanding overlapping and underlying indebtedness of the District.

Name of Entity	Amount of Debt (Less 2025 Principal Payments)	Percent Chargeable to District	Outstanding Debt Chargeable to District
Crawford County	\$29,999,025	91.59%	\$27,476,107
Dane County	674,645,001	0.02	134,929
Grant County	22,884,457	100.00	22,884,457
Green County	24,830,000	3.30	819,390
Iowa County	23,655,869	85.16	20,145,338
Lafayette County	550,146	100.00	550,146
Richland County	24,300,000	91.47	22,227,210
Sauk County	41,645,000	1.66	691,307
Vernon County	18,740,378	7.37	1,381,166
Total Cities	70,555,995	Varies	70,070,841
Total Villages	19,003,570	Varies	17,243,263
Total Towns	10,961,286	Varies	9,494,452
Total School Districts	275,401,067	Varies	241,823,052
Total Sanitary Districts	958,364	100.00	958,364
TOTAL	<u>\$1,238,130,158</u>		<u>\$435,900,022</u>

Source: Wisconsin Department of Revenue. Information provided by each municipal entity through publicly available disclosure documents available on EMMA.msrb.org and the Wisconsin Department of Public Instruction and direct inquiries.

NOTE: This summary may not reflect all of the District's outstanding overlapping and underlying indebtedness.

Statistical Summary

The table below reflects direct, overlapping and underlying bonded indebtedness net of all 2025 principal payments.

Equalized Valuation (2025) as certified by Wisconsin Department of Revenue	\$15,833,614,719
Direct Bonded Indebtedness (including the Notes)	\$20,650,000
Direct, Overlapping and Underlying Bonded Indebtedness (including the Notes)	\$456,550,022
Direct Bonded Indebtedness as a Percentage of Equalized Valuation	0.13%
Direct, Overlapping and Underlying Bonded Indebtedness as a Percentage of Equalized Valuation	2.88%
Population of District (2024 Estimate*)	124,056
Direct Bonded Indebtedness Per Capita	\$166.46
Direct, Overlapping and Underlying Bonded Indebtedness Per Capita	\$3,680.19

*Source: Wisconsin Technical College System Board.

Debt Limit

As described under the caption "CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS--Debt Limit," the total indebtedness of the District may not exceed five percent (5%)⁽¹⁾ of the equalized value of property in the District. Set forth in the table below is a comparison of the outstanding indebtedness of the District, as of the closing date of the Notes and as a percentage of the applicable debt limit.

Equalized Valuation (2025) as certified by Wisconsin Department of Revenue	\$15,833,614,719
Legal Debt Percentage Allowed	<u>5.00%</u>
Legal Debt Limit	\$791,680,736
General Obligation Debt Outstanding (including the Notes)	<u>\$20,650,000</u>
Unused Margin of Indebtedness	\$771,030,736
Percent of Legal Debt Incurred	2.61%
Percentage of Legal Debt Available	97.39%

⁽¹⁾ The maximum bonded indebtedness of the District for the purposes of purchasing school sites and the constructing and equipping of school buildings may not exceed two percent (2%).

FINANCIAL INFORMATION

The financial operations of the District are conducted primarily through a series of State mandated funds. All revenues except those attributable to the building funds and other funds authorized by State law are accounted for in the general fund, and any lawful expenditure of the District must be made from the appropriate fund and recorded therein.

As in other areas of the United States, the financing of public education in the State is subject to changing legislation, variations in public opinion, examination of financing methods through litigation and other matters. For these reasons the District cannot anticipate with certainty all of the factors which may influence the financing of its future activities.

Budgeting Process

The District is required by State law to annually formulate a budget and to hold public hearings thereon prior to the determination of the amounts to be financed in whole or in part by general property taxes, tuition, fees, funds on hand or estimated revenues from other sources. Such budget must list existing indebtedness of the District and all anticipated revenue from all sources during the ensuing year and must also list all proposed appropriations for each functional activity and reserve account of the District during the ensuing year. The budget must show actual revenues and expenditures for the preceding year, actual revenues and expenditures for not less than the first six months of the current year and estimated revenues and expenditures for the balance of the current year.

As part of the budgeting process, budget requests are submitted during the last half of the fiscal year by the teachers and departmental administrators of each school to their respective Administrators, who thereafter review and revise such requests and submit them, with their recommendations, to the President. After review and adjustment by the administrative staff of the District, the proposed budget is presented to the full Board, at which time the proposed budget is reviewed with the District's administrative staff. After further review and adjustment, the proposed budget is again submitted to the full Board each year. The proposed budget is formally adopted by the Board after the public hearings are held.

**GENERAL FUND SUMMARY
FOR YEARS ENDED JUNE 30**

	2025-26 BUDGET	2024-25 ESTIMATE	2023-24 ACTUAL	2022-23 ACTUAL	2021-22 ACTUAL
Revenues					
Local government	\$5,434,000	\$5,312,019	\$5,163,093	\$5,020,419	\$5,163,622
Intergovernmental revenue - State	11,361,100	11,777,882	11,921,410	11,586,409	10,718,350
Intergovernmental revenue - Federal	1,421,400	1,631,493	1,263,590	1,876,872	1,066,285
Statutory program fees	5,004,000	4,801,618	4,697,107	4,490,977	4,343,652
Material fees	295,000	290,518	274,611	256,308	244,019
Other student fees	561,000	602,852	597,058	647,281	482,819
Institutional	2,747,200	2,800,281	3,053,207	2,662,708	2,225,450
Total revenues	26,823,700	27,216,663	26,970,076	26,540,974	24,244,197
Expenditures					
Instruction	15,625,100	14,910,863	14,334,699	15,837,617	13,533,503
Instructional resources	308,900	263,444	246,727	297,990	265,455
Student services	3,342,300	3,029,352	2,963,744	2,925,392	2,875,650
General institutional	5,806,800	6,542,157	6,058,977	5,869,948	5,218,232
Physical plant	2,200,100	2,410,932	2,159,194	2,298,273	2,010,734
Auxiliary services	0	0	0	10,491	0
Total expenditures	27,283,200	27,156,748	25,763,341	27,239,711	23,903,574
Excess of revenues over (under) expenditures	(459,500)	59,915	1,206,735	(698,737)	340,623
Other financing sources (uses)					
Operating transfers in	540,800	511,437	156,983	1,308,833	61,760
Operating transfers out	(58,000)	(57,395)	(51,093)	(38,812)	(39,121)
Net other financing sources (uses)	482,800	454,042	105,890	1,270,021	22,639
Revenues and other sources over (under) expenditures and other uses	\$23,300	513,957	1,312,625	571,284	363,262
Fund balances - beginning of year		13,024,159	11,711,534	11,140,250	10,776,988
Fund balances - end of year		\$13,538,116	\$13,024,159	\$11,711,534	\$11,140,250

NOTE: The amounts for all years are shown on an Actual on a Budgetary Basis of accounting.

The amounts shown for the fiscal year ended June 30, 2022 through June 30, 2024 are excerpts from the audit reports which have been examined by Clifton Larson Allen LLP, Middleton, Wisconsin (the "Auditor"). The amounts shown for the fiscal year ended June 30, 2025 are on an unaudited basis and the amounts shown for the fiscal year ending June 30, 2026 are on a budgetary basis, and such amounts have been provided by the District. The comparative statement of revenues and expenditures should be read in conjunction with other financial statements and notes thereto appearing in Appendix A to this Official Statement.

Financial Statements

A copy of the District's Basic Financial Statements and Related Notes for the fiscal year ended June 30, 2024, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof, or relating to this Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Notes, the District represents that there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

UNDERWRITING

The Notes have been purchased at a public sale by a group of Underwriters for whom TD Financial Products LLC, New York City, New York is acting as Managing Underwriter (the "Underwriter"). The Underwriter intends to offer the Notes to the public initially at the prices which produce the yields set forth on the cover page of this Official Statement plus accrued interest from December 11, 2025, if any, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at prices lower than the public offering prices.

The reoffering yields shown on the cover of this Official Statement have been provided by the Underwriter, and not by the District.

RATING

This issue has been assigned a "Aa2" rating by Moody's Investors Service, Inc. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Notes any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin, has been retained as financial advisor (the "Financial Advisor" or "Baird") in connection with the issuance of the Notes. In preparing this Official Statement, the Financial Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Financial Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

The Financial Advisor's duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as financial advisor on the Notes. Baird's compensation for serving as financial advisor on the Notes is conditional on the successful closing of the Notes.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The District has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the District comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Bond Premium

To the extent that the initial offering price of certain of the Notes is more than the principal amount payable at maturity, such Notes ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall be designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934 (the "Rule"), the District shall covenant pursuant to the Award Resolution adopted by the Board to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Notes to provide certain financial information and operating data relating to the District annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. **The Undertaking provides that the annual report will be filed not later than 270 days after the end of each fiscal year. The District's fiscal year ends June 30th.** The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the District at the time the Notes are delivered. Such Certificate will be in substantially the form attached hereto as Appendix B. A failure by the District to comply with the Undertaking will not constitute an event of default on the Notes (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

The District is required to file its continuing disclosure information using the Electronic Municipal Market Access (“EMMA”) system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

In the previous five years, the District has not failed to comply in all material respects with any previous undertakings under the Rule.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the District, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any proceedings of the District taken with respect to the issuance or sale thereof.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Notes are subject to the unqualified approving legal opinion of Quarles & Brady LLP, Bond Counsel ("Bond Counsel"). Such opinion will be issued on the basis of the law existing at the time of the issuance of the Notes. A copy of such opinion will be available at the time of the delivery of the Notes.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the District to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9. If, in the future, the District were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the District could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the District is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the District could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the District; (b) to any particular assets of the District, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the District were determined not to be a “municipality” for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

MISCELLANEOUS

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the section entitled “TAX EXEMPTION”) and has not performed any investigation as to its accuracy, completeness or sufficiency.

The execution and delivery of this Official Statement by the District Secretary has been duly authorized by the District.

AUTHORIZATION

This Official Statement has been approved for distribution to prospective purchasers and the Underwriter of the Notes. The District, acting through its Secretary, will provide to the Underwriter of the Notes at the time of delivery of the Notes, a certificate confirming that, to the best of its knowledge and belief, the Official Statement with respect to the Notes, together with any supplements thereto, at the time of the adoption of the Award Resolution and at the time of delivery of the Notes, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements in light of the circumstances under which they were made, not misleading.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT

By /s/ Kent Enright
District Secretary

APPENDIX A

BASIC FINANCIAL STATEMENTS AND RELATED NOTES

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT, WISCONSIN
Crawford, Dane, Grant, Green, Iowa, Lafayette,
Richland, Sauk and Vernon Counties**

For year ended June 30, 2024

**Clifton Larson Allen LLP
Middleton, Wisconsin**

A copy of the District's Basic Financial Statements and Related Notes for the fiscal year ended June 30, 2024, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof, or relating to this Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Notes, the District represents that there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Southwest Wisconsin Technical College
Fennimore, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Southwest Wisconsin Technical College (the District), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability (asset), schedule of contributions, schedule of changes in net OPEB liability and related ratios, and notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The fund-level schedules of revenues, expenditures, and changes in fund balance budget and actual (non-GAAP budgetary basis) and the schedule to reconcile budget (non-GAAP budgetary) basis financial statements to statement of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the fund-level schedules of revenues, expenditures, and changes in fund balance budget and actual (non-GAAP budgetary basis) and the schedule to reconcile budget (non-GAAP budgetary) basis financial statements to statement of revenues, expenses, and changes in net position is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Middleton, Wisconsin
December 20, 2024

MANAGEMENT 'S DISCUSSION AND ANALYSIS

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

The discussion and analysis of the financial performance of Southwest Wisconsin Technical College (the District) provides an overview of its financial activities, identifies changes in its financial position, and assists the reader of these financial statements in focusing on noteworthy financial issues for the fiscal year ended June 30, 2024.

The District provides lifelong learning opportunities with an individualized focus for students and communities.

The analysis focuses on the District's financial performance as a whole. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS – YEAR ENDED JUNE 30, 2024

The District's government-wide financial statements reflect the following:

- Received and managed federal, state or local grants totaling \$4.40 million.
- Updated official statement for borrowing and maintained the District's rating of Aa2 through Moody's.
- Issued \$4 million, 5-year promissory note at 5.00% interest rates, with an effective interest cost of 3.46% after factoring in the premium received.
- Continued participation in Districts Mutual Insurance (DMI), the insurance company formed by the colleges in the Wisconsin Technical College System to provide property and casualty coverage.
- Continued participation in the formation of Wisconsin Technical Colleges Employee Benefits Consortium (WTCEBC) with seven other Wisconsin technical colleges to provide employee benefits.

FINANCIAL HIGHLIGHTS – YEAR ENDED JUNE 30, 2023

The District's government-wide financial statements reflect the following:

- Received and managed federal, state or local grants totaling \$4.81 million.
- Updated official statement for borrowing and maintained the District's rating of Aa2 through Moody's.
- Issued \$4 million, 5-year promissory note at 5.00% interest rates, with an effective interest cost of 3.17% after factoring in the premium received.
- Continued participation in Districts Mutual Insurance (DMI), the insurance company formed by the colleges in the Wisconsin Technical College System to provide property and casualty coverage.
- Continued participation in the formation of Wisconsin Technical Colleges Employee Benefits Consortium (WTCEBC) with seven other Wisconsin technical colleges to provide employee benefits.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities performed by the District are classified as either operating or non-operating activities. Because the District receives the majority of its revenue from the taxpayers and other state and local governments, the District will typically report an operating deficit or loss.

The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which expenses the cost of an asset over its expected useful life.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2024

The following summary shows a condensed version of the Statement of Revenues, Expenses, and Changes in Net Position:

TABLE 1 CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
	2024	2023	Change	Percent Change
OPERATING REVENUE				
Student Fees	\$ 5,850,543	\$ 5,661,748	\$ 188,795	3.33%
Federal Grants	1,563,971	2,039,617	(475,646)	-23.32%
State Grants	2,834,616	2,766,472	68,144	2.46%
Contract Revenues	2,934,123	3,440,445	(506,322)	-14.72%
Auxiliary Revenues	2,149,104	1,219,677	929,427	76.20%
Total Operating Revenues	15,332,357	15,127,959	204,398	1.35%
OPERATING EXPENSES				
Instruction	12,777,767	14,502,521	(1,724,754)	-11.89%
Instructional Resources	261,436	305,653	(44,217)	-14.47%
Student Services	3,624,140	3,451,777	172,363	4.99%
General Institutional	5,275,547	5,696,150	(420,603)	-7.38%
Physical Plant	2,848,137	2,255,200	592,937	26.29%
Auxiliary Enterprise Services	1,678,371	1,761,297	(82,926)	-4.71%
Depreciation	4,852,686	4,120,242	732,444	17.78%
Student Aid	3,627,845	3,185,804	442,041	13.88%
Total Operating Expenses	34,945,929	35,278,644	(332,715)	-0.94%
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	11,763,093	11,530,419	232,674	2.02%
State Appropriations	9,792,699	9,505,046	287,653	3.03%
Federal Appropriations	2,719,319	2,833,756	(114,437)	-4.04%
Investment Income	793,583	215,866	577,717	267.63%
Loss on Disposal of Capital Assets	(138,892)	(25,727)	(113,165)	439.87%
Interest Expenses	(776,012)	(637,041)	(138,971)	21.82%
Total Nonoperating Revenues (Expenses)	24,153,790	23,422,319	731,471	3.12%
INCREASE (DECREASE) IN NET POSITION	4,540,218	3,271,634	\$ 1,268,584	38.78%
Net Position - Beginning of Year	44,553,088	41,281,454		
NET POSITION - END OF YEAR	<u>\$ 49,093,306</u>	<u>\$ 44,553,088</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2024 (Continued)**

Operating revenues are the charges for services offered by the District. Total operating revenues increased \$204,398 or 1.35% for fiscal year 2024. The increase is primarily due to the following:

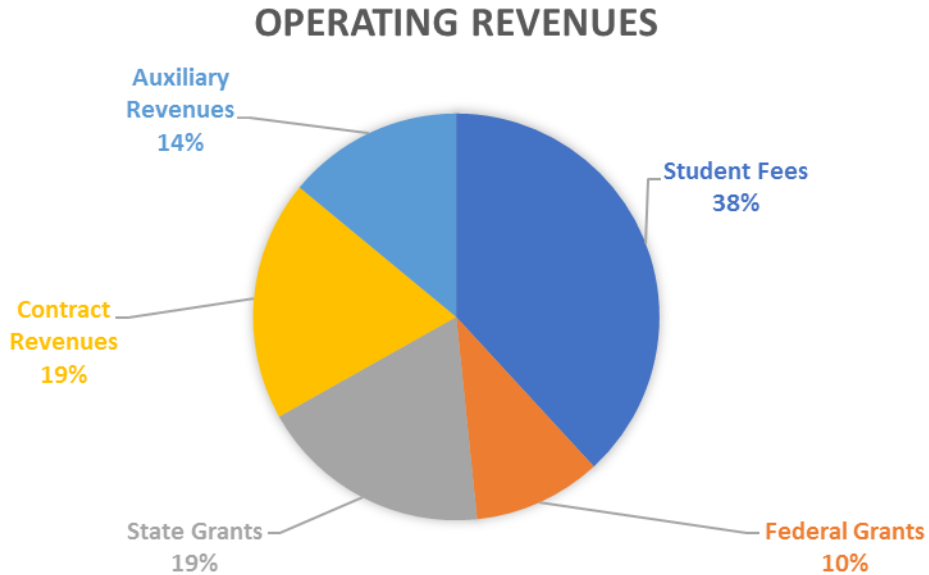
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District received \$4,398,587 from the federal and state governments for 2024 compared to \$4,806,089 for 2023.
 - State revenue increased \$68,144 or 2.46% in 2024 compared to 2023. State funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
 - Federal funding decreased \$475,646 or 23.32% in 2024 compared to 2023. The level of enrollment impacts the amount of federal financial aid that is awarded each year. Federal funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
- Revenue from industrial and technical assistance contracts with business and industry, local school districts, and the Department of Corrections was \$2,934,123 in 2024 and \$3,440,445 in 2023.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$2,149,104 for 2024 compared to \$1,219,677 in 2023 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses decreased \$332,715 or 0.94% compared to 2023. The majority of the District's expenses, 37%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 25%, while auxiliary services and other expenses account for the remaining 38% of total operating expenses.

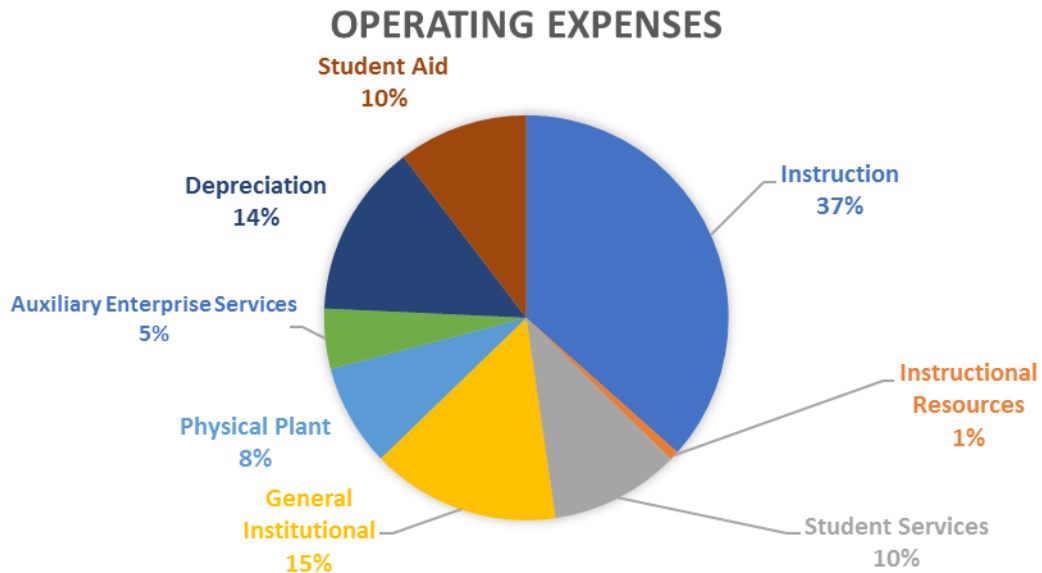
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2024 (Continued)**

The graph below depicts the District's operating revenues by source:



The graph below categorizes operating expenses by function:



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2024 (Continued)**

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues increased \$731,471 or 3.12% in 2024.

- Federal appropriations decreased \$114,437 or 4.04% in 2024.
- State appropriations increased \$287,653 or 3.03% in 2024.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023**

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities performed by the District are classified as either operating or non-operating activities. Because the District receives the majority of its revenue from the taxpayers and other state and local governments, the District will always report an operating deficit or loss.

The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which expenses the cost of an asset over its expected useful life.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023 (Continued)**

The following summary shows a condensed version of the Statement of Revenues, Expenses, and Changes in Net Position:

	2023	2022	Change	Percent Change
OPERATING REVENUE				
Student Fees	\$ 5,661,748	\$ 5,348,509	\$ 313,239	5.86%
Federal Grants	2,039,617	610,167	1,429,450	234.27%
State Grants	2,766,472	2,282,755	483,717	21.19%
Contract Revenues	3,440,445	2,482,102	958,343	38.61%
Auxiliary Revenues	1,219,677	1,290,765	(71,088)	-5.51%
Total Operating Revenues	15,127,959	12,014,298	3,113,661	25.92%
OPERATING EXPENSES				
Instruction	14,503,086	12,912,684	1,590,402	12.32%
Instructional Resources	305,652	256,631	49,021	19.10%
Student Services	3,451,780	2,875,055	576,725	20.06%
General Institutional	5,696,131	5,783,520	(87,389)	-1.51%
Physical Plant	2,255,198	1,206,054	1,049,144	86.99%
Auxiliary Enterprise Services	1,759,648	1,498,147	261,501	17.45%
Depreciation	4,120,242	3,822,951	297,291	7.78%
Student Aid	3,185,804	4,835,431	(1,649,627)	-34.12%
Total Operating Expenses	35,277,541	33,190,473	2,087,068	6.29%
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	11,530,419	11,373,622	156,797	1.38%
State Appropriations	9,505,046	8,939,917	565,129	6.32%
Federal Appropriations	2,833,756	6,156,729	(3,322,973)	-53.97%
Investment Income	215,866	50,391	165,475	328.38%
Loss on Disposal of Capital Assets	(25,727)	(25,668)	(59)	0.23%
Interest Expenses	(637,041)	(640,719)	3,678	-0.57%
Total Nonoperating Revenues (Expenses)	23,422,319	25,854,272	(2,431,953)	-9.41%
INCREASE (DECREASE) IN NET POSITION	3,272,737	4,678,097	\$ (1,405,360)	-30.04%
Net Position - Beginning of Year	41,281,454	36,603,357		
NET POSITION - END OF YEAR	<u>\$ 44,554,191</u>	<u>\$ 41,281,454</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023 (Continued)**

Operating revenues are the charges for services offered by the District. Total operating revenues increased \$3,113,661 or 25.92% for fiscal year. The increase is primarily due to the following:

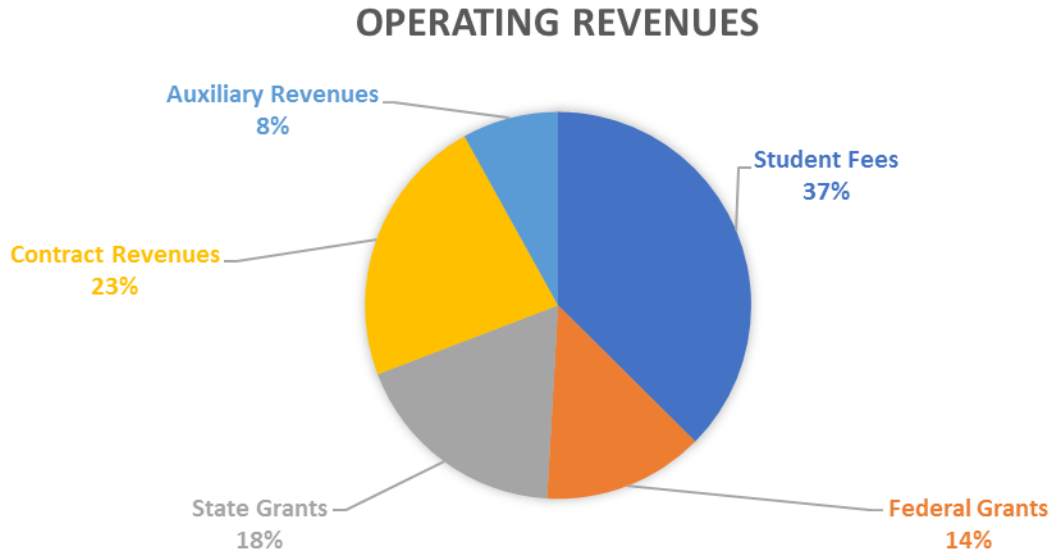
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District received \$4,806,089 from the federal and state governments for 2023 compared to \$2,892,922 for 2022.
 - State revenue increased \$483,717 or 21.19% in 2023 compared to 2022. State funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
 - Federal funding increased \$1,429,450 or 234.27% in 2023 compared to 2022. The level of enrollment impacts the amount of federal financial aid that is awarded each year. Federal funding levels fluctuate between years based on the specific grants available each year as well as the amount of funding the state provides for financial aid.
- Revenue from industrial and technical assistance contracts with business and industry, local school districts, and the Department of Corrections was \$3,440,445 in 2023 and \$2,482,102 in 2022.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$1,219,677 for 2023 compared to \$1,290,765 in 2022 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses increased \$2,087,068 or 6.29% compared to 2022. The majority of the District's expenses, 41%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 25%, while auxiliary services and other expenses account for the remaining 34% of total operating expenses.

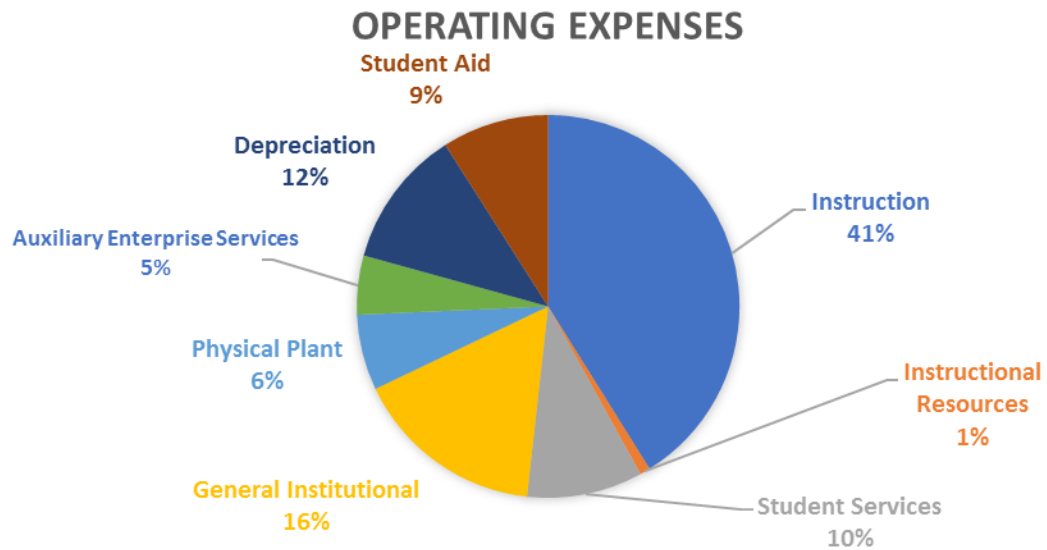
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023 (Continued)**

The graph below depicts the District's operating revenues by source:



The graph below categorizes operating expenses by function:



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED
JUNE 30, 2023 (Continued)**

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues decreased \$2,431,953 or 9.41% in 2023.

- Federal appropriations decreased \$2,833,756 or 53.97% in 2023. The decrease is a result of the District expending less COVID-19 funding from the Higher Education Emergency Relief Funds (HEERF) as the program expired June 30, 2023.
- State appropriations increased \$565,129 or 6.32% in 2023.

STATEMENT OF NET POSITION – JUNE 30, 2024

The Statement of Net Position includes all assets, (items that the District owns and amounts that are owed to the District by others) and liabilities (amounts the District owes to others and what has been collected from others prior to providing the services). This statement is prepared using 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 the District, regardless of when cash is exchanged.

Total net position increased \$4,540,218 or 10.19% in 2024 compared to an increase of \$3,271,634 or 7.93% in 2023. The District ended its fiscal year with net position of \$49,093,306 in 2024 of which \$31,030,286 was net investment in capital assets, \$638,495 was restricted for student financial aid, \$1,831,539 was restricted for debt service assistance, and \$15,592,986 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

Total assets increased \$726,034 or 0.99% in 2024 and \$4,860,580 or 6.23% in 2023. Net capital assets increased \$1,967,281 or 3.92% in 2024 compared to an increase of \$2,184,314 or 4.55% in 2023.

The District's current liabilities decreased \$1,010,972 or 10.70% in 2024 compared to a decrease \$93,121 or 0.98% in 2023. Long-term liabilities decreased \$5,406,496 or 21.23% in the current year, which includes the net pension liability of \$1,096,833 for participation in the Wisconsin Retirement System.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

STATEMENT OF NET POSITION – JUNE 30, 2024 (Continued)

The components of the statement of net position are summarized in Table 3:

**TABLE 3
CONDENSED STATEMENTS OF NET POSITION**

	2024	2023	Change	Percent Change
ASSETS				
Cash and Cash Equivalents	\$ 11,714,692	\$ 13,826,688	\$ (2,111,996)	-15.27%
Net Capital Assets	52,203,573	50,236,292	1,967,281	3.92%
Other Assets	10,006,822	9,136,073	870,749	9.53%
Total Assets	<u>73,925,087</u>	<u>73,199,053</u>	<u>726,034</u>	<u>0.99%</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension	9,226,525	14,233,694	(5,007,169)	-35.18%
Related to Other Postemployment Benefits-	441,909	515,221	(73,312)	-14.23%
Total Deferred Outflows of Resources	<u>9,668,434</u>	<u>14,748,915</u>	<u>(5,080,481)</u>	<u>-34.45%</u>
LIABILITIES				
Current Liabilities	8,438,098	9,449,070	(1,010,972)	-10.70%
Long-Term Liabilities	20,055,724	25,462,220	(5,406,496)	-21.23%
Total Liabilities	<u>28,493,822</u>	<u>34,911,290</u>	<u>(6,417,468)</u>	<u>-18.38%</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	5,865,761	8,251,869	(2,386,108)	-28.92%
Related to Other Postemployment Benefits -				
Health Insurance	140,632	231,721	(91,089)	-39.31%
Total Deferred Outflows of Resources	<u>6,006,393</u>	<u>8,483,590</u>	<u>(2,477,197)</u>	<u>-29.20%</u>
NET POSITION				
Net Invested in Capital Assets	31,030,286	26,642,010	4,388,276	16.47%
Restricted for Student Financial Aid	638,495	627,111	11,384	1.82%
Restricted for Capital Projects	-	689,489	(689,489)	-100.00%
Restricted for Debt Service	1,831,539	1,603,529	228,010	14.22%
Unrestricted	15,592,986	14,990,949	602,037	4.02%
Total Net Position	<u>\$ 49,093,306</u>	<u>\$ 44,553,088</u>	<u>\$ 4,540,218</u>	<u>10.19%</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

STATEMENT OF NET POSITION – JUNE 30, 2023

The Statement of Net Position includes all assets, (items that the District owns and amounts that are owed to the District by others) and liabilities (amounts the District owes to others and what has been collected from others prior to providing the services). This statement is prepared using 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 the District, regardless of when cash is exchanged.

Total net position increased \$3,271,634 or 7.93% in 2023 compared to an increase of \$4,678,097 or 12.78% in 2022. The District ended its fiscal year with net position of \$44,553,088 in 2023 of which \$26,642,010 was net investment in capital assets, \$627,111 was restricted for student financial aid, \$689,489 was restricted for capital projects, \$1,603,529 was restricted for debt service assistance, and \$14,990,949 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general District operations.

Total assets decreased \$4,860,580 or 6.23% in 2023 and \$6,052,734 or 8.41% in 2022. Net capital assets increased \$2,184,314 or 4.55% in 2023 compared to an increase of \$2,484,409 or 5.45% in 2022.

The District's current liabilities decreased \$93,121 or 0.98% in 2023 compared to an increase of \$141,881 or 1.51% in 2022. Long-term liabilities increased \$597,472 or 2.40% in the current year, which includes the net pension liability of \$3,939,356 for participation in the Wisconsin Retirement System.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

STATEMENT OF NET POSITION (continued)

The components of the statement of net position are summarized in Table 4:

	2023	2022	Change	Percent Change
ASSETS				
Cash and Cash Equivalents	\$ 13,826,688	\$ 16,183,236	\$ (2,356,548)	-14.56%
Net Pension Asset	-	6,030,006	(6,030,006)	-100.00%
Net Capital Assets*	50,236,292	48,051,978	2,184,314	4.55%
Other Assets	9,136,073	7,794,413	1,341,660	17.21%
Total Assets	73,199,053	78,059,633	(4,860,580)	-6.23%
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension	14,233,694	11,316,527	2,917,167	25.78%
Related to Other Postemployment Benefits-	515,221	590,654	(75,433)	-12.77%
Total Deferred Outflows of Resources	14,748,915	11,907,181	2,841,734	23.87%
LIABILITIES				
Current Liabilities*	9,449,070	9,542,191	(93,121)	-0.98%
Long-Term Liabilities*	25,462,220	24,864,748	597,472	2.40%
Total Liabilities	34,911,290	34,406,939	504,351	1.47%
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	8,251,869	14,207,085	(5,955,216)	-41.92%
Related to Other Postemployment Benefits -				
Health Insurance	231,721	71,336	160,385	224.83%
Total Deferred Outflows of Resources	8,483,590	14,278,421	(5,794,831)	-40.58%
NET POSITION				
Net Invested in Capital Assets	26,642,010	21,642,912	4,999,098	23.10%
Restricted for Pension	-	6,030,006	(6,030,006)	-100.00%
Restricted for Student Financial Aid	627,111	642,161	(15,050)	-2.34%
Restricted for Capital Projects	689,489	933,507	(244,018)	-26.14%
Restricted for Debt Service	1,603,529	2,280,896	(677,367)	-29.70%
Unrestricted	14,990,949	9,751,972	5,238,977	53.72%
Total Net Position	\$ 44,553,088	\$ 41,281,454	\$ 3,271,634	7.93%

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION – JUNE 30, 2024

Capital Assets

At June 30, 2024, the District had \$92,069,583 in capital assets, including land, construction in progress, land improvements, buildings and improvements, moveable equipment, and right-to-use assets from leases and subscriptions. Total accumulated depreciation/amortization on these assets was \$39,866,010. Asset acquisitions totaled \$6,958,859. Asset disposals totaled \$804,105 net of related accumulated depreciation/amortization of \$665,213. The District recognized depreciation/amortization expense of \$4,852,686. Detailed information about capital assets can be found in Note 3 to the financial statements.

Long-term Debt

As of June 30, 2024, the District had \$18,100,000 in general obligation debt outstanding compared to \$19,960,000 in 2023. The District maintained its Aa2 rating from Moody's Investor service on its current and outstanding long-term debt. Debt service requirements of the District are current and are secured by a tax levy adopted by the District Board. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. All general obligation debt for equipment is repaid in five years, while debt related to building and major remodeling is repaid in 10-20 years. The current debt adequately replaces and expands the equipment and facility needs of the District. Detailed information about the District's long-term debt is presented in Note 4 to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION – JUNE 30, 2023

Capital Assets

At June 30, 2023, the District had \$85,914,829 in capital assets, including land, construction in progress, land improvements, buildings and improvements, moveable equipment, and right-to-use assets from leases and subscriptions. Total accumulated depreciation/amortization on these assets was \$35,678,537. Asset acquisitions totaled \$6,330,283. Asset disposals totaled \$193,210 net of related accumulated depreciation/amortization of \$167,483. The District recognized depreciation/amortization expense of \$4,120,242. Detailed information about capital assets can be found in Note 3 to the financial statements.

Long-term Debt

As of June 30, 2024, the District had \$19,960,000 in general obligation debt outstanding compared to \$22,555,000 in 2022. The District maintained its Aa2 rating from Moody's Investor service on its current and outstanding long-term debt. Debt service requirements of the District are current and are secured by a tax levy adopted by the District Board. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. All general obligation debt for equipment is repaid in five years, while debt related to building and major remodeling is repaid in 10-20 years. The current debt adequately replaces and expands the equipment and facility needs of the District. Detailed information about the District's long-term debt is presented in Note 4 to the financial statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

FINANCIAL POSITION – JUNE 30, 2024

The District continues to maintain a strong financial position. Its major revenue sources are property taxes, state aids, student tuition and fees, federal and state grants and contracts with business and industry.

Moody's "Aa2" rating reflects the District's broad tax base in southwestern Wisconsin (Aa1 stable) with solid resident incomes and stabilizing enrollment following a few years of declines driven by the coronavirus pandemic. The rating also reflects the maintenance of strong financial reserves and liquidity despite limited revenue raising ability that is constrained by state control of tuition and fee increases. The District's debt, pension, and OPEB liabilities are modest.

FINANCIAL POSITION – JUNE 30, 2023

The District continues to maintain a strong financial position. Its major revenue sources are property taxes, state aids, student tuition and fees, federal and state grants and contracts with business and industry.

Moody's "Aa2" rating reflects the District's broad tax base in southwestern Wisconsin (Aa1 stable) with solid resident incomes and stabilizing enrollment following a few years of declines driven by the coronavirus pandemic. The rating also reflects the maintenance of strong financial reserves and liquidity despite limited revenue raising ability that is constrained by state control of tuition and fee increases. The District's debt, pension, and OPEB liabilities are modest.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2024

The region's current economy, persistent inflationary pressures and recessionary risks causes considerable concern for future budgets. The District's strengths in countering an economic downturn are summarized in the following statements:

- A progressive student support model with immersive student success plans provide inevitability for student persistence and graduation to high wage jobs.
- Unique programs such as Golf Course Management, Midwifery and online programs/courses draw students from outside of the District and state.
- The District is 1 of 2 colleges in the state technical college system that provide student housing on directly on campus. This benefits students that decide not to commute or reside further than reasonable daily travel distances.
- The level of our fund balances affords us time and flexibility to adjust to changing conditions.
- Capital financing through debt service allows us to keep pace with current technology and other modern advancements. The college's 10 year master facilities and financing plans provide a map to support success into the future.

Southwest Wisconsin Technical College faces challenges among which are:

- Limited revenue generating flexibility due to state-imposed levy restrictions and state authority over tuition rates
- Weak resident income levels

These challenges make the execution of the budget a continuous work in progress as adjustments need to occur when revenue sources change. The District has effectively survived previous difficult times and is a stronger institution as a result of it. The current financial position of the District allows us the flexibility to adjust to change and maintain this positive status in the future.

ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2023

The region's current economy, persistent inflationary pressures and recessionary risks causes considerable concern for future budgets. The District's strengths in countering an economic downturn are summarized in the following statements:

- The District's newly granted authority to offer associate level collegiate transfer programs directly and the gains made in articulation agreements with other institutions of higher learning provide options for students to fulfill program requirements locally and finish with minimal time elsewhere.
- Unique programs such as Golf Course Management, Midwifery and online programs/courses draw students from outside of the District and state.
- The District is 1 of 2 colleges in the state technical college system that provide student housing on directly on campus. This benefits students that decide not to commute or reside further than reasonable daily travel distances.
- The level of our fund balances affords us time and flexibility to adjust to changing conditions.
- Capital financing through debt service allows us to keep pace with current technology and other modern advancements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2023 (Continued)

Southwest Wisconsin Technical College faces challenges among which are:

- Limited revenue generating flexibility due to state-imposed levy restrictions
- Weak resident income levels

These challenges make the execution of the budget a continuous work in progress as adjustments need to occur when revenue sources change. The District has effectively survived previous difficult times and is a stronger institution as a result of it. The current financial position of the District allows us the flexibility to adjust to change and maintain this positive status in the future.

CONTACTING SOUTHWEST WISCONSIN TECHNICAL COLLEGE'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the District'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 Caleb White, Vice President for Administrative Services, 1800 Bronson Boulevard, Fennimore, WI 53809.

Additional information about Southwest Wisconsin Technical College and its services can also be found at <http://www.swtc.edu>.

Basic Financial Statements

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	District		Foundation	
	2024	2023	2024	2023
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 11,714,692	\$ 13,826,688	\$ 1,685,325	\$ 1,359,593
Taxes Receivable	3,679,008	3,416,143	-	-
Accounts Receivable	1,432,675	163,186	342,733	413,683
Student Accounts Receivable, Net	998,106	634,762	-	-
Due from Other Governments	611,043	1,811,918	-	-
WTCEBC Consortium	3,003,315	2,865,645	-	-
Inventories	158,251	162,624	-	-
Prepaid Expenses	124,424	81,795	-	78
Total Current Assets	21,721,514	22,962,761	2,028,058	1,773,354
NON CURRENT ASSETS				
Investments	-	-	7,204,448	6,109,027
Accounts Receivable	-	-	16,126	367,131
Capital Assets not Being Depreciated/Amortized	2,105,330	3,287,231	80,000	80,000
Capital Assets Being Depreciated/Amortized, Net	50,098,243	46,949,061	2,792,353	2,868,944
Total Noncurrent Assets	52,203,573	50,236,292	10,092,927	9,425,102
Total Assets	73,925,087	73,199,053	12,120,985	11,198,456
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension	9,226,525	14,233,694	-	-
Related to Other Postemployment Benefits	441,909	515,221	-	-
Total Deferred Outflows of Resources	9,668,434	14,748,915	-	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable and Other Current Liabilities	824,618	1,315,574	44,189	56,288
Accrued Salaries and Benefits	315,388	385,767	-	-
Accrued Interest	55,125	57,533	-	-
Deferred Revenue	668,877	548,803	-	-
Current Portion of Compensated Absences\Termination Benefits	620,906	1,001,334	-	-
Current Portion of Lease Liability	55,979	52,720	-	-
Current Portion of Subscription Liability	377,884	585,389	-	-
Current Portion of Long-Term Debt	5,150,000	5,060,000	111,285	107,260
Current Portion of Other Postemployment Benefits	369,321	441,950	-	-
Total Current Liabilities	8,438,098	9,449,070	155,474	163,548
NONCURRENT LIABILITIES				
Compensated Absences\Termination Benefits	1,534,746	1,576,481	-	-
Lease Liability	345,999	401,978	-	-
Subscription Liability	1,855,639	2,139,010	-	-
Long-Term Debt	12,950,000	14,900,000	1,766,724	1,878,068
Unamortized Debt Premiums	437,786	455,185	-	-
Net Pension Liability	1,096,833	3,939,356	-	-
Other Postemployment Benefits	1,834,721	2,050,210	-	-
Total Noncurrent Liabilities	20,055,724	25,462,220	1,766,724	1,878,068
Total Liabilities	28,493,822	34,911,290	1,922,198	2,041,616
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	5,865,761	8,251,869	-	-
Related to Other Postemployment Benefits	140,632	231,721	-	-
Total Deferred Inflows of Resources	6,006,393	8,483,590	-	-
NET POSITION				
Net Investment in Capital Assets	31,030,286	26,642,010	994,344	963,616
Restricted				
Student Financial Assistance	638,495	627,111	-	-
Capital Projects	-	689,489	-	-
Debt Service	1,831,539	1,603,529	-	-
Donor Restrictions	-	-	8,513,407	7,517,913
Unrestricted	15,592,986	14,990,949	691,036	675,311
Total Net Position	\$ 49,093,306	\$ 44,553,088	\$ 10,198,787	\$ 9,156,840

See accompanying Notes to Financial Statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	District		Foundation	
	2024	2023	2024	2023
OPERATING REVENUES				
Tuition and Fees				
Program Fees (Net of \$239,799 and \$414,793)				
Scholarship Allowances, Respectively	\$ 4,697,107	\$ 4,490,977	\$ -	\$ -
Material Fees (Net of \$14,020 and \$23,673)				
Scholarship Allowances, Respectively	274,611	256,308	-	-
Other Student Fees (Net of \$44,866 and \$84,461) Scholarship Allowances, Respectively	878,825	914,463	-	-
State Grants and Contracts	2,834,616	2,766,472	-	-
Federal Grants and Contracts	1,563,971	2,039,617	-	-
Non-Governmental Grants and Contracts	2,934,123	3,440,445	-	-
Auxiliary Enterprise Services	2,149,104	1,219,677	-	-
Contributions and Other Support	-	-	1,391,065	1,402,653
Rental Income	-	-	690,675	646,730
Total Operating Revenues	<u>15,332,357</u>	<u>15,127,959</u>	<u>2,081,740</u>	<u>2,049,383</u>
OPERATING EXPENSES				
Instruction	12,777,767	14,502,521	-	-
Instructional Resources	261,436	305,653	-	-
Student Services	3,624,140	3,451,777	-	-
General Institution	5,275,547	5,696,150	-	-
Physical Plant	2,848,137	2,255,200	-	-
Auxiliary Enterprise Services	1,678,371	1,761,297	-	-
Depreciation/Amortization	4,852,686	4,120,242	-	-
Student Aid	3,627,845	3,185,804	-	-
Program Activities and Other	-	-	1,863,340	1,748,893
Total Operating Expenses	<u>34,945,929</u>	<u>35,278,644</u>	<u>1,863,340</u>	<u>1,748,893</u>
OPERATING INCOME (LOSS)	<u>(19,613,572)</u>	<u>(20,150,685)</u>	<u>218,400</u>	<u>300,490</u>
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	9,792,699	9,505,046	-	-
Federal Appropriations	2,719,319	2,833,756	-	-
Local Property Taxes	11,763,093	11,530,419	-	-
Loss on Disposal of Capital Assets	(138,892)	(25,727)	-	(61,974)
Investment Income (Loss)	793,583	215,866	823,547	656,373
Interest Expense	(776,012)	(637,041)	-	-
Total Nonoperating Revenues (Expenses)	<u>24,153,790</u>	<u>23,422,319</u>	<u>823,547</u>	<u>594,399</u>
CHANGE IN NET POSITION	<u>4,540,218</u>	<u>3,271,634</u>	<u>1,041,947</u>	<u>894,889</u>
Net Position - Beginning of Year	<u>44,553,088</u>	<u>41,281,454</u>	<u>9,156,840</u>	<u>8,261,951</u>
NET POSITION - END OF YEAR	<u>\$ 49,093,306</u>	<u>\$ 44,553,088</u>	<u>\$ 10,198,787</u>	<u>\$ 9,156,840</u>

See accompanying Notes to Financial Statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees Received	\$ 5,607,273	\$ 5,575,253
Federal and State Grants Received	4,398,587	4,806,089
Business, Industry, and School District Contract Revenues Received	1,664,634	3,440,541
Payments to Employees for Operating Payroll	(26,381,108)	(24,843,095)
Payments to Suppliers	(4,786,512)	(5,650,965)
Auxiliary Enterprise Revenues Received	2,149,104	1,219,677
Net Cash Used by Operating Activities	<u>(17,348,022)</u>	<u>(15,452,500)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Property Taxes Received	11,500,228	11,488,617
State Appropriations Received	9,792,699	9,505,046
Federal Grants Received	3,920,194	1,428,037
Net Cash Provided by Noncapital Financing Activities	<u>25,213,121</u>	<u>22,421,700</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Acquisition and Construction of Capital Assets	(7,353,745)	(5,830,756)
Lease Payments	(52,720)	(49,595)
Subscription Payments	(708,394)	(287,902)
Proceeds from Issuance of Debt	4,000,000	4,000,000
Premium on Debt Issue	162,920	193,240
Debt Retired	(5,860,000)	(6,595,000)
Interest Paid	(958,739)	(971,601)
Net Cash Used by Capital and Related Financial Activities	<u>(10,770,678)</u>	<u>(9,541,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Received	<u>793,583</u>	<u>215,866</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,111,996)	(2,356,548)
Cash and Cash Equivalents - Beginning of Year	<u>13,826,688</u>	<u>16,183,236</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 11,714,692</u></u>	<u><u>\$ 13,826,688</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Acquisition and Construction of Capital Assets Included in Accounts Payable	<u>\$ -</u>	<u>\$ 612,404</u>
Noncash Acquisition of Right-to-Use Assets - Subscriptions	<u><u>\$ 217,088</u></u>	<u><u>\$ 258,559</u></u>

See accompanying Notes to Financial Statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	<u>2024</u>	<u>2023</u>
Operating Loss	\$ (19,613,572)	\$ (20,150,685)
Adjustments to Reconcile Operating Loss to Net		
Cash Used by Operating Activities:		
Depreciation/Amortization	4,852,686	4,120,242
(Increase) Decrease in Assets:		
Accounts Receivable	(1,269,489)	96
Student Accounts Receivable, Net	(363,344)	(48,434)
Inventories	4,373	310,557
Prepaid Expenses and Other Assets	(180,299)	(156,358)
Net Pension Asset/Liability	(2,842,523)	9,969,362
(Increase) Decrease in Deferred Outflows of Resources:		
Pension	5,007,169	(2,917,167)
OPEB	73,312	75,433
Increase (Decrease) in Liabilities:		
Accounts Payable and Other Current Liabilities	121,448	23,302
Accrued Salaries and Benefits	(70,379)	61,859
Compensated Absences	(422,163)	(266,833)
Unearned Revenue	120,074	(38,061)
Post-Employment Benefits	(288,118)	(640,982)
Increase (Decrease) in Deferred Inflows of Resources:		
Pension	(2,386,108)	(5,955,216)
OPEB	(91,089)	160,385
Total Net Cash Used by Operating Activities	<u>\$ (17,348,022)</u>	<u>\$ (15,452,500)</u>

See accompanying Notes to Financial Statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Southwest Wisconsin Technical College (the District), comprised of five full Southwest Wisconsin counties and portions of four others, became operational on July 1, 1967, pursuant to Chapter 292, Laws of Wisconsin of 1965. The geographic area of the District is comprised of most of Crawford, Grant, Iowa, Lafayette, and Richland counties and part of Dane, Green, Sauk, and Vernon counties covering 3,800 square miles. There are 30 public K-12 school districts within the District boundaries.

The District is governed by a nine-member District Board elected by the 30 school district boards comprising the District. Pursuant to Wisconsin Statute, the District Board consists of two employer members, two employee members, three additional members, one elected official member who holds a state or local office, and one school district administrator. Board members serve staggered three-year terms. The District Board powers are established under the provisions of Chapter 38 of the Wisconsin Statutes and 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 policies and directives.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

Reporting Entity

The reporting entity of the District consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of an organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of an organization's governing body and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government is entitled to, or has the ability to otherwise access, are significant to the primary government.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Southwest Wisconsin Technical College Foundation, Inc. (Foundation), is a nonprofit 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. The Foundation includes the Southwest Wisconsin Technical College Real Estate Foundation, Inc. (REF) as a consolidated entity. REF was formed for the purpose of acquiring, developing, and holding real estate for the benefit of the District. The Foundation and REF are each managed by an independent board of directors. REF is operated, supervised, and controlled by the Foundation. The District provides office space, certain equipment and furnishings, most related utility services and some insurance coverage to the Foundation without charge. The Foundation's resources are almost entirely for the benefit of the District and the "entitlement/ability to access" criterion is met because the Foundation has a history of supporting the District with its economic resources, the financial resources of the Foundation are significant to the District as a whole and accordingly, the Foundation is presented as a discretely presented component unit of the District.

The Foundation follows the Financial Accounting Standards Board (FASB) accounting standards, while the District follows the GASB accounting standards. There are several significant differences in accounting policies between the Foundation and the District due to these different accounting standards. The differences in accounting policies between the Foundation and the District do not have a material impact on the financial position or results of operations of the District. However, users of the financial statements should be aware of these differences when comparing the financial information of the Foundation and the District.

Separately issued financial statements of the Foundation may be obtained from the Foundation administration office.

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 financial statements of the District have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the 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 inter-governmental transactions have been eliminated.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions that affect the reported amounts of assets, deferred inflows and outflows of revenues and liabilities, and disclosures 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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities less than 90 days from date of acquisition.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The SIF is not rated. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2024 and 2023, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported in these statements.

The District is limited to investments authorized by Wisconsin State Statute 66.0603 including the following:

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in the state if the time deposits mature in not more than three years.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
3. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state, as well as bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, a local cultural arts district, or the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's corporation, Moody's investors service, or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. Securities of an open-end management investment company or investment trust, with certain limitations:
 - a. Bonds or securities issued under the authority of the municipality.
 - b. The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes; the state of Wisconsin local government investment fund (LGIP).
 - c. Agreements in which a public depository agrees to repay funds advanced by the District, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
 - d. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
 - e. Repurchase agreements with public depositories, with certain conditions.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
(Continued)

Inventories

Inventories of books and supplies are stated at the lower of cost or market; cost is determined using the first-in, first-out method. Instructional and administrative inventories are expensed as incurred.

Capital Assets

Capital assets are reported at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value at the time of receipt.

The costs of maintenance and repairs are charged to operations as incurred. Equipment assets having a cost of \$500 or more per unit and building or remodeling projects of \$15,000 or more are capitalized. Depreciation/amortization on buildings and equipment is provided in amounts sufficient to relate the cost of depreciable/amortizable assets to operations on the straight-line basis over the estimated useful life of the asset, which range from four to ten years for equipment and fifty years for buildings and remodeling.

Subscription-Based Information Technology Arrangements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology asset.

Leases

The District is a lessee for building space and recognizes a lease liability and an intangible right-to-use lease asset based on the criteria dictated in GASB Statement No. 87 – *Leases*. At the commencement of a lease, the District determines if the lease is a financed purchased lease or a right-to-use lease based on the criteria in GASB Statement No. 87 – *Leases*. The District then measures the lease liability at the present value of payments expected to be made during the lease term. During the lease term, the lease liability is reduced by the principal portion of lease payments made.

An intangible right-to-use lease asset is initially measured as the amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight-line basis over the term of the lease. The intangible right-to-use lease asset is reported with the District's capital assets in a stand-alone Leased Assets (Right to Use) category.

The District utilizes estimates and judgements to determine (1) the discount rate used to discount expected lease payments to present value, (2) lease term, and (3) lease payments.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
(Continued)**

Leases (Continued)

The District uses the interest rate charged by the lessor as the discount rate when the lessor provides it. If the interest rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise. The District accounts for lease and nonlease components separately when possible. In cases where the lease does not provide separate cost information for lease and nonlease components, the District treats the components as a single lease unit if it is impractical to estimate cost information. The District monitors changes in circumstances that would require re-measurement of the lease asset and liability.

Property Tax and Taxes Receivable

The District Board, under Section 38.16 of the Wisconsin Statutes, may levy a tax not to exceed 1.5 mills on the full value of taxable property within the area served by the District for the purposes of operating and maintaining schools. The mill rate limitation is not applicable to taxes levied for the purposes of paying principal and interest on general obligation debt issued by the District that is used for capital improvements and equipment additions.

The District's operational mill rate was .40655 and .44533 mills for fiscal years ending 2024 and 2023, respectively. The debt service mill rate was .51964 and .57790 for the fiscal years ending 2024 and 2023, respectively.

The District communicates its property tax levy to city, village and town treasurers or clerks in October of the fiscal year for which the taxes are levied.

The following dates are pertinent to the District's tax calendar:

Levy Date	Month of October
Tax Bills are Mailed	Month of October
Payments	
Taxes Paid in One Installment	January 31
Taxes Paid in Two Installments:	
First Installment Due	January 31
Second Installment Due	July 31

Historically, the District has received the majority of its property tax levy from municipalities in the fiscal year for which the taxes were levied. However, in most fiscal years, a portion of such revenues has been receivable at year-end because the second installment of real estate taxes and delinquent taxes is not required to be collected by the county treasurer until the month of August following the District's year-end.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
(Continued)

Compensated Absences

The District employees are granted vacation and sick leave benefits in varying amounts in accordance with the District policies. In the event of retirement, death or resignation of an employee, the District is obligated to pay for all unused vacation days. All vacation is accrued when earned as accrued compensated absences in the statement of net position.

Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-Employment Benefits

For employees hired prior to July 1, 2006, the District's employee fringe benefit program includes a provision which allows academic, administrative, and support staff to be carried with the group insurance plan or plans at their own expense after retirement or layoff. However, the Board will continue to pay health insurance premiums based on type of employee and years of service or number of accumulated hours of sick leave.

For employees, any academic staff, administrative staff, or support staff with less than 13 years of service to the District that retire under the Wisconsin Retirement System or are laid off, one-half of their unused accumulated sick leave at full pay will be used to continue the payment of health insurance premiums at the time of retirement or layoff.

At time of separation, support staff with 13 or more years of service to the District will have one year of health insurance premiums banked to pay future post separation premiums. Those with 15 or more years of service to the District will have two years of health insurance premiums banked to pay future post separation premiums. Those with 17 or more years of service will have three years of health insurance premiums banked to pay future separation premiums.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
(Continued)

Post-Employment Benefits (Continued)

Academic and administrative staff with 13 or more years of service to the District will have three years of health insurance premiums banked to pay future separation premiums. Those with 15 or more years of service will have four years of health insurance premiums banked to pay future post separation premiums. Those with 17 or more years of service will have five years of health insurance premiums banked to pay future post separation premiums.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The District has deferred outflows as of June 30, 2024 and 2023 related to pension and OPEB activity.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows as of June 30, 2024 and 2023 related to pension and OPEB activity.

Fees and Tuition

Fees and tuition are recorded as revenue in the period in which the related activity or instruction takes place. Revenues for the summer semester are prorated on the basis of student class days occurring before and after June 30. The District's student fee receivable is stated at amounts due from students, net of an allowance for doubtful accounts. Amounts outstanding longer than the agreed upon payment terms are considered past due. The District determines its allowance for doubtful accounts by considering a number of factors including length of time amounts are past due, the District's previous loss history and the student's ability to pay his or her obligation. The District writes off receivables when they become uncollectible, and payments subsequently collected on such receivables are credited to the allowance for doubtful accounts.

State and Federal Revenues

The District receives funding from various federal and state contracts and grants. These revenues are earned as expenses are incurred. Such expenses may be incurred during the grantor's fiscal period, which may be different than that of the District. The District participates in federally funded Pell Grants, SEOG Grants, Federal Work Study and Federal Direct Student Loan Programs.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
(Continued)

Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the following method: All aid is reflected in the basic financial statements as operating expenses or scholarship allowances, which reduce revenues. The District receives and disburses cash and, as a result, must record all federal and state loan funds as federal and state grants, and the crediting of the funds to the student's account as student aid expense. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

Classification of Revenue and Expense

The District has classified its revenue and expenses as either operating or nonoperating according to the following criteria:

Operating revenue/expenses - Operating revenues and expenses include activities that have the characteristics of exchange transactions to provide goods or services related to the District's principal ongoing operations. Operating revenues include (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 that are essentially the same as contracts for services that finance programs of the District. Operating expenses include the cost of providing educational services, student aid, administrative expenses and depreciation/amortization on capital assets.

Nonoperating revenues/expenses – Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions. Nonoperating revenues as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. These revenues include gifts and contributions, and other revenue sources.

Self-Insurance

The District is self-insured for health and dental coverage. The District accounts for its medical self-insurance program in an internal service fund. The purpose of this fund is to pay medical insurance claims of the District employees and their covered dependents and to minimize the total costs of annual insurance to the District. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year-end, including claims incurred, but not yet reported. The amounts not reported to the District were determined by the Plan administrator.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position
(Continued)**

Net Position

Net position is classified according to restrictions on availability of assets for satisfaction of the District's obligations.

Net investment in capital assets: The value of capital assets (land, buildings, equipment, and intangible right-to-use assets) less the debt incurred to acquire or construct the assets plus the borrowed resources not yet expended, but restricted for capital purchases.

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

- Restricted net position for debt service can only be used to repay debt service costs (principal and interest) as they are levied for that specific purpose.
- Restricted net position for student financial assistance can only be used for student financial assistance activities.
- Restricted net position for capital projects can only be used to finance the acquisition of land, building, building improvements, and equipment.
- Restricted net position for net pension asset can only be used for future pension-related obligations.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services provided by 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. 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.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents consist of the following at June 30:

	2024	2023	Risk
Cash and Cash Equivalents:			
Cash on Hand	\$ 2,940	\$ 2,940	
Deposit Accounts	968,492	4,413,435	Custodial Credit
Local Government Investment Pool	10,743,260	9,410,313	Credit and Interest Rate
Total Cash and Cash Equivalents	<u>\$ 11,714,692</u>	<u>\$ 13,826,688</u>	

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2024 and 2023, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported in these financial statements.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of June 30, the following table represents the District's custodial credit risk:

	2024	2023
Bank Balances - Deposit Accounts	\$ 1,361,598	\$ 4,662,569
Amounts Secured by FDIC Coverage or Collateral Agreements	(1,361,598)	(4,662,569)
Custodial Credit Risk Exposure	<u>\$ -</u>	<u>\$ -</u>

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to the transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investment policy minimizes credit risk by limiting investments to the safest type of securities and diversifying the investment portfolio. Individual securities may not exceed 5% of the market value of the portfolio at the time of purchase with the exception of U.S. Government issues fully guaranteed as to both principal and interest by the U.S. government or agencies thereof, shares of open-ended investment companies, the LGIP, or the Wisconsin Investment Series Cooperative (WISC). The LGIP and WISC do not carry a credit quality rating.

At June 30, 2024 and 2023, the District did not hold any investments other than funds with the LGIP, which are classified as cash equivalents in the financial statements.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than five years from the date of purchase or in accordance with state and local statutes and ordinances, whichever is less. The policy indicates that the investment portfolio should be structured so that securities mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy sets a maximum duration range of two years with a target duration of one year. As of June 30, 2024 and 2023, the LGIP investments have a maturity of 12 months or less.

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance 7/1/2023	Additions	(Deletions)	Balance 6/30/2024
Capital Assets not Being Depreciated/Amortized				
Land	\$ 1,022,011	\$ -	\$ -	\$ 1,022,011
Construction in Progress	2,265,220	881,370	(2,063,271)	1,083,319
Total Capital Assets not Being Depreciated/Amortized	3,287,231	881,370	(2,063,271)	2,105,330
Capital Assets Being Depreciated/Amortized				
Right-to-Use Assets - Leases	595,704	-	-	595,704
Right-to-Use Assets - Subscriptions	3,339,565	217,088	(108,170)	3,448,483
Land Improvements	698,812	8,200	-	707,012
Buildings and Improvements	44,825,803	5,061,878	(63,575)	49,824,106
Equipment	33,167,714	2,853,594	(632,360)	35,388,948
Total Capital Assets Being Depreciated/Amortized	82,627,598	8,140,760	(804,105)	89,964,253
Less: Accumulated Depreciation/Amortization for				
Right-to-Use Assets - Leases	175,968	58,655	-	234,623
Right-to-Use Assets - Subscriptions	778,357	542,819	(108,170)	1,213,006
Land Improvements	383,216	79,683	-	462,899
Buildings and Improvements	14,498,938	1,372,321	(29,094)	15,842,165
Equipment	19,842,058	2,799,208	(527,949)	22,113,317
Total Accumulated Depreciation/Amortization	35,678,537	4,852,686	(665,213)	39,866,010
Total Capital Assets Being Depreciated/Amortized, Net	46,949,061	3,288,074	(138,892)	50,098,243
Net Capital Assets	50,236,292	<u>\$ 4,169,444</u>	<u>\$ (2,202,163)</u>	52,203,573
Less: General Obligation Debt	(20,415,185)			(18,537,786)
Less: Subscription Liability	(2,724,399)			(2,233,523)
Less: Lease Liability	(454,698)			(401,978)
Total Net Investment in Capital Assets	<u>\$ 26,642,010</u>			<u>\$ 31,030,286</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance 7/1/2022	Additions	(Deletions)	Balance 6/30/2023
Capital Assets not Being Depreciated/Amortized				
Land	\$ 1,022,011	\$ -	\$ -	\$ 1,022,011
Construction in Progress	1,580,493	1,679,365	(994,638)	2,265,220
Total Capital Assets not Being Depreciated/Amortized	2,602,504	1,679,365	(994,638)	3,287,231
Capital Assets Being Depreciated/Amortized				
Right-to-Use Assets - Leases	595,704	-	-	595,704
Right-to-Use Assets - Subscriptions	3,121,849	258,559	(40,843)	3,339,565
Land Improvements	692,735	6,077	-	698,812
Buildings and Improvements	44,420,583	422,406	(17,186)	44,825,803
Equipment	28,344,381	4,958,514	(135,181)	33,167,714
Total Capital Assets Being Depreciated/Amortized	77,175,252	5,645,556	(193,210)	82,627,598
Less: Accumulated Depreciation/Amortization for				
Right-to-Use Assets - Leases	117,312	58,656	-	175,968
Right-to-Use Assets - Subscriptions	384,941	434,259	(40,843)	778,357
Land Improvements	352,082	31,134	-	383,216
Buildings and Improvements	13,227,789	1,279,551	(8,402)	14,498,938
Equipment	17,643,654	2,316,642	(118,238)	19,842,058
Total Accumulated Depreciation/Amortization	31,725,778	4,120,242	(167,483)	35,678,537
Total Capital Assets Being Depreciated/Amortized, Net	45,449,474	1,525,314	(25,727)	46,949,061
Net Capital Assets	48,051,978	<u>\$ 3,204,679</u>	<u>\$ (1,020,365)</u>	50,236,292
Less: General Obligation Debt	(23,151,031)			(20,415,185)
Less: Subscription Liability	(2,753,742)			(2,724,399)
Less: Lease Liability	(504,293)			(454,698)
Total Net Investment in Capital Assets	<u>\$ 21,642,912</u>			<u>\$ 26,642,010</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 LONG-TERM OBLIGATIONS

Long-term obligations of the District consist of general obligation bonds, general obligation promissory notes, net OPEB liability, compensated absences for vacation and sick pay benefits, and lease liabilities.

Changes in long-term obligations for the years ended June 30 was as follows:

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Due Within One Year
Notes and Bonds Payable					
General Obligation Bonds	\$ 11,960,000	\$ -	\$ (1,860,000)	\$ 10,100,000	\$ 1,950,000
General Obligation Notes	8,000,000	4,000,000	(4,000,000)	8,000,000	3,200,000
Unamortized Premiums	455,185	162,920	(180,319)	437,786	-
Total Bonds and Notes Payable	<u>20,415,185</u>	<u>4,162,920</u>	<u>(6,040,319)</u>	<u>18,537,786</u>	<u>5,150,000</u>
Other Liabilities:					
Net Other Postemployment					
Liability Benefits - Health Insurance	2,492,160	167,072	(455,190)	2,204,042	369,321
Termination Benefit	1,959,798	52,337	(287,096)	1,725,039	190,293
Accrued Compensated Absences - Vacation	618,017	713,887	(901,291)	430,613	430,613
Subscription Liability	2,724,399	217,518	(708,394)	2,233,523	377,884
Lease Liability	454,698	-	(52,720)	401,978	55,979
Total Long-Term Liabilities	<u>\$ 28,664,257</u>	<u>\$ 5,313,734</u>	<u>\$ (8,445,010)</u>	<u>\$ 25,532,981</u>	<u>\$ 6,574,090</u>
	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Notes and Bonds Payable					
General Obligation Bonds	\$ 13,755,000	\$ -	\$ (1,795,000)	\$ 11,960,000	\$ 1,860,000
General Obligation Notes	8,800,000	4,000,000	(4,800,000)	8,000,000	3,200,000
Unamortized Premiums	596,031	193,240	(334,086)	455,185	-
Total Bonds and Notes Payable	<u>23,151,031</u>	<u>4,193,240</u>	<u>(6,929,086)</u>	<u>20,415,185</u>	<u>5,060,000</u>
Other Liabilities:					
Net Other Postemployment					
Liability Benefits - Health Insurance	3,133,142	108,820	(749,802)	2,492,160	441,950
Termination Benefit	2,248,833	4,212	(293,247)	1,959,798	383,317
Accrued Compensated Absences - Vacation	595,815	689,070	(666,868)	618,017	618,017
Subscription Liability	2,753,742	258,559	(287,902)	2,724,399	585,389
Lease Liability	504,293	-	(49,595)	454,698	52,720
Total Long-Term Liabilities	<u>\$ 32,386,856</u>	<u>\$ 5,253,901</u>	<u>\$ (8,976,500)</u>	<u>\$ 28,664,257</u>	<u>\$ 7,141,393</u>

All general obligation debt is secured by the full faith and credit and taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the debt service fund.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Wisconsin State Statute 67.03 (1) limits total general obligation debt of the District to 5% of the equalized value of taxable property located within the district. Wisconsin State Statute 67.03 (9) limits bonded indebtedness of the District to 2% of the equalized value of taxable property, including tax incremental districts. The legal debt limit and the margin of indebtedness, as of June 30 is as follows:

June 30, 2024		
	Bonds	Aggregate
Equalized Value	\$ 14,574,434,970	\$ 14,574,434,970
Debt Limit (2% for Bonds, 5% for Total)	291,488,699	728,721,749
Debt Outstanding at June 30, 2024, Net of Resources Available to Pay Principal	10,100,000	18,100,000
Margin of Indebtedness	\$ 281,388,699	\$ 710,621,749

June 30, 2023		
	Bonds	Aggregate
Equalized Value	\$ 13,117,644,361	\$ 13,117,644,361
Debt Limit (2% for Bonds, 5% for Total)	262,352,887	655,882,218
Debt Outstanding at June 30, 2023, Net of Resources Available to Pay Principal	11,960,000	19,960,000
Margin of Indebtedness	\$ 250,392,887	\$ 635,922,218

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

General obligation debt at June 30, 2024 and 2023 are as follows:

<u>Description</u>	<u>Buyer</u>	<u>2024</u>	<u>2023</u>
2014 \$5,215,000 general obligation refunding bonds payable with annual principal payments of \$30,000-\$575,000 through June 1, 2028, interest at 2.0- 3.0%, payable semi-annually June 1 and December 1.	Robert W. Baird	\$ 2,190,000	\$ 2,695,000
2017 \$6,485,000 general obligation refunding bonds payable with annual 3.0% interest only payments until June 2026. Then \$1,555,000 to \$1,690,000 of principal payments annually through 2029.	Robert W. Baird	6,485,000	6,485,000
2019 \$7,775,000 general obligation refunding bonds payable with annual principal payments of \$1,313,550 - \$1,460,625 through June 1, 2025, interest with an average rate of 4.0%, payable semi-annually in June 1 and December 1. Proceeds used to finance construction and remodeling.	Robert W. Baird	1,425,000	2,780,000
2020 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2024, interest at 2.0-4.0%, payable semi-annually on June 1 and December 1. Proceeds used to finance remodeling, facility improvements, and equipment purchases.	Robert W. Baird	-	800,000
2021 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2025, interest at 1.25-2.25%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	800,000	1,600,000
2022 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2026, interest at 2.00%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	1,600,000	2,400,000
2023 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2027, interest at 5.00%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	2,400,000	3,200,000
2024 \$4,000,000 promissory notes payable with annual principal payments of \$800,000 through June 1, 2028, interest at 5.00%, payable semi-annually on June 1 and December 1. Proceeds used to finance building remodeling and improvements, and equipment purchases.	Robert W. Baird	3,200,000	-
Total General Obligation Debt		<u>\$ 18,100,000</u>	<u>\$ 19,960,000</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Future debt service requirements as of June 30, 2024 are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 5,150,000	\$ 661,500	\$ 5,811,500
2026	4,495,000	460,500	4,955,500
2027	3,745,000	301,650	4,046,650
2028	3,020,000	157,300	3,177,300
2029	1,690,000	50,700	1,740,700
Total	<u>\$ 18,100,000</u>	<u>\$ 1,631,650</u>	<u>\$ 19,731,650</u>

In prior years, the District defeased certain general obligations bonds by placing the proceeds of new debt in an irrevocable trust to provide for the future debt service payments on the old debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024 and 2023, \$8,020,000 and \$9,375,000 of debt outstanding is considered defeased, respectively.

Termination Benefit

In addition to the District's OPEB plan, the employee fringe benefit program included a provision for employees hired prior to July 1, 2006, which allowed academic, administrative, and support staff to be carried with the group insurance plan or plans at their own expense after retirement or layoff. However, the District would continue to pay health insurance premiums based on the type of employee and years of service or number of accumulated hours of sick leave. These benefits are financed on a pay-as-you-go basis. The District's accrual for termination benefits was \$1,725,039 and \$1,959,798 at June 30, 2024 and 2023.

NOTE 5 LEASES

The District, acting as lessee, leases building space under long-term, noncancellable lease agreements. The leases expire at various dates and provide for additional renewable options that are expected to be exercised through the year ending June 30, 2034. During the year ended June 30, 2024 and 2023, the District recognized \$10,637 and \$11,916 in interest expense, respectively, pursuant to these contracts. The District utilizes an estimated incremental borrowing rate of 2.5%.

Total future minimum lease payments under these lease agreements as of June 30, 2024 are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 55,979	\$ 9,278	\$ 65,257
2026	59,380	7,836	67,216
2027	62,925	6,307	69,232
2028	66,622	4,687	71,309
2029	66,159	2,982	69,141
2030 - 2034	90,913	4,411	95,324
Total	<u>\$ 401,978</u>	<u>\$ 35,501</u>	<u>\$ 437,479</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into subscription-based information technology arrangements (SBITAs) for various educational and security software. The SBITAs expire at various dates through 2033 and provide for renewal options. However, most are only two to three years in term due to the evolving technology applications.

As of June 30, 2024, SBITA assets and the related accumulated amortization totaled \$3,448,483 and \$1,213,006, respectively. As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$3,339,565 and \$778,357, respectively.

Interest has been calculated utilizing an interest rate of 4.43%, which is the District's estimated incremental borrowing rate for the agreements.

The future subscription payments under SBITA agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 377,884	\$ 84,513	\$ 462,397
2026	295,816	68,337	364,153
2027	216,146	58,121	274,267
2028	230,168	48,165	278,333
2029	244,888	37,572	282,460
2030 - 2033	868,621	40,654	909,275
Total	<u>\$ 2,233,523</u>	<u>\$ 337,362</u>	<u>\$ 2,570,885</u>

There were no termination penalties, no commitments under SBITAs prior to the commencement of the SBITA term and no impairment related losses on SBITA assets.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 WISCONSIN RETIREMENT SYSTEM

Plan Description

The WRS is a cost-sharing, multiemployer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Post-retirement Adjustments

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the current and prior reporting period, the WRS recognized \$978,481 and \$906,969 of contributions from the employer, respectively.

Contribution rates as of December 31, 2023, the measurement dates for the year ended June 30, 2024, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Contributions (Continued)

Contribution rates as of December 31, 2022, the measurement dates for the year ended June 30, 2023, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	11.50%
Protective without Social Security	6.50%	16.40%

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

At June 30, 2024, the District reported a liability of \$1,096,833 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the District's proportion was 0.07377113% which was a decrease of 0.00058857% from its proportion measured as of December 31, 2022.

At June 30, 2023, the District reported an asset of \$3,939,356 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on The District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion 0.07435970% which was a decrease of 0.00045257% from its proportion measured as of December 31, 2021.

For the years ended June 30, 2024 and 2023, the District recognized pension expense of \$758,073 and \$2,008,560, respectively.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,422,422	\$ 5,857,525
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	3,822,287	-
Changes in Assumptions	478,078	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	17,904	8,236
Employer Contributions Subsequent to the Measurement Date	485,834	-
Total	<u>\$ 9,226,525</u>	<u>\$ 5,865,761</u>

\$485,834 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 589,928
2026	621,522
2027	2,400,298
2028	(736,818)
Total	<u>\$ 2,874,930</u>

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,274,174	\$ 8,242,856
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	6,692,057	-
Changes in Assumptions	774,640	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	25,838	9,013
Employer Contributions Subsequent to the Measurement Date	466,985	-
Total	<u>\$ 14,233,694</u>	<u>\$ 8,251,869</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

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

\$466,985 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date was recognized as a reduction (increase) of the net pension liability (asset) in the year ended June 30, 2024.

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date:	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020; Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions (Continued)

Actuarial Valuation Date:	December 31, 2021
Measurement Date:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020; Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Long-Term Expected Return on Plan Assets (Continued)

**Asset Allocation Targets and Expected Returns
as of December 31, 2023**

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	40.0%	7.3%	4.5%
Public Fixed income	27.0%	5.8%	3.0%
Inflation Sensitive Assets	19.0%	4.4%	1.7%
Real Estate	8.0%	5.8%	3.0%
Private Equity/Debt	18.0%	9.6%	6.7%
Leverage	-12.0%	3.7%	1.0%
Total Core Fund	<u>100.0%</u>	7.4%	4.6%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.8%	4.0%
International Equities	30.0%	7.6%	4.8%
Total Variable Fund	<u>100.0%</u>	7.3%	4.5%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100 %. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

**Asset Allocation Targets and Expected Returns
as of December 31, 2022**

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	48.00%	7.6%	5.0%
Fixed Income	25.00%	5.3%	2.7%
Inflation Sensitive Assets	19.00%	3.6%	1.1%
Real Estate	8.00%	5.2%	2.6%
Private Equity/Debt	15.00%	9.6%	6.9%
Leverage	-15.00%	N/A	N/A
Total Core Fund	<u>100.00%</u>	7.4%	4.8%
Variable Fund Asset Class:			
U.S. Equities	70.00%	7.2%	4.6%
International Equities	30.00%	8.1%	5.5%
Total Variable Fund	<u>100.00%</u>	7.7%	5.1%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100 %. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 3.77% for the current year and 4.05% for the prior year, respectively (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023 and 2022, respectively. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

For the year ended June 30, 2024, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's Proportionate Share of Net Pension Liability (Asset)	\$ 10,601,426	\$ 1,096,833	\$ (5,553,932)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Sensitivity of the District's proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate (Continued)

For the year ended June 30, 2023, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's Proportionate Share of Net Pension Liability (Asset)	<u>\$ 13,074,596</u>	<u>\$ 3,939,356</u>	<u>\$ (2,344,904)</u>

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

As of June 30, 2024 and 2023, the District reported payables to the plan of \$142,618 and \$169,003, respectively.

NOTE 8 OTHER POST-EMPLOYMENT BENEFITS

Plan Description

Plan Administration. The District provides other post-employment benefits (OPEB) for its employees through a single-employer retiree benefit plan that provides postemployment health and dental insurance benefits to eligible employees and their spouses in accordance with employee contracts. Benefits and eligibility are established and amended by the governing body.

Plan Membership. At June 30, 2022, the date of the latest actuarial valuation, there were 189 active and 95 retired members in the plan.

Administrative staff and faculty hired prior to July 1, 2000 with a minimum of 13 years of service with the District as of June 30, 2013 are eligible. Eligible retirees will be provided with a credit/bank from which their premiums may be paid until exhaustion of funds. The benefit amount is based upon the family medical premium amount (annualized) times a factor, ranging from three to five, as determined by years of service as of June 30, 2013.

Support staff hired prior to July 1, 2000 with a minimum of 13 years of service with the District as of June 30, 2013 are eligible. Eligible retirees will be provided with a credit/bank from which their premiums may be paid until exhaustion of funds. The benefit amount is based upon the family medical premium amount (annualized) times a factor, ranging from one to three, as determined by years of service as of June 30, 2013.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

As of July 1, 2019, the District eliminated benefits for those hired prior to 2000. Only those that retired prior to July 1, 2019 are eligible to receive the benefits.

Funding Policy. Payments under the plan are made on a pay-as-you-go basis. There are no assets accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits as of June 30, 2024 or 2023.

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2023 and 2022, respectively and was determined by an actuarial valuation as of June 30, 2022.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	4.00%
Healthcare Cost Trend Rates	7.00% decreasing by 0.10% per year down to 4.50% and level thereafter.

The actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability (Continued)

The long-term expected rate of return on OPEB plan investments. Since the District has no assets held in trust, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount rate. The discount rate of 4.13% and 4.00%, respectively, was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 4.13% and 4.00%, respectively). This rate is equivalent to the Bond Buyer G.O. 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Changes in the Total OPEB Liability

	2024	2023
Balance at Beginning of the Year	\$ 2,492,160	\$ 3,133,142
Changes for the Year:		
Service Cost	4,254	6,397
Interest	90,932	65,073
Changes of Assumptions or Other Inputs	(441,950)	(261,406)
Differences Between Expected and Actual Experience	71,886	37,350
Benefit Payments	(13,240)	(488,396)
Net Changes	(288,118)	(640,982)
Balance at End of the Year	<u>\$ 2,204,042</u>	<u>\$ 2,492,160</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1- percentage-point higher than the current discount rate:

June 30, 2024			
	1% Decrease to Discount Rate (3.13%)	Current Discount Rate (4.13%)	1% Increase to Discount Rate (5.13%)
Total OPEB Liability	\$ 2,310,843	\$ 2,204,042	\$ 2,108,689

June 30, 2023			
	1% Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	1% Increase to Discount Rate (5.00%)
Total OPEB Liability	\$ 2,619,298	\$ 2,492,160	\$ 2,378,531

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as, what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

June 30, 2024			
	1% Decrease to (6.0% Decreasing to 3.5%)	Current Trends (7.0% Decreasing to 4.5%)	1% Increase to (8.0% Decreasing to 5.5%)
Total OPEB Liability	\$ 2,186,598	\$ 2,204,042	\$ 2,221,386

June 30, 2023			
	1% Decrease to (6.0% Decreasing to 3.5%)	Current Trends (7.0% Decreasing to 4.5%)	1% Increase to (8.0% Decreasing to 5.5%)
Total OPEB Liability	\$ 2,475,830	\$ 2,492,160	\$ 2,508,312

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024 and 2023, the District recognized OPEB expense (income) of \$63,426 and \$36,786, respectively. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 72,588	\$ -
Changes in Assumptions or Other Inputs	-	140,632
Employer Contributions Subsequent to the Measurement Date	369,321	-
Total	<u>\$ 441,909</u>	<u>\$ 140,632</u>

\$369,321 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (41,352)
2026	(41,352)
2027	14,660
Total	<u>\$ (68,044)</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 28,012	\$ 35,667
Changes in Assumptions or Other Inputs	45,259	196,054
Employer Contributions Subsequent to the Measurement Date	441,950	-
Total	<u>\$ 515,221</u>	<u>\$ 231,721</u>

\$441,950 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date was recognized as a reduction of the total OPEB liability in the year ended June 30, 2024.

NOTE 9 COMMITMENTS AND CONTINGENCIES

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

From time to time the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position.

NOTE 10 RISK MANAGEMENT

Districts Mutual Insurance Company (DMI)

In July 2004, all 16 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 \$500,000,000 per occurrence; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure to its layer of insurance is limited to its deductible amounts, which vary by coverage from \$2,500 to \$100,000 per occurrence. DMI purchases reinsurance for losses in excess of its retained layer of coverage.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 RISK MANAGEMENT (CONTINUED)

Districts Mutual Insurance Company (DMI) (Continued)

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

Each member college is assessed an annual premium. Future premiums will be based on relevant rating exposure bases as well as the historical loss experience by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company. Since DMI is fully capitalized, member districts have not been assessed a capitalization amount for fiscal years 2024 and 2023.

The DMI financial statements can be obtained through Districts Mutual Insurance Co., 212 W. Pinehurst Trail, Dakota Dunes, SD 57049.

Supplemental Insurance

In July 1997, 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 16 Wisconsin Technical College System districts.

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

- *Foreign Travel 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; \$2,500 deductible for investigation, \$15,000 deductible for employee dishonesty, forgery, and fraud.
- *Business Travel Accident:* Coverage for Local Board of Trustee Members \$1,000,000 aggregate general; \$100,000 for scheduled losses, assistance services medical evacuation and repatriation.

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 RISK MANAGEMENT (CONTINUED)

Health Insurance

As of July 1, 2015, the District joined together with other colleges in the State to form the Wisconsin Technical College Employee Benefits Consortium (WTCEBC). WTCEBC is a public entity risk pool that the District participates in to provide health insurance coverage to its employees. The main purpose of WTCEBC is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. The District pays WTCEBC a monthly premium based on the number of participants and the type of coverage that has been elected. Individual claims below \$100,000 are self-funded by the District. Any individual claim exceeding \$100,000 but less than \$250,000 is shared in a pooled layer among all of the colleges participating in the consortium. Individual claims exceeding \$250,000 and aggregate claims exceeding \$1,000,000 are subject to reinsurance.

The District's proportion of the investment in the WTCEBC of \$3,003,315 and \$2,865,645 reported at June 30, 2024 and 2023. The IBNR included in this investment is not material to the financial statements.

NOTE 11 CLASSIFICATION OF EXPENSES

Operating expenses by natural classification were as follows for the year ended June 30:

	2024	2023
Salaries and Wages	\$ 15,901,543	\$ 15,443,997
Fringe Benefits	5,126,523	6,298,007
Travel, Memberships, and Subscriptions	602,837	643,255
Supplies, Printing, and Minor Equipment	656,205	786,314
Contracted Services	1,747,731	2,103,801
Rentals, Repairs, and Maintenance	185,519	271,620
Marketing and Advertising	383,716	389,221
Student Activities	569,888	311,882
Enterprise Activities	612,791	1,023,500
Utilities	487,948	535,141
Miscellaneous	190,697	165,860
Depreciation/Amortization	4,852,686	4,120,242
Student Aid	3,627,845	3,185,804
Total Operating Expenses	<u>\$ 34,945,929</u>	<u>\$ 35,278,644</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT

Southwest Wisconsin Technical College Foundation, Inc. (the Foundation) promotes learning through funding and activities that enable Southwest Wisconsin Technical College (located in Fennimore, Wisconsin) to provide opportunities for success. The Foundation identifies, solicits, and manages alternative sources of funding to:

- Provide leadership and direction through the involvement of the Foundation's board of directors and staff in the continuing development of Southwest Wisconsin Technical College (the District);
- Develop and manage endowment funds to provide scholarships, special awards, and other financial assistance to students of the District;
- Provide and develop alternative financial support to the District for facilities improvement, equipment acquisitions, program development, student financial aid, and staff development; and
- Support and encourage developments in vocational/technical education through various activities.

Southwest Wisconsin Technical College Real Estate Foundation, Inc. (REF) was formed for the purpose of acquiring, developing, and holding real estate for the benefit of the District. The REF supports the District by holding and managing real estate that is integral to the District's mission.

Each of the District, the Foundation and the REF are governed by a separate board of directors; however, the REF is operated, supervised, and controlled by the Foundation. Each Foundation maintains an arms-length transaction with the District. While each entity is independently governed, it is recognized that close collaboration and cooperation are essential to attain their separate missions.

The District sets the strategic priorities and objectives consistent with its role as an educational institution. The activities of Foundation and the REF should be consistent with and aligned with the District's objectives. The Foundation is intended to be the primary means through which private donors may assist the District.

A. Summary of Significant Accounting Policies

Principles of Consolidation

The financial statements include the financial statements of the Foundation and the REF. The REF is consolidated since the Foundation has both an economic interest in the REF and control of the REF. All material intra-entity transactions have been eliminated.

The consolidated financial statements are included as a component unit in the District's financial statements since the District has an economic interest in the Foundation and REF.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

A Summary of Significant Accounting Policies (Continued)

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At June 30, 2024 and 2023, the Foundation determined the amounts recorded to be fully collectible.

Investments

The Foundation reports investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all costs for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization is computed using primarily the straight-line method over the useful lives of the assets ranging from 5 to 40 years.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The REF is exempt from federal income tax under Section 501(c)(3) of the IRC. In addition, the REF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a supporting organization under Section 509(a)(3).

Revenue Recognition

Revenue is recognized when performance obligations are met. Rental income is recognized ratably over the rental period.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

A. Summary of Significant Accounting Policies (Continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, personnel expenses are allocated on the basis of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Scholarships and awards—Scholarships, special awards, and other financial assistance provided to students and support provided to faculty to continue their education in their respective fields.

Student housing—On-campus apartment style units that provide students with a place to reside while attending Southwest Wisconsin Technical College.

Management and general—Management and general expenses include the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the Foundation, inform the public about the Foundation's stewardship, and perform other activities related to the overall direction of the Foundation.

Fundraising—Fundraising expenses include the costs related to activities that involve inducing potential donors to contribute assets, services, or time to the Foundation.

Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

B. Promises to Give

Unconditional promises to give at June 30 are as follows:

	2024	2023
Receivable in Less than One Year	\$ 269,771	\$ 353,352
Receivable in One to Five Years	16,126	367,131
Unconditional Promises to Give	<u>\$ 285,897</u>	<u>\$ 720,483</u>

Current year promises to give have been included in accounts receivable on the statement of net position for the years ended June 30, 2024 and 2023.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

C. Investments

Investments at June 30 are comprised of the following:

	2024	2023
Money Market Fund	\$ 154,909	\$ 45,279
Mutual Funds - Equity	5,085,471	4,511,976
Mutual Funds - Fixed Income	1,964,068	1,551,772
Investments	<u>\$ 7,204,448</u>	<u>\$ 6,109,027</u>

Investments at June 30, 2024 and 2023 include \$6,041,247 and \$5,047,266 of investments held for endowment purposes.

D. Fair Value Measurements

Fair values of assets measured on a recurring basis are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual Funds		
Equity	\$ 5,085,471	\$ 5,085,471
Fixed Income	1,964,068	1,964,068
Total Investments at Fair Value	<u>7,049,539</u>	<u>\$ 7,049,539</u>
Investments Not Measured at Fair Value on a Recurring Basis		
Cash and Cash Equivalents	154,909	
Total Investments at June 30, 2024	<u>\$ 7,204,448</u>	
Mutual Funds		
Equity	\$ 4,511,976	\$ 4,511,976
Fixed Income	1,551,772	1,551,772
Total Investments at Fair Value	<u>6,063,748</u>	<u>\$ 6,063,748</u>
Investments Not Measured at Fair Value on a Recurring Basis		
Cash and Cash Equivalents	45,279	
Total Investments at June 30, 2023	<u>\$ 6,109,027</u>	

The valuation methodologies used for assets measured at fair value are as follows:

Mutual funds are valued at the quoted market prices, which represent the net asset value of the shares held by the Foundation at year-end.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

E. Property and Equipment

Property and equipment consist of the following:

	2024	2023
Land	\$ 80,000	\$ 80,000
Buildings and Improvements	3,828,738	3,828,738
Equipment	155,393	115,915
Property and Equipment	4,064,131	4,024,653
Less: Accumulated Depreciation	(1,191,778)	(1,075,709)
Property and Equipment, Net	<u>\$ 2,872,353</u>	<u>\$ 2,948,944</u>

F. Long-term Debt

<u>Description</u>	2024	2023
Note Payable, due in monthly installments of \$2,155, including interest at 3.51% with single balloon payment due November 2030, secured by property.	\$ 247,992	\$ 264,807
Note Payable, due in monthly installments of \$9,210, including interest at 3.51% with single balloon payment due November 2030, secured by property.	1,061,853	1,133,648
Note Payable, due in monthly installments of \$3,279, including interest at 3.52%, with single balloon payment due October 2030, secured by property.	568,164	586,873
Subtotal	1,878,009	1,985,328
Less: Current Maturities	111,285	107,260
Total Long-Term Debt	<u>\$ 1,766,724</u>	<u>\$ 1,878,068</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

F. Long-term Debt (Continued)

The future scheduled maturities of the mortgages are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 111,285
2026	115,267
2027	627,275
2028	101,998
2029	105,728
Thereafter	816,456
Total	<u>\$ 1,878,009</u>

G. Leasing Arrangements

The REF leases housing units to students of the District. Lease terms are typically for one District academic year and may be extended through the summer months if requested by the student and units are available.

H. Net Assets

The Foundation and the REF's boards of directors have chosen to place the following limitations on unrestricted net assets:

	<u>2024</u>	<u>2023</u>
Property and Equipment Held for Leasing (Net of Accumulated Depreciation and Related Debt)	\$ 994,344	\$ 963,616
Undesignated	691,036	675,311
Net Assets Without Donor Restrictions	<u>\$ 1,685,380</u>	<u>\$ 1,638,927</u>

Net assets with donor restrictions are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Professional Staff Development - Perpetual	\$ 65,000	\$ 61,290
Special Projects and Events - Perpetual	185,637	153,529
Scholarship - Perpetual	5,625,074	4,537,789
Professional Staff Development - Spendable	13,228	8,984
Special Projects and Events - Spendable	473,525	667,517
Scholarships - Spendable	2,150,943	2,088,804
Net Assets with Donor Restrictions	<u>\$ 8,513,407</u>	<u>\$ 7,517,913</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

H. Net Assets (Continued)

The Foundation has endowment agreements with various donors. Under certain agreements, the donor contributes to an endowment fund periodically. Once the balance of the individual's endowment fund reaches \$12,500, the donor's contributions become permanently endowed and the Foundation may not expend the corpus of the fund below the specified amount.

I. Endowment Funds

The Foundation's endowment consists of approximately 90 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted Wisconsin's enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by Wisconsin's enacted version of UPMIFA. In accordance with Wisconsin's enacted version of UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

I. Endowment Funds (Continued)

To achieve its objectives, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the fund if possible. The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Asset classes may include common and preferred stocks, closed-end and open-end mutual funds, real estate investment trusts, American Depositary Receipts (ADRs) of foreign companies, U.S. Treasury securities and government agency obligations, mortgage-backed securities, and domestic corporate bonds typically of investment grade. All investment assets have sufficient liquidity for reasonable price stability and ease of trading. No individual equity-based investment may exceed 5% of the total fair value of all equity-based investments at the time of purchase or 5% of the total fair value of all investment assets at any given time. With the exception of U.S. Treasury securities and government agency obligations, no fixed income investment of any single issuer may in the aggregate exceed 5% of the total fair value of all investment assets at any given time.

The Foundation has a spending policy of appropriating for distribution annually a minimum of 3.0% of its endowment fund's average fair value on the last day of each of the three calendar years immediately preceding the fiscal year in which the appropriation is to be made. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment fund to grow at a rate consistent with its objectives of maintaining the purchasing power of the endowment assets as well as providing additional real growth through investment return.

Endowment net asset composition by type of fund is as follows:

	2024	2023
Donor-Restricted Endowment Funds		
Original Donor-Restricted Gift Amount	\$ 5,882,387	\$ 4,752,608
Accumulated Investment Gains	1,173,967	623,762
Total Funds	<u>\$ 7,056,354</u>	<u>\$ 5,376,370</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

I. Endowment Funds (Continued)

The changes in donor-restricted endowment net assets for the years ended June 30 are as follows:

	2024	2023
Endowment Net Assets - Beginning	\$ 5,376,370	\$ 4,856,496
Investment Return, Net	791,837	593,388
Contributions	334,240	136,118
Transfers	795,539	25,472
Appropriation of Endowment Assets for Expenditure	(241,632)	(235,104)
Endowment Net Assets - Ending	<u>\$ 7,056,354</u>	<u>\$ 5,376,370</u>

J. Related Party Transactions

The Foundation and the REF have an agreement with the District for services and facilities. The District employed all of the Foundation and REF's employees. During the years ended June 30, 2024 and 2023, the Foundation recorded donated services of \$242,571 and \$209,792, and the REF recorded donated services of \$61,682 and \$49,145 for the personnel-related costs. The District also provided payroll, human resources, and maintenance services, internet and mailing services, office space, and office equipment. Services received from the District are measured at the District's estimate of the costs it incurred in providing those services. Facilities and office equipment are measured at the fair value rental for similar facilities. During the years ended June 30, 2024 and 2023, the Foundation paid \$193,280 and \$74,588 and the REF paid \$14,651 and \$77,970 for expenses incurred by the District.

The Foundation disburses scholarships, professional development awards, project grants and emergency grants to and on behalf of the District. During the years ended June 30, 2024 and 2023, the Foundation disbursed \$569,185 and \$528,480, respectively.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

K. Liquidity and Availability

The following table reflects the Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date:

	2024	2023
Financial Assets - Year-End	\$ 9,248,632	\$ 8,249,512
Less Those Unavailable for General Expenditure		
Within One Year Due to:		
Restricted by Donor with Time or Purpose Restrictions	(1,457,053)	(2,141,543)
Restricted for Endowment Purposes	(7,056,354)	(5,376,370)
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 735,225</u>	<u>\$ 731,599</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 13 SUBSEQUENT EVENTS

On December 5, 2024, the District issued General Obligation Promissory Notes, Series 2022A (the Notes), totaling \$4,000,000, with an interest rate of 4%, payable on June 1 and December 1 annually. Principal payments of \$800,000 are due on June 1 of each year until maturity on June 1, 2029. Proceeds will be used for building remodeling and improvements projects, acquiring movable equipment, and acquiring land and buildings at the Fennimore Campus. The Notes are not subject to redemption prior to maturity.

Required Supplementary Information

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability Percent	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2014	0.086672%	\$ (2,128,893)	\$ 12,149,964	-17.52%	102.74%
12/31/2015	0.087056%	1,414,636	12,311,841	11.49%	98.20%
12/31/2016	0.086366%	711,859	12,373,045	5.75%	99.12%
12/31/2017	0.083501%	(2,479,236)	11,758,708	-21.08%	102.93%
12/31/2018	0.080345%	2,858,425	11,883,773	24.05%	96.45%
12/31/2019	0.077373%	(2,494,865)	12,228,545	-20.40%	102.96%
12/31/2020	0.075898%	(4,738,443)	12,386,134	-38.26%	105.26%
12/31/2021	0.074812%	(6,030,006)	12,772,078	-47.21%	106.02%
12/31/2022	0.0743597%	3,939,356	13,491,037	29.20%	95.72%
12/31/2023	0.0737711%	1,096,833	14,112,113	7.77%	98.85%

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 850,618	\$ 850,618	\$ -	\$ 12,010,404	7.08%
6/30/2016	837,279	837,279	-	12,352,788	6.78%
6/30/2017	816,621	816,621	-	11,955,189	6.83%
6/30/2018	792,663	792,663	-	11,915,580	6.65%
6/30/2019	796,212	796,212	-	11,910,676	6.68%
6/30/2020	800,839	800,839	-	12,453,569	6.43%
6/30/2021	818,976	818,976	-	12,132,986	6.75%
6/30/2022	849,302	849,302	-	12,832,045	6.62%
6/30/2023	906,969	906,969	-	13,636,412	6.65%
6/30/2024	978,481	978,481	-	14,285,878	6.85%

See accompanying Notes to the Required Supplementary Information.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 MEASUREMENT PERIODS

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
TOTAL OPEB LIABILITY							
Service Cost	\$ 4,254	\$ 6,397	\$ 6,256	\$ 5,066	\$ 4,761	\$ 93,739	\$ 93,739
Interest	90,932	65,073	75,371	133,441	157,909	226,102	232,922
Changes of Benefit Terms	-	-	-	-	-	(1,262,091)	-
Differences between Expected and Actual Experience	71,886	37,350	-	(142,674)	-	(683,532)	-
Changes in Assumptions or Other Input	(13,240)	(261,406)	-	181,039	46,962	(185,079)	-
Benefit Payments	(441,950)	(488,396)	(590,388)	(690,081)	(526,073)	(261,530)	(781,544)
NET CHANGE IN OPEB LIABILITY	(288,118)	(640,982)	(508,761)	(513,209)	(316,441)	(2,072,391)	(454,883)
Total OPEB Liability - Beginning of Year	2,492,160	3,133,142	3,641,903	4,155,112	4,471,553	6,543,944	6,998,827
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 2,204,042</u>	<u>\$ 2,492,160</u>	<u>\$ 3,133,142</u>	<u>\$ 3,641,903</u>	<u>\$ 4,155,112</u>	<u>\$ 4,471,553</u>	<u>\$ 6,543,944</u>
Covered Payroll	\$ 12,908,469	\$ 12,908,469	\$ 12,061,085	\$ 12,061,085	\$ 11,191,670	\$ 11,191,670	\$ 2,561,028
OPEB Liability as a Percentage of Covered Payroll.	17.07%	19.31%	25.98%	30.20%	37.13%	39.95%	255.52%

See accompanying Notes to the Required Supplementary Information.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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.

Local property taxes are levied on a calendar year basis by various taxing municipalities located in Southwestern Wisconsin. The District records as revenue its share of the local tax when levied.

Annual budgets are prepared on a different basis from the basic financial statements by recognizing encumbrances as expenditures and by recognizing revenues related to encumbrances.

The legal level of control for each budget is by function and 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 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. These budget modifications reflect (1) actual property tax revenues in excess of estimates; (2) changes in expected state aid payments, both for the current year and prior year adjustments; (3) various other minor adjustments. Expenditures may not exceed appropriations. Unencumbered appropriations lapse at the end of each fiscal year. Management is authorized to transfer appropriations within functions without the approval of the Board.

NOTE 2 WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitions from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitions from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

Significant methods and assumptions used in calculating the Wisconsin Retirement System Actuarially Determined Contributions:

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).
Mortality:					

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.

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

NOTE 3 TOTAL OPEB LIABILITY AND RELATED RATIOS ASSUMPTIONS

Materials and assumptions used to determine OPEB contribution rates are described in Note 7.

Supplementary Information

The following supplementary information is provided to document the District'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 District. At the end of this section is a reconciliation between the two methods.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024				2023
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
REVENUES					
Local Government - Tax Levy	\$ 5,118,300	\$ 5,118,300	\$ 5,163,093	\$ 44,793	\$ 5,020,419
Intergovernmental Revenue					
State	11,400,000	11,400,000	11,921,410	521,410	11,586,409
Federal	850,000	850,000	1,263,590	413,590	1,876,872
Tuition and Fees					
Statutory Program Fees	4,629,000	4,629,000	4,697,107	68,107	4,490,977
Materials Fees	270,000	270,000	274,611	4,611	256,308
Other Student Fees	511,000	511,000	597,058	86,058	647,281
Institutional	1,994,000	2,544,000	3,053,207	509,207	2,662,708
Total Revenues	<u>24,772,300</u>	<u>25,322,300</u>	<u>26,970,076</u>	<u>1,647,776</u>	<u>26,540,974</u>
EXPENDITURES					
Current:					
Instruction	14,200,000	14,350,000	14,334,699	15,301	15,837,617
Instructional Resources	309,000	309,000	246,727	62,273	297,990
Student Services	2,800,000	3,000,000	2,963,744	36,256	2,925,392
General Institutional	5,900,000	6,100,000	6,058,977	41,023	5,869,948
Physical Plant	2,200,000	2,200,000	2,159,194	40,806	2,298,273
Auxiliary Services	-	-	-	-	10,491
Total Expenditures	<u>25,409,000</u>	<u>25,959,000</u>	<u>25,763,341</u>	<u>195,659</u>	<u>27,239,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(636,700)	(636,700)	1,206,735	1,843,435	(698,737)
OTHER FINANCING SOURCES (USES)					
Transfers In	296,000	296,000	156,983	(139,017)	1,308,833
Transfers Out	(45,000)	(45,000)	(51,093)	(6,093)	(38,812)
Total Other Financing Sources (Uses)	<u>251,000</u>	<u>251,000</u>	<u>105,890</u>	<u>(145,110)</u>	<u>1,270,021</u>
NET CHANGE IN FUND BALANCES	(385,700)	(385,700)	1,312,625	1,698,325	571,284
Fund Balance - Beginning of Year	<u>11,471,250</u>	<u>11,471,250</u>	<u>11,711,534</u>	<u>240,284</u>	<u>11,140,250</u>
FUND BALANCE - END OF YEAR	<u>\$ 11,085,550</u>	<u>\$ 11,085,550</u>	<u>\$ 13,024,159</u>	<u>\$ 1,938,609</u>	<u>\$ 11,711,534</u>
FUND BALANCE					
Nonspendable - Prepaid Expenses			\$ 124,423		
Assigned for State Aid Fluctuations			200,000		
Assigned for Post-Employment Benefits			4,882,846		
Assigned for Subsequent Year General Fund			1,600,000		
Unassigned			<u>6,216,890</u>		
Total Fund Balances			<u>\$ 13,024,159</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SPECIAL REVENUE NONAIDABLE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024				2023
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
REVENUES					
Intergovernmental Revenue					
State	\$ 600,000	\$ 600,000	\$ 681,369	\$ 81,369	\$ 660,407
Federal	6,570,000	6,570,000	5,226,799	(1,343,201)	4,729,070
Student Fees	970,000	970,000	281,767	(688,233)	267,182
Institutional	385,500	385,500	497,164	111,664	970,494
Total Revenues	<u>8,525,500</u>	<u>8,525,500</u>	<u>6,687,099</u>	<u>(1,838,401)</u>	<u>6,627,153</u>
EXPENDITURES					
Instruction	-	-	-	-	-
Student Services	7,797,500	7,747,500	6,686,666	1,060,834	5,954,904
Auxiliary Services	33,000	83,000	40,142	42,858	31,481
Total Expenditures	<u>7,830,500</u>	<u>7,830,500</u>	<u>6,726,808</u>	<u>1,103,692</u>	<u>5,986,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	695,000	695,000	(39,709)	(777,567)	640,768
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	51,093	51,093	38,812
Transfers Out	(650,000)	(650,000)	-	650,000	(694,630)
Total Other Financing Sources (Uses)	<u>(650,000)</u>	<u>(650,000)</u>	<u>51,093</u>	<u>701,093</u>	<u>(655,818)</u>
NET CHANGE IN FUND BALANCE	45,000	45,000	11,384	(76,474)	(15,050)
Fund Balance - Beginning of Year	<u>632,161</u>	<u>632,161</u>	<u>627,111</u>	<u>(5,050)</u>	<u>642,161</u>
FUND BALANCE - END OF YEAR	<u>\$ 677,161</u>	<u>\$ 677,161</u>	<u>\$ 638,495</u>	<u>\$ (81,524)</u>	<u>\$ 627,111</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024				2023
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
REVENUES					
Intergovernmental Revenue					
Federal	\$ 1,396,000	\$ 1,396,000	\$ 500,000	\$ (896,000)	\$ 370,246
Institutional	75,000	75,000	93,715	18,715	109,484
Total Revenues	<u>1,471,000</u>	<u>1,471,000</u>	<u>593,715</u>	<u>(877,285)</u>	<u>479,730</u>
EXPENDITURES					
Current:					
Instruction	1,045,000	545,000	500,753	44,247	619,797
Instructional Resources	64,000	64,000	19,276	44,724	6,342
General Institutional	829,000	1,629,000	1,572,401	56,599	1,721,534
Physical Plant	4,009,000	4,659,000	4,643,238	15,762	1,067,242
Total Expenditures	<u>5,947,000</u>	<u>6,897,000</u>	<u>6,735,668</u>	<u>161,332</u>	<u>3,414,915</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(4,476,000)	(5,426,000)	(6,141,953)	(715,953)	(2,935,185)
OTHER FINANCING SOURCES (USES)					
Proceeds from Debt	4,000,000	4,000,000	4,000,000	-	4,000,000
Transfers Out	(296,000)	(196,000)	(156,983)	39,017	(1,308,833)
Total Other Financing Sources (Uses)	<u>3,704,000</u>	<u>3,804,000</u>	<u>3,843,017</u>	<u>39,017</u>	<u>2,691,167</u>
NET CHANGE IN FUND BALANCE	(772,000)	(1,622,000)	(2,298,936)	(676,936)	(244,018)
Fund Balance - Beginning of Year	<u>534,507</u>	<u>534,507</u>	<u>689,489</u>	<u>154,982</u>	<u>933,507</u>
FUND BALANCE - END OF YEAR	<u>\$ (237,493)</u>	<u>\$ (1,087,493)</u>	<u>\$ (1,609,447)</u>	<u>\$ (521,954)</u>	<u>\$ 689,489</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024				2023
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
REVENUES					
Local Government - Tax Levy	\$ 6,600,000	\$ 6,600,000	\$ 6,600,000	\$ -	\$ 6,510,000
Intergovernmental Revenue					
State	20,000	20,000	24,536	4,536	24,702
Institutional	36,000	36,000	145,637	109,637	38,898
Total Revenues	6,656,000	6,656,000	6,770,173	114,173	6,573,600
EXPENDITURES					
Debt Services	6,710,000	6,710,000	6,707,491	2,509	7,422,281
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(54,000)	(54,000)	62,682	116,682	(848,681)
OTHER FINANCING SOURCES (USES)					
Premium on Issuance of Debt	-	-	162,920	162,920	170,840
Total Other Financing Sources (Uses)	-	-	162,920	162,920	170,840
NET CHANGE IN FUND BALANCE	(54,000)	(54,000)	225,602	279,602	(677,841)
Fund Balance - Beginning of Year	1,658,443	1,658,443	1,661,062	2,619	2,338,903
FUND BALANCE - END OF YEAR	<u>\$ 1,604,443</u>	<u>\$ 1,604,443</u>	<u>\$ 1,886,664</u>	<u>\$ 282,221</u>	<u>\$ 1,661,062</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
 PROPRIETARY FUNDS – ENTERPRISE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED JUNE 30, 2024
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024				2023
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
OPERATING REVENUES					
Intergovernmental Revenue					
Federal	\$ -	\$ -	\$ 50,147	\$ 50,147	\$ 76,449
Institutional	1,300,000	1,350,000	2,149,104	799,104	1,219,677
Total Operating Revenues	1,300,000	1,350,000	2,199,251	849,251	1,296,126
OPERATING EXPENSES					
Current:					
Instruction	-	-	-	-	208
Auxiliary Services	1,905,300	1,955,300	1,950,781	4,519	2,155,780
Total Operating Expenditures	1,905,300	1,955,300	1,950,781	4,519	2,155,988
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	(605,300)	(605,300)	248,470	844,732	(859,862)
NONOPERATING EXPENSES					
Transfers In	695,000	695,000	-	695,000	694,630
Total Nonoperating Expenses	695,000	695,000	-	695,000	694,630
NET CHANGE IN NET POSITION	89,700	89,700	248,470	1,539,732	(165,232)
Net Position - Beginning of Year	3,179,266	3,179,266	2,969,034	(210,232)	3,134,266
NET POSITION - END OF YEAR	<u>\$ 3,268,966</u>	<u>\$ 3,268,966</u>	<u>\$ 3,217,504</u>	<u>\$ 1,329,500</u>	<u>\$ 2,969,034</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
 PROPRIETARY FUNDS – INTERNAL SERVICE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED JUNE 30, 2024
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	2024				2023
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
OPERATING REVENUES					
Institutional	\$ 4,455,000	\$ 4,455,000	\$ 3,752,752	\$ (702,248)	\$ 3,909,921
Total Operating Revenues	4,455,000	4,455,000	3,752,752	(702,248)	3,909,921
OPERATING EXPENSES					
General Institutional	-	-	-	-	1,518
Auxiliary Services	4,455,000	4,455,000	3,916,631	538,369	3,654,711
Total Operating Expenditures	4,455,000	4,455,000	3,916,631	538,369	3,656,229
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	-	-	(163,879)	(163,879)	253,692
NET CHANGE IN NET POSITION	-	-	(163,879)	(163,879)	253,692
Net Position - Beginning of Year	1,991,571	1,991,571	2,245,263	253,692	1,991,571
NET POSITION - END OF YEAR	<u>\$ 1,991,571</u>	<u>\$ 1,991,571</u>	<u>\$ 2,081,384</u>	<u>\$ 89,813</u>	<u>\$ 2,245,263</u>

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL STATEMENTS
TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

	Governmental Funds				Proprietary Funds				Statement of Revenues, Expenses, and Changes in Net Position
	General	Special Revenue	Capital Projects	Debt Service	Enterprise Funds	Internal Service	Total	Reconciling Items	
REVENUES									
Local Government - Tax Levy	\$ 5,163,093	\$ -	\$ -	\$ 6,600,000	\$ -	\$ -	\$ 11,763,093	\$ -	\$ 11,763,093
Intergovernmental Revenue									
State	11,921,410	681,369	-	24,536	-	-	12,627,315	-	12,627,315 (a)
Federal	1,263,590	5,226,799	500,000	-	50,147	-	7,040,536	(2,757,246)	4,283,290 (b)
Tuition and Fees									
Statutory Program Fees	4,697,107	-	-	-	-	-	4,697,107	-	4,697,107
Materials Fees	274,611	-	-	-	-	-	274,611	-	274,611
Other Student Fees	597,058	281,767	-	-	-	-	878,825	-	878,825
Institutional	3,053,207	497,164	93,715	145,637	2,149,104	3,752,752	9,691,579	(3,814,769)	5,876,810 (c)
Total Revenues	26,970,076	6,687,099	593,715	6,770,173	2,199,251	3,752,752	46,973,066	(6,572,015)	40,401,051
EXPENDITURES/EXPENSES									
Current									
Instruction	14,334,699	-	500,753	-	-	-	14,835,452	(2,057,685)	12,777,767
Instruction Resources	246,727	-	19,276	-	-	-	266,003	(4,567)	261,436
Student Services	2,963,744	6,686,666	-	-	-	-	9,650,410	(6,026,270)	3,624,140
General Institutional	6,058,977	-	1,572,401	-	-	-	7,631,378	(2,355,831)	5,275,547
Physical Plant	2,159,194	-	4,643,238	-	-	-	6,802,432	(3,954,295)	2,848,137
Auxiliary Services	-	40,142	-	-	1,950,781	3,916,631	5,907,554	(4,229,183)	1,678,371
Depreciation/Amortization	-	-	-	-	-	-	-	4,852,686	4,852,686
Student Aid	-	-	-	-	-	-	-	3,627,845	3,627,845
Debt Services									
Principal	-	-	-	5,860,000	-	-	5,860,000	(5,860,000)	-
Interest	-	-	-	847,491	-	-	847,491	(71,479)	776,012
Total Expenditures/Expenses	25,763,341	6,726,808	6,735,668	6,707,491	1,950,781	3,916,631	51,800,720	(16,078,779)	35,721,941
Excess (Deficiency) of Revenues									
Over (Under) Expenditures/Expenses	1,206,735	(39,709)	(6,141,953)	62,682	248,470	(163,879)	(4,827,654)	9,506,764	4,679,110
OTHER FINANCING SOURCES (USES)									
Long-Term Debt Issued	-	-	4,000,000	-	-	-	4,000,000	(4,000,000)	-
Premium on Issuance of Debt	-	-	-	162,920	-	-	162,920	(162,920)	-
Transfers In	156,983	51,093	-	-	-	-	208,076	(208,076)	-
Transfers Out	(51,093)	-	(156,983)	-	-	-	(208,076)	208,076	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(138,892)	(138,892)
Total Other Financing Sources (Uses)	105,890	51,093	3,843,017	162,920	-	-	4,162,920	(4,301,812)	(138,892)
NET CHANGE IN FUND BALANCE/NET POSITION	1,312,625	11,384	(2,298,936)	225,602	248,470	(163,879)	(664,734)	5,204,952	4,540,218
Fund Balance/Net Position - Beginning of Year	11,711,534	627,111	689,489	1,661,062	2,969,034	2,245,263	19,903,493	24,649,595	44,553,088
FUND BALANCE/NET POSITION - END OF YEAR	<u>\$ 13,024,159</u>	<u>\$ 638,495</u>	<u>\$ (1,609,447)</u>	<u>\$ 1,886,664</u>	<u>\$ 3,217,504</u>	<u>\$ 2,081,384</u>	<u>\$ 19,238,759</u>	<u>\$ 29,854,547</u>	<u>\$ 49,093,306 (d)</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE TO RECONCILE BUDGET (NON-GAAP BUDGETARY) BASIS FINANCIAL
STATEMENTS
TO STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024**

- (a) State Grant Revenue is Presented on the Basic Financial Statement as Follows:

Operating	\$ 2,834,616
Nonoperating	<u>9,792,699</u>
	<u><u>\$ 12,627,315</u></u>

- (b) Federal Grant Revenue is Presented on the Basic Financial Statement as Follows:

Operating	\$ 1,563,971
Nonoperating	<u>2,719,319</u>
	<u><u>\$ 4,283,290</u></u>

- (c) Institutional Revenue is Reported on the Basic Financial Statement as Follows:

Nongovernmental Grants and Contracts	\$ 2,934,123
Auxiliary Enterprises	2,149,104
Investment Income	<u>793,583</u>
	<u><u>\$ 5,876,810</u></u>

- (d) Reconciliation of Budgetary Basis Fund Balance and Net Position as Presented in the Basic Financial Statements:

Budgetary Basis Fund Balance	\$ 19,238,759
Capital Assets - Cost	89,805,633
Accumulated Depreciation/Amortization on Capital Assets	(38,928,483)
Prepaid Expense Adjustment	24,813
Receivable Adjustment	(500,000)
Lease Liabilities	(401,978)
Subscription Liabilities	(2,233,523)
Net Pension Liability and Deferred Items	2,263,931
General Obligation Bonds and Notes Payable	(18,100,000)
Unamortized Debt Premium	(437,786)
Net Other Postemployment Benefits and Deferred Items	(1,902,765)
Compensated Absences/Termination Benefit	(1,523,446)
Accrued Interest on Notes Payable	(55,125)
Encumbrances Outstanding at Year-End	<u>1,843,276</u>
Net Position per Basic Financial Statements	<u><u>\$ 49,093,306</u></u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Southwest Wisconsin Technical College
Fennimore, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity and the discretely presented component unit of the Southwest Wisconsin Technical College (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2024. The consolidated financial statements of the Southwest Wisconsin Technical College Foundation, Inc. (the Foundation) were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

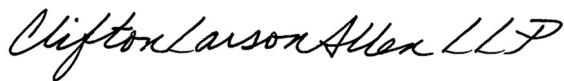
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Middleton, Wisconsin
December 20, 2024

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2024



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**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
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YEAR ENDED JUNE 30, 2024**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Southwest Wisconsin Technical College
Fennimore, Wisconsin

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities and the discretely presented component unit of the Southwest Wisconsin Technical College (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2024.

The consolidated financial statement of the Southwest Wisconsin Technical College Foundation, Inc. (the Foundation) were not audited in accordance with *Government Auditing Standards*, and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant* deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

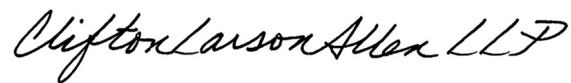
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Middleton, Wisconsin
December 20, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE
WISCONSIN STATE SINGLE AUDIT GUIDELINES**

Board of Directors
Southwest Wisconsin Technical College
Fennimore, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Southwest Wisconsin Technical College (the District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the Wisconsin *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2024. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Wisconsin *State Single Audit Guidelines*. Our responsibilities under those standards and the Uniform Guidance and the Wisconsin *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Wisconsin *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Wisconsin *State Single Audit Guidelines*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Wisconsin *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and the Wisconsin *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal and state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001, to be a significant deficiency.

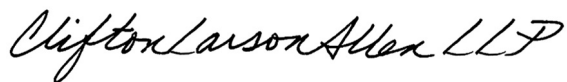
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the Wisconsin *State Single Audit Guidelines*

We have audited the financial statements of the business-type activities and the discretely presented component unit of the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon, dated January 13, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the Wisconsin *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Middleton, Wisconsin
January 13, 2025

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND OTHER AUDITORS' REPORTS**

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Project Identification Number	Federal Grant Amount	Passed Through to Subrecipients	Expenditures		Total Expenditures
					Federal	Match	
Department of Agriculture							
<i>Direct Awards:</i>							
Farm Business Management and Benchmarking Competitive Grants	10.319	GRA-2324-114	\$ 9,662	\$ -	\$ 9,662	\$ -	\$ 9,662
Cooperative Extension Service	10.937	GRA-2324-112	163,100	-	12,744	-	12,744
<i>Pass-Through Program from Wisconsin Department of Agriculture, Trade, and Consumer Protection:</i>							
Nutrient Management 2022 Funds	10.459	GRA-2223-105	19,451	-	19,451	-	19,451
Total Department of Agriculture			<u>\$ 192,213</u>	<u>\$ -</u>	<u>\$ 41,857</u>	<u>\$ -</u>	<u>\$ 41,857</u>
Department of Labor							
<i>Pass-Through Wisconsin Technical College System</i>							
Registered Apprenticeship							
Apprenticeship USA Grant - FY2024 Statewide Apprenticeship Expansion	17.285	03-199-155-234	<u>\$ 15,222</u>	<u>\$ -</u>	<u>\$ 15,222</u>	<u>\$ -</u>	<u>\$ 15,222</u>
Department of the Treasury							
<i>Pass-Through Program from Wisconsin Department of Workforce Development:</i>							
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds:							
Workforce Innovation Grant	21.027	GRA-2223-214	\$ 731,938	\$ 331,025	\$ 699,461	\$ 72,644	\$ 772,105
<i>Pass-Through Program from Wisconsin Technical College System:</i>							
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds:							
Meat Talent	21.027	03-215-138-253	208,257	-	95,246	-	95,246
Total Department of Treasury			<u>\$ 940,195</u>	<u>\$ 331,025</u>	<u>\$ 794,707</u>	<u>\$ 72,644</u>	<u>\$ 867,351</u>
Department of the Veteran Affairs							
<i>Direct Awards:</i>							
Post - 9/11 Veterans Educational Assistance Reporting Fee	64.028	Not Available	<u>\$ 72,044</u>	<u>\$ -</u>	<u>\$ 72,044</u>	<u>\$ -</u>	<u>\$ 72,044</u>
Environmental Protection Agency							
Gulf of Mexico - Watershed	66.475	GRA-2223-105	<u>\$ 16,419</u>	<u>\$ -</u>	<u>\$ 1,303</u>	<u>\$ -</u>	<u>\$ 1,303</u>
Department of Education							
<i>Direct Awards:</i>							
Department of Education Direct Programs							
Student Financial Assistance Cluster							
Federal Supplemental Education							
Opportunity Grant	84.007	Not Available	\$ -	\$ -	\$ 60,746	\$ -	\$ 60,746
Federal College Work Study	84.033	Not Available	-	-	63,221	-	63,221
Federal Pell Grant	84.063	Not Available	-	-	2,719,319	-	2,719,319
Direct Student Loans							
Federal Student Stafford Loans - Subsidized	84.268	Not Available	-	-	1,300,695	-	1,300,695
Federal Student Stafford Loans - Unsubsidized	84.268	Not Available	-	-	947,882	-	947,882
Federal Student Stafford Loans - PLUS	84.268	Not Available	-	-	8,669	-	8,669
Total Direct Student Loans			<u>-</u>	<u>-</u>	<u>2,257,246</u>	<u>-</u>	<u>2,257,246</u>
Total Student Financial Assistance Cluster			-	-	5,100,532	-	5,100,532
<i>Pass-Through Program from Wisconsin Technical College System:</i>							
Adult Education Act							
Adult Education - Basic Grants to States	84.002	03-110-146-124	<u>148,552</u>	<u>-</u>	<u>67,989</u>	<u>80,563</u>	<u>148,552</u>

See accompanying Notes to Expenditures of Federal and State Awards.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Project Identification Number	Federal Grant Amount	Passed Through to Subrecipients	Expenditures		Total Expenditures
					Federal	Match	
Department of Education (Continued)							
Pass-Through Program from Wisconsin Technical College System:							
Career and Technical Education -- Basic Grants to States							
Career Prep	84.048	03-106-150-214	\$ 44,804	\$ -	\$ 44,804	\$ -	\$ 44,804
Capacity Building	84.048	03-119-150-224	28,695	-	25,288	-	25,288
High School to College Transition	84.048	03-137-150-244	62,849	-	62,849	-	62,849
Strengthening CTE Programs	84.048	03-193-150-254	50,279	-	43,578	-	43,578
Non-Traditional Occupations (NTO)	84.048	03-194-150-265	12,570	-	12,570	-	12,570
Student Success	84.048	03-198-150-234	292,504	-	135,998	154,603	290,601
Total Career and Technical Education Basic Grants to States			491,701	-	325,087	154,603	479,690
Pass-Through Program from the Wisconsin Department of Workforce Development:							
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Not Available	54,224	-	54,224	-	54,224
Total Department of Education			\$ 694,477	\$ -	\$ 5,547,832	\$ 235,166	\$ 5,782,998
Department of Health and Human Services							
Direct Awards:							
Child Care and Development Block Grant							
Stabilization Payment Program: Funding Workforce							
Recruitment and Retention	93.575	GRA-2324-144	\$ 4,401	\$ -	\$ 4,401	\$ -	\$ 4,401
Stabilization Payment Program: Funding Workforce							
Recruitment and Retention	93.575	GRA-2223-144	13,530	-	13,530	-	13,530
Stabilization Payment Program: Increasing Access to High-Quality Care	93.575	GRA-2324-143	11,933	-	11,933	-	11,933
Stabilization Payment Program: Increasing Access to High-Quality Care	93.575	GRA-2223-143	20,283	-	20,283	-	20,283
Total Department of Health and Human Services			\$ 50,147	\$ -	\$ 50,147	\$ -	\$ 50,147
Department of Homeland Security							
Pass-Through Program from Wisconsin Technical College System:							
Assistance to Firefighters Grant- Extrication Equipment	97.044	03-113-153-114	\$ 19,469	\$ -	\$ 17,425	\$ 2,614	\$ 20,039
Total Federal Awards			\$ 2,000,186	\$ 331,025	\$ 6,540,537	\$ 310,424	\$ 6,850,961

See accompanying Notes to Expenditures of Federal and State Awards.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
JUNE 30, 2024

State Grant/Program	State Identifying Number	Project Identification Number	Grant Amount	Expenditures		Total Expenditures
				State	Match	
Wisconsin Higher Education Board						
Wisconsin Higher Education Grant	235.102	Not Available	\$ 588,150	\$ 588,150	\$ -	\$ 588,150
Remissions of Fees for Veterans and Dependents	235.105	Not Available	-	9,674	-	9,674
Minority Undergraduate Retention Grant	235.107	Not Available	1,010	1,010	-	1,010
Academic Excellence Scholarship	235.109	Not Available	51,094	51,094	-	51,094
Talent Incentive Program Grant	235.114	Not Available	15,200	15,200	-	15,200
Nursing	235.117	Not Available	15,000	15,000	-	15,000
Total Wisconsin Higher Education Board			<u>\$ 670,454</u>	<u>\$ 680,128</u>	<u>\$ -</u>	<u>\$ 680,128</u>
Wisconsin Department of Transportation						
Motorcycle Safety	266.735	GRA-2324-123(1)	\$ 11,852	\$ 2,770	\$ -	\$ 2,770
Motorcycle Safety	266.735	GRA-2324-123(2)	12,671	5,097	-	5,097
Total Wisconsin Department of Transportation			<u>\$ 24,523</u>	<u>\$ 7,867</u>	<u>\$ -</u>	<u>\$ 7,867</u>
Wisconsin Technical College Systems Board						
Emergency Assistance	292.104	03-124-104-114	\$ 12,563	\$ 11,863	\$ -	\$ 11,863
State Aids for Vocation Technical and Adult Education	292.105	Not Available	2,235,300	2,235,300	-	2,235,300
Performance Based Aid	292.105	Not Available	1,100,943	1,100,943	-	1,100,943
State Aids Prior Years	292.105	Not Available	262,869	262,869	-	262,869
Total State ID 292.105			<u>3,599,112</u>	<u>3,599,112</u>	<u>-</u>	<u>3,599,112</u>

See accompanying Notes to Expenditures of Federal and State Awards.

SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
JUNE 30, 2024

State Grant/Program	State Identifying Number	Project Identification Number	Grant Amount	Expenditures		Total Expenditures
				State	Match	
Incentive Grants:						
Leadership: AAC&U Conference	292.124	03-107-124-143	\$ 5,000	\$ 4,880	\$ -	\$ 4,880
Developing Markets: Surgical Technology	292.124	03-133-124-143	86,763	86,762	-	86,762
Professional Growth	292.124	03-161-124-154	69,818	46,545	23,273	69,818
Leadership: Universal Design	292.124	03-217-124-193	52,977	52,977	-	52,977
Articulation	292.124	03-218-124-183	59,723	59,723	-	59,723
Enrollment	292.124	03-219-124-194	199,999	190,270	-	190,270
Hybrid and EV Training	292.124	GRA-2223-160	8,906	8,906	-	8,906
		13-160-124-183				
Core Industries - Electric Vehicle	292.124	03-103-124-134	500,000	116,177	-	116,177
Developing Markets	292.124	03-132-124-144	200,000	101,021	-	101,021
Completion	292.124	03-190-124-164	300,000	225,000	75,000	300,000
Manufacturing Month Project	292.124	GRA-2324-177	5,000	4,973	-	4,973
		02-821-124-184				
Open Educational Resources	292.124	03-132-124-144	44,505	19,491	-	19,491
Total Incentive Grants			1,532,691	916,725	98,273	1,014,998
Fire Fighter Training 2%	292.137	Not Available	29,363	29,363	-	29,363
Property Tax Relief Aid	292.162	Not Available	7,219,602	7,219,602	-	7,219,602
Hazmat	292.372	Not Available	2,300	2,300	-	2,300
Total Wisconsin Technical College Systems Board			\$ 12,395,631	\$ 11,778,965	\$ 98,273	\$ 11,877,238
Wisconsin Department of Natural Resources						
DNR Payment in Lieu of Taxes	370.503	Not Available	\$ 31,191	\$ 31,191	\$ -	\$ 31,191
Wisconsin Department of Workforce Development						
Vocational Rehabilitation Program	445.509	Not Available	\$ 10,915	\$ 10,915	\$ -	\$ 10,915
Wisconsin Department of Revenue						
Personal Property Aid	835.103	Not Available	\$ 74,513	\$ 74,513	\$ -	\$ 74,513
State Aid computers	835.109	Not Available	43,736	43,736	-	43,736
Total Wisconsin Department of Revenue			\$ 118,249	\$ 118,249	\$ -	\$ 118,249
Total State Awards			\$ 13,250,963	\$ 12,627,315	\$ 98,273	\$ 12,725,588

See accompanying Notes to Expenditures of Federal and State Awards.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2024**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the Southwest Wisconsin Technical College (the District) under programs of the federal government and state agencies for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Wisconsin *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the Wisconsin *State Single Audit Guidelines* for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The District has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 OVERSIGHT AND COGNIZANT AGENCIES

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Higher Education Aids Board.

Grant monies received and disbursed by the University are for specific purposes and are subject to review and audit by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the District does not believe that such disallowances, if any, would have a material effect on the financial position of the District. As of June 30, 2024 management was not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2024**

NOTE 5 FEDERAL DIRECT STUDENT LOAN PROGRAM (DIRECT LOANS)

The Direct Loans (Federal ALN 84.268) is comprised of the following types of loans:

Subsidized Stafford Loans	\$ 1,300,695
Unsubsidized Stafford Loans	947,882
PLUS Loans	<u>8,669</u>
Total Direct Loans	<u><u>\$ 2,257,246</u></u>

NOTE 6 RECONCILIATION OF FEDERAL AND STATE AWARDS TO THE BASIC FINANCIAL STATEMENTS

Federal revenue reported in the basic financial statements is reconciled to the Schedule as follows:

Reconciliation

Federal Revenues Reported on the Schedule of Expenditures of Federal and State Awards	\$ 6,540,537
Miscellaneous - Rounding	<u>(1)</u>
Revenues per basic financial statements	<u><u>\$ 6,540,536</u></u>

Federal Revenue Reported in the Statement of
Revenues, Expenses, and Changes in Net Position

Operating	\$ 1,563,971
Nonoperating	2,719,319

Direct Student Loans Included on the Schedule
of Expenditures of Federal and State Awards

	<u>2,257,246</u>
Total Federal Revenues	<u><u>\$ 6,540,536</u></u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
NOTES TO EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2024**

NOTE 6 RECONCILIATION OF FEDERAL AND STATE AWARDS TO THE FINANCIAL STATEMENTS (CONTINUED)

State revenue reported in the financial statements is reconciled to the schedule of expenditures of federal and state awards as follows:

Reconciliation

State Revenues Reported on the Schedule of Expenditures of Federal and State Awards	\$ 12,627,315
State Revenues Not Reported on the Schedule	<u>-</u>
Revenues per basic financial statements	<u><u>\$ 12,627,315</u></u>
State Revenue Reported in the Schedule of Expenditures of Federal and State Awards	
Operating	\$ 2,834,616
Nonoperating	<u>9,792,699</u>
Total State Revenues	<u><u>\$ 12,627,315</u></u>

NOTE 7 STUDENT FINANCIAL AID INSTITUTIONAL AND PROGRAM ELIGIBILITY METRICS

The Institution is in compliance with the following institutional and program eligibility requirements under the Higher Education Act of 1965 and Federal regulations under 34 CFR 668.23:

- Correspondence courses the institution offers under 34 CFR 600.7(b) and (g)
- Regular students that enroll in correspondence courses under 34 CFR 600.7(b) and (g)
- Institution's regular students that are incarcerated under 34 CFR 600.7(c) and (g)
- Completion rates for confined or incarcerated individuals enrolled in non-degree programs at nonprofit institutions under 34 CFR 600.7(c)(3)(ii) and (g)
- Institution's regular students that lack a high school diploma or its equivalent under 34 CFR 600.7(d) and (g)
- Completion rates for short-term programs under 34 CFR 668.8(f) and (g)
- Placement rates for short-term programs under <https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-668/subpart-A/section-668.8> - [p-668.8\(f\)](https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-668/subpart-A/section-668.8) 34 CFR 668.8(e)(2).

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of the Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	<u> x </u> no
Significant deficiency(ies) identified?	_____ yes	<u> x </u> none reported
Noncompliance material to basic financial statements noted?	_____ yes	<u> x </u> no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	_____ none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

<u> x </u> yes	_____ no
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Identification of Major Federal Programs

Assistance Listing Number(s)

21.027

84.007

84.033

84.063

84.268

Name of Federal Program or Cluster

(COVID-19) Coronavirus State and Local Fiscal Recovery Funds

Student Financial Assistance Cluster:

Federal Supplemental Education Opportunity Grant

Federal College Work Study

Federal Pell Grant

Federal Direct Student Loan Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

<u> X </u> yes	_____ no
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**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section I – Summary of the Auditors' Results

State Awards

Internal control over major state programs:

Material weakness(es) identified?	_____ yes	_____ <u>x</u> _____ no
Significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> _____ none reported

Type of auditors' report issued on compliance for major state programs:	Unmodified
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Any audit findings disclosed that are required to be reported?	_____ yes	_____ <u>x</u> _____ no
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Identification of major state programs:

<u>State Identifying Number</u>	<u>Name of State Program</u>
292.105	State Aids for Vocational Technical and Adult Education
292.124	Workforce Advancement Training Grant
292.162	Property Tax Relief Aid

Dollar threshold used to distinguish between type A and B programs: \$250,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____ yes	_____ _____ no
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Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section III – Federal and State Award Findings and Questioned Costs

2024 – 001

Federal Agency: U.S. Department of Education

Federal Program Name: Student Financial Assistance Cluster

Assistance Listing Number: 84.063 and 84.268

Federal Award Identification Number and Year: P063P232982-2024 | P268K242982-2024

Award Period: July 1, 2023 through June 30, 2024

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: 34 CFR 685.309(b)(2) requires schools must report status changes within 30 days of determination. If a student did not make the roster report cut off and another roster is being updated within the next 60 days, the school may report the student change on that next roster. At a minimum, schools are required to certify enrollment every 60 days. Verify by reviewing Certification Date column in NSLDS and ensure student was reported at least every 60 days during the fiscal year.

Condition: The District processes failed to timely report the appropriate status for a student to NSLDS in accordance with the stated criteria.

Questioned costs: Known: None

Context: We noted four (4) out of (40) forty students selected for testing, where the District failed to comply with the stated criteria.

Cause: The District's internal control failed to detect the noncompliance with respect to compliance with the stated criteria.

Effect: The District has not complied with the stated criteria for the four (4) students.

Repeat Finding: No

Recommendation: We recommend that the District review its processes and internal controls designed to mitigate the risk of noncompliance with the stated criteria.

Views of responsible officials: There is no disagreement with the audit finding.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section IV – Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines* :

Technical College System Board	No
Higher Education Board	No
Department of Transportation	
Department of Natural Resources	No
Department of Workforce Development	No
Department of Revenue	No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of Principal



Jordan Boehm, CPA

Date of Report January 13, 2025



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2024**

U.S. Department of Education

The Southwest Wisconsin Technical College (the College) respectfully submits the following corrective action plan for the year ended June 30, 2024.

Audit period: July 1, 2023 to June 30, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Education

2024-001 Student Financial Assistance Cluster – Assistance Listing No. 84.063 and 84.268

Recommendation: We recommend that the District review its processes and internal controls designed to mitigate the risk of noncompliance with the stated criteria.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

1. Work with Student Information System (SIS) vendor to correct issues in the report used to submit Clearinghouse reports. This is a priority issue and has been escalated to the highest level and is under progress.
2. Created a report in SIS to identify student status errors to be corrected.
3. Submit enrollment reports more frequently.

Name(s) of the contact person(s) responsible for corrective action: Kelly Kelly, Controller

Planned completion date for corrective action plan: June 30, 2025

If the U.S. Department of Education has questions regarding this plan, please call Kelly Kelly, Controller, at (608) 822-2305.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

U.S. Department of Education

The Southwest Wisconsin Technical College (the College) respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2024.

Audit period: July 1, 2023 to June 30, 2024

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2023 – 001 Gramm-Leach-Bliley Act (GLBA)

Condition: We recommend that the District review its processes and internal controls designed to mitigate the risk of noncompliance with the stated criteria.

Status: Corrective action has been taken.

If the U.S. Department of Education has questions regarding this schedule, please call Kelly Kelly, Controller at (608) 822-2305.

APPENDIX B

FORM OF

CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Southwest Wisconsin Technical College District, Crawford, Grant, Iowa, Lafayette, Richland, Green, Dane, Sauk and Vernon Counties, Wisconsin (the "Issuer") in connection with the issuance of \$4,500,000 General Obligation Promissory Notes, Series 2025A, dated December 11, 2025 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on October 23, 2025 and November 20, 2025 (collectively, the "Resolution") and delivered to TD Financial Products LLC (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated November 20, 2025 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the District Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the Southwest Wisconsin Technical College District, Crawford, Grant, Iowa, Lafayette, Richland, Green, Dane, Sauk and Vernon Counties, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Vice President for Administrative Services of the Issuer who can be contacted at 1800 Bronson Boulevard, Fennimore, Wisconsin 53809, phone (608) 822-2446, fax (608) 822-6019.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year ending June 30, 2025, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements, adopted annual budget and/or current general fund budget summary and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. TAX LEVIES, RATES AND COLLECTIONS
2. EQUALIZED VALUATIONS
3. INDEBTEDNESS OF THE DISTRICT - Direct Indebtedness

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 11th day of December, 2025.

Chris J. Prange
Chairperson

(SEAL)

Kent Enright
Secretary

APPENDIX C

FORM OF LEGAL OPINION

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

December 11, 2025

Re: Southwest Wisconsin Technical College District, Wisconsin ("Issuer")
\$4,500,000 General Obligation Promissory Notes, Series 2025A,
dated December 11, 2025 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on June 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$900,000	5.00%
2027	900,000	5.00
2028	900,000	5.00
2029	900,000	5.00
2030	900,000	5.00

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2026.

The Notes are not subject to optional redemption.

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP