

FINAL OFFICIAL STATEMENT DATED NOVEMBER 17, 2022

**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) for taxable years beginning after December 31, 2022. 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.*

**\$4,000,000**  
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE DISTRICT, WISCONSIN**  
**Crawford, Dane, Grant, Green, Iowa, Lafayette, Richland, Sauk and Vernon Counties**  
**General Obligation Promissory Notes, Series 2022B**

Dated: December 8, 2022

Due: June 1, 2023 - 2027


The \$4,000,000 General Obligation Promissory Notes, Series 2022B (the "Notes") will be dated December 8, 2022, will be in the denomination of \$5,000 each or any multiple thereof, and will mature serially on June 1 of the years 2023 through 2027. Interest on the Notes shall be payable commencing on June 1, 2023 and semi-annually thereafter on December 1 and June 1 of each year.

**MATURITY SCHEDULE**

				CUSIP <sup>(1)</sup>
				Base
<u>(June 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>84533P</u>
2023	\$800,000	5.00%	2.80%	KD5
2024	800,000	5.00	2.87	KE3
2025	800,000	5.00	2.90	KF0
2026	800,000	5.00	2.95	KG8
2027	800,000	5.00	3.00	KH6

The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Notes will be general obligations of 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 of the Notes will be used for the public purpose of paying the cost of acquiring movable equipment.

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

The Financial Advisor to the District is: 

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 8, 2022.***



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

**DISTRICT BOARD**

Donald L. Tuescher, Chairperson  
Chris J. Prange, Vice Chairperson  
Crystal Wallin, Secretary  
Jane Wonderling, Treasurer  
David A. Blume, Member  
Charles J. Bolstad, Member  
Kent Enright, Member  
Tracy Fillback, Member  
Jeanne Jordie, Member

**ADMINISTRATION**

Dr. Jason Wood, President  
Caleb White, Vice President for Administrative Services  
Katie Garrity, Chief Academic Officer/Executive Dean  
Krista Weber, Chief Human Resources Officer

**ATTORNEY FOR DISTRICT**

Eileen A. Brownlee  
Kramer & Brownlee, LLC  
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 <sup>(1)</sup>

<sup>(1)</sup>Mr. Caleb White 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.

**IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITER MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. 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

<b>District:</b>	Southwest Wisconsin Technical College District, Wisconsin, Crawford, Dane, Grant, Green, Iowa, Lafayette, Richland, Sauk and Vernon Counties.
<b>Issue:</b>	\$4,000,000 General Obligation Promissory Notes, Series 2022B (the "Notes").
<b>Dated Date:</b>	December 8, 2022.
<b>Interest Due:</b>	Commencing June 1, 2023 and on each December 1 and June 1 thereafter. Interest on the Notes will be computed on the basis of a 30-day month and a 360-day year.
<b>Principal Due:</b>	June 1 of the years 2023 through 2027.
<b>Redemption Provision:</b>	The Notes are not subject to call and prior optional redemption. (See "REDEMPTION PROVISIONS" herein).
<b>Security:</b>	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.
<b>Purpose:</b>	The proceeds of the Notes will be used for the public purpose of paying the cost of acquiring movable equipment.
<b>Tax Status:</b>	Interest on the Notes is excludable from gross income for federal income tax purposes. (See "TAX EXEMPTION" herein.)
<b>Credit Rating:</b>	This issue has been assigned a "Aa2" rating by Moody's Investors Service, Inc. (See "RATING" herein.)
<b>Bank Qualification:</b>	The Notes shall be designated as "qualified tax-exempt obligations."
<b>Bond Years:</b>	9,922.22 years.
<b>Average Life:</b>	2.481 years.
<b>Record Date:</b>	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 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 \$4,000,000 General Obligation Promissory Notes, Series 2022B (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) will provide 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 Resolutions. Copies of the Resolutions may be obtained from the Financial Advisor (defined herein) upon request.

## REDEMPTION PROVISIONS

The Notes are not subject to call and prior optional redemption.

## ESTIMATED SOURCES AND USES

### Sources of Funds

Par Amount of Notes	\$4,000,000.00
Reoffering Premium	193,240.00
Total Sources	<u>\$4,193,240.00</u>

### Uses of Funds

Deposit to Project Construction Fund	\$4,000,000.00
Bid Premium for Deposit to Debt Service Fund	170,840.00
Underwriter's Discount	22,400.00
Total Uses	<u>\$4,193,240.00</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 District Board is required to levy a direct, annual, irrevocable 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 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 ten 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 notes. However, such notes may be payable not later than twenty years following the original date of such outstanding notes.

### **Temporary Borrowing**

The District 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 District's schools 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 20, 2022 (the "Authorizing Resolution"), the District authorized the issuance of general obligation promissory notes in an amount not to exceed \$4,000,000 for the public purpose of paying the cost of acquiring movable equipment.

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 27, 2022. 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 November 28, 2022. 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 acquiring movable equipment.

### **Award Resolution**

By way of the resolution adopted on November 17, 2022 (the "Award Resolution"), the District 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 pledges 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 2023 through 2027 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 member 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 a one-year term.

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

<u>Board Members</u>	<u>Employer and Position</u>	<u>Expiration of Term</u>
Donald L. Tuescher, Chairperson	Tuescher Electric & Refrigeration, President	June, 2024
Chris J. Prange, Vice Chairperson	American Bank & Trust, Vice Chairman	June, 2023
Crystal Wallin, Secretary	Prairie Maison, Assistant Director of Nursing	June, 2023
Jane Wonderling, Treasurer	Fennimore Community School District, District Administrator	June, 2024
David A. Blume, Member	ElderSpan Management, Maintenance Supervisor	June, 2023
Charles J. Bolstad, Member	Retired	June, 2025
Kent Enright, Member	Carey's Seamless Gutters & Doors, Sales	June, 2024
Tracy Fillback, Member	Good Steward Consulting	June, 2025
Jeanne Jordie, Member	Lori Knapp Companies, ILS Program Manager	June, 2025

Source: *The District*.

### **Administration**

The District Board is empowered to employ a President to conduct the District's day-to-day operations. Dr. Jason Wood became the President effective July 1, 2015. Dr. Wood previously served as the Executive Vice President for Student & Academic Services at Central Wyoming College in Riverton, WY for 3 years. The other Administrative team members are listed below:

<u>Name</u>	<u>Title</u>	<u>Years of Service</u>
Caleb White	Vice President for Administrative Services	18.0
Katie Garrity	Chief Academic Officer/Executive Dean	17.5
Krista Weber	Chief Human Resources Officer	7.5

Source: *The District*.

## **Enrollments**

Enrollment Year	FTE Total
2018-19	1,333
2019-20	1,297
2020-21	1,258
2021-22	1,254
2022-23	1,280
2023-24*	1,290
2024-25*	1,300
2025-26*	1,300
2026-27*	1,300
2027-28*	1,300

\* Projected enrollments are based on targeted recruitment initiatives.

Source: The District.

## **Employment Relations**

Department	Number of Employees*
Instructional	119
Instructional Resources	3
Student Services	30
General Institutional	32
Physical Plant	14
Auxiliary Services	6
TOTAL	204

\* Does not include 14 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.

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. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, 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. Accordingly, on February 28, 2013, the Board approved an Employee Handbook, which became effective July 1, 2013 for all employees. The Employee Handbook is updated on an annual basis. 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, 2019 ("Fiscal Year 2019"), June 30, 2020 ("Fiscal Year 2020") and June 30, 2021 ("Fiscal Year 2021") the District's portion of contributions to WRS (not including any employee contributions) totaled \$796,212, \$800,839 and \$818,976 respectively.

The District implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended June 30, 2015.

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, 2020, the total pension liability of the WRS was calculated as \$118.72 billion and the fiduciary net position of the WRS was calculated as \$124.97 billion, resulting in a net pension asset of \$6.24 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 June 30, 2021, the District reported an asset of \$4,738,443 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2020 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 0.07589841% of the aggregate WRS net pension asset as of December 31, 2020.

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 5 in "Appendix A - Basic Financial Statements and Related Notes for the year ended June 30, 2021" 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 109 retirees receiving benefits and 199 active eligible plan members as of June 30, 2020, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and prepared in accordance with Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75"). The most recent actuarial study for the plan was prepared in accordance with GASB 74/75 by Key Benefit Concepts, LLC in February 2021 with an actuarial valuation date of June 30, 2020.

For Fiscal Year 2021, benefit payments for the plan totaled \$690,081. 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 and GASB 73 for pension plans.

For Fiscal Year 2021 (measured as of June 30, 2020), the plan's total OPEB liability was \$3,641,903 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$3,641,903.

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 6 in "Appendix A –Basic Financial Statements and Related Notes for the year ended June 30, 2021" 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, 6 two-year technical diploma, 24 one-year technical diploma, 9 less-than-one year technical diploma, and 3 apprenticeship programs. SWTC offers 7 completely online programs and multiple special offerings, including fully online and web-enhanced courses.

## DEMOGRAPHIC AND ECONOMIC INFORMATION

### **Population**

	Grant County	City of Platteville	Iowa County	City of Dodgeville
Estimate, 2022	51,171	11,154	23,936	5,038
Estimate, 2021	51,952	11,446	24,146	4,714
Census, 2020	51,938	11,836	23,709	4,984
Estimate, 2019	52,954	12,569	23,896	4,711
Estimate, 2018	52,615	12,268	23,867	4,700

Source: Wisconsin Department of Administration, Demographic Services Center.

### **Per Return Adjusted Gross Income**

	State of Wisconsin	Grant County	City of Platteville	Iowa County	City of Dodgeville
2021	\$66,369	\$54,132	\$53,211	\$65,636	\$63,183
2020	61,518	49,110	46,745	59,715	55,528
2019	61,003	47,500	46,494	57,041	55,172
2018	59,423	45,684	45,560	54,019	53,055
2017	56,698	43,925	43,925	52,209	49,836

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

### **Unemployment Rate**

	State of Wisconsin	Grant County	Iowa County
September, 2022 <sup>(1)</sup>	3.2%	3.0%	2.6%
September, 2021 <sup>(2)</sup>	3.0	2.4	2.5
Average, 2021 <sup>(1)(2)</sup>	3.8%	3.0%	3.4%
Average, 2020 <sup>(2)</sup>	6.3	5.2	6.2
Average, 2019	3.2	3.1	2.7
Average, 2018	3.0	2.8	2.6
Average, 2017	3.3	3.1	2.9

<sup>(1)</sup>Preliminary.

<sup>(2)</sup>Figures reflect employment impact as a result of COVID-19 (see "GLOBAL HEALTH EMERGENCY RISK" herein).

Source: Wisconsin Department of Workforce Development – WisConomy.

### **Largest Employers**

Employer Name	Type of Business	Number of Employees
Lands' End Inc.	Retail/distribution	4,000
University of Wisconsin - Platteville	Education	1,011
Wal-Mart Stores, Inc.	Retail/distribution	999 <sup>(1)</sup>
Cabela's Inc.	Retail/distribution	800 <sup>(2)</sup>
Truvant	Plastic packaging solutions	737 <sup>(3)</sup>
Crossing Rivers Health	Health care center	635
Rockwell Automation	Manufacturer of electric motor controls	630
Cummins Inc.	Manufacturer of engines and generators	600
3-M Company	Manufacturer of abrasives	550
Southwest Health Center Inc.	Medical facility	510

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

<sup>(2)</sup>During peak season, employment increases to over 1,000.

<sup>(3)</sup>2 locations in Boscobel (400) and Prairie du Chien (337).

Sources: Data Axle Genie ([www.salesgenie.com](http://www.salesgenie.com)), City of Prairie du Chien official statement dated September 6, 2022, City of Platteville official statement dated August 10, 2022, City of Dodgeville official statement dated March 17, 2022 and employer contacts.

### **Largest Taxpayers\***

Taxpayer Name	Type of Business/Property	2021 Assessed Valuation	2021 Equalized Valuation
Wal-Mart Stores, Inc. <sup>(1/2/3/4)</sup>	Retail/distribution	\$43,212,596	\$49,310,845
Lands' End Inc. <sup>(1)</sup>	Retail/distribution	36,646,700	44,792,848
Cabela's Inc. <sup>(2)</sup>	Retail/distribution	33,112,300	37,220,531
Emmi Roth <sup>(3)</sup>	Manufacturing	13,003,800	15,096,057
Schreiber Foods, Inc. <sup>(4)</sup>	Manufacturer of yogurt, sour cream	11,162,900	13,836,139
Senior Village of Platteville <sup>(3)</sup>	Assisted living	10,247,400	11,696,544
Miners Development LLC <sup>(3)</sup>	Hotel	9,124,600	10,307,436
Menards Inc. <sup>(3)</sup>	Retail	8,898,100	11,452,543
Foremost Farms USA Cooperative <sup>(4)</sup>	Manufacturer of cheese/whey products	7,963,600	9,870,686
Southwest Health Center Inc. <sup>(3)</sup>	Health care, nursing home & urgent care	8,399,100	9,610,453
TOTAL		<u>\$181,771,096</u>	<u>\$213,194,082</u>

The above taxpayers represent 2.07% of the District's 2021 Equalized Value (TID IN) (\$10,288,229,441). The District's 2022 Equalized Value (TID IN) is \$11,579,996,110. Valuations for 2022 are not yet available.

*\*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.*

<sup>(1)</sup> City of Dodgeville.

<sup>(2)</sup> City of Prairie du Chien.

<sup>(3)</sup> City of Platteville.

<sup>(4)</sup> City of Richland Center.

Source: City of Dodgeville official statement dated March 17, 2022, City of Prairie du Chien official statement dated September 6, 2022, City of Platteville official statement dated August 10, 2022 and City of Richland Center.

## **TAX LEVIES, RATES AND COLLECTIONS**

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31. 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 15 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. 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 20, among other things, eliminated the mill rate limitation that had been in place for technical college districts in previous fiscal years, and in its place, introduced a tax levy limitation (the "Tax Levy Limit"). 2013 Wisconsin Act 145 (the "Act 145"), replaced the Tax Levy Limit with 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. The first State Aid payment was made on February 20, 2015. Thereafter, the State Aid payment will be 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 2022-23 fiscal year, the District established a mill rate of \$0.44533 for operational purposes and \$0.57790 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
2023	\$1.02	\$11,526,626	-To be collected-	
2022	1.13	11,277,569	- 0 -	100.00%
2021	1.18	11,071,039	- 0 -	100.00
2020	1.21	10,644,847	- 0 -	100.00
2019	1.24	10,516,722	- 0 -	100.00

Source: The District.

**2022-23 Proportionate Amounts of Local Tax Revenue  
Per Municipality Based on 2022 Equalized Valuation\***

Entity	2022 Equalized Valuation (TID OUT)	Percent of Levy	Amount of Levy
Crawford County	\$1,428,444,870	12.680480%	\$1,461,632
Dane County	14,683,718	0.130349%	15,025
Grant County	4,126,074,800	36.627672%	4,221,935
Green County	135,728,370	1.204877%	138,882
Iowa County	2,372,017,404	21.056690%	2,427,126
Lafayette County	1,462,638,100	12.984018%	1,496,619
Richland County	1,400,974,950	12.436627%	1,433,523
Sauk County	151,241,808	1.342592%	154,756
Vernon County	173,107,290	1.536695%	177,129
TOTAL	<u>\$11,264,911,310</u>	<u>100.000000%</u>	<u>\$11,526,626</u>

\*Some municipalities located within the District have Tax Incremental Districts ("TIDs") under Wisconsin Statutes 66.1105. TID valuations totaling \$315,084,800 for these municipalities have been excluded from the District's tax base for 2022.

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 are equalized valuations of property located within the District for the years 2018 through 2022. The District's equalized valuation (TID IN) has increased by 31.94 percent since 2018 with an average annual increase of 7.17 percent.

Year	Equalized Valuation (TID IN)	Equalized Valuation (TID OUT)
2022	\$11,579,996,110	\$11,264,911,310
2021	10,288,229,441	10,005,850,141
2020	9,708,832,985	9,373,628,285
2019	9,132,180,121	8,796,577,421
2018	8,776,869,125	8,466,356,725

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. Interest on the Notes has been calculated using an average rate 5.00 percent. Average life of the Notes is 2.481 years and bond years are 9,922.22 years.

Year	Outstanding Debt		The Notes		Total Debt Service
	Principal	Interest	Principal	Interest	Requirements
2022	\$5,455,000	\$696,569			6,151,569
2023	4,995,000	594,800	\$800,000	\$176,111	6,565,911
2024	4,260,000	455,950	800,000	140,000	5,655,950
2025	3,550,000	321,000	800,000	100,000	4,771,000
2026	2,895,000	221,075	800,000	60,000	3,976,075
2027	2,145,000	149,475	800,000	20,000	3,114,475
2028	2,220,000	84,000	--	--	2,304,000
2029	1,690,000	25,350	--	--	1,715,350
	27,210,000	2,548,219	4,000,000	496,111	34,254,331
Less: 2022 Sinking Funds	(5,455,000)	(696,569)	0	0	(6,151,569)
<b>TOTAL</b>	<b>\$21,755,000</b>	<b>\$1,851,650</b>	<b>\$4,000,000</b>	<b>\$496,111</b>	<b>\$28,102,761</b>

### **Future Financing**

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

The District currently anticipates issuing an additional \$4,000,000 of general obligation debt in late 2023.

### **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 (Net of 2022 Principal Payments)	Percent Chargeable to District	Outstanding Debt Chargeable to District
Crawford County	\$2,530,000	92.26%	\$2,334,178
Dane County	510,960,000	0.02	102,192
Grant County	21,635,000	100.00	21,635,000
Green County	32,940,000	3.11	1,024,434
Iowa County	25,060,000	84.40	21,150,640
Lafayette County	7,595,159	100.00	7,595,159
Richland County	21,865,000	91.63	20,034,900
Sauk County	65,762,622	1.53	1,006,168
Vernon County	1,770,000	6.62	117,174
Total Cities	64,698,771	100.00	64,698,771
Total Villages	14,032,344	Varies	14,032,344
Total Towns	9,910,571	Varies	7,686,396
Total School Districts	170,066,827	Varies	167,743,227
Total Sanitary Districts	6,063,927	100.00	6,063,927
<b>TOTAL</b>	<b>\$954,890,221</b>		<b>\$335,224,509</b>

Source: Wisconsin Department of Revenue. Information provided by each municipal entity through publicly available disclosure documents available on [EMMA.msrb.org](http://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 2022 principal payments.

2022 Equalized Valuation as certified by Wisconsin Department of Revenue	\$11,579,996,110
Direct Bonded Indebtedness Including the Notes	\$25,755,000
Direct, Overlapping and Underlying Bonded Indebtedness Including the Notes	\$360,979,509
Direct Bonded Indebtedness as a Percentage of Equalized Valuation	0.22%
Direct, Overlapping and Underlying Bonded Indebtedness as a Percentage of Equalized Valuation	3.12%
Population of District (2020 Estimate*)	125,851
Direct Bonded Indebtedness Per Capita	\$204.65
Direct, Overlapping and Underlying Bonded Indebtedness Per Capita	\$2,868.31

*\*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%)<sup>(1)</sup> 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 of the Notes, as a percentage of the applicable debt limit.

Equalized Valuation (2022) as certified by Wisconsin Department of Revenue	\$11,579,996,110
Legal Debt Percentage Allowed	<u>5.00%</u>
Legal Debt Limit	\$578,999,806
Direct Bonded Indebtedness	<u>\$25,755,000</u>
Unused Margin of Indebtedness	\$553,244,806
Percent of Legal Debt Incurred	4.45%
Percentage of Legal Debt Available	95.55%

<sup>(1)</sup> *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 District 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 District Board each year. The proposed budget is formally adopted by the District Board after the public hearings are held.

### **Financial Statements**

A copy of the District's Basic Financial Statements and Related Notes for the fiscal year ended June 30, 2021 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.

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

	2022-23 BUDGET	2021-22 UNAUDITED	2020-21 ACTUAL	2019-20 ACTUAL	2018-19 ACTUAL
<b>Revenues</b>					
Local government	\$5,118,300	\$5,163,622	\$5,468,541	\$5,305,000	\$5,416,844
Intergovernmental revenue - State	11,649,600	10,707,910	10,276,189	10,762,965	10,014,879
Intergovernmental revenue - Federal	585,400	1,364,738	1,213,041	799,525	715,192
Statutory program fees	4,629,000	4,343,651	4,485,321	4,498,373	4,441,995
Material fees	270,000	244,019	270,491	282,343	289,212
Other student fees	511,000	486,454	623,036	522,807	575,649
Institutional	1,994,000	2,221,863	1,901,562	1,775,918	2,145,015
<b>Total revenues</b>	<b>24,757,300</b>	<b>24,532,257</b>	<b>24,238,181</b>	<b>23,946,931</b>	<b>23,598,786</b>
<b>Expenditures</b>					
Instruction	13,687,100	13,507,735	14,319,890	13,974,073	15,020,315
Instructional resources	299,000	256,865	145,856	126,998	149,622
Student services	2,823,900	2,880,359	2,061,086	2,043,777	2,162,174
General institutional	6,347,500	5,224,236	5,063,662	4,987,213	4,868,969
Physical plant	2,107,900	1,998,884	1,922,059	1,878,757	2,023,329
<b>Total expenditures</b>	<b>25,265,400</b>	<b>23,868,079</b>	<b>23,512,553</b>	<b>23,010,818</b>	<b>24,224,409</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(508,100)</b>	<b>664,179</b>	<b>725,628</b>	<b>936,113</b>	<b>(625,623)</b>
<b>Other financing sources (uses)</b>					
Operating transfers in	10,000	0	49,649	218,244	172,292
Operating transfers out	(45,000)	(39,121)	(35,739)	(48,044)	(44,436)
<b>Net other financing sources (uses)</b>	<b>(35,000)</b>	<b>(39,121)</b>	<b>13,910</b>	<b>170,200</b>	<b>127,856</b>
<b>Revenues and other sources over (under) expenditures and other uses</b>	<b>(\$543,100)</b>	<b>625,058</b>	<b>739,538</b>	<b>1,106,313</b>	<b>(497,767)</b>
<b>Fund balances - beginning of year</b>		<b>10,776,988</b>	<b>10,037,450</b>	<b>8,931,137</b>	<b>9,428,904</b>
<b>Fund balances - end of year</b>		<b>\$11,402,046</b>	<b>\$10,776,988</b>	<b>\$10,037,450</b>	<b>\$8,931,137</b>

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

The amounts shown for the fiscal years ended June 30, 2019 and June 30, 2020 are excerpts from the audit reports which have been examined by Wegner CPAs, LLP, Madison, Wisconsin. The amounts shown for the fiscal year ended June 30, 2021 are excerpts from the audit reports which have been examined by Clifton Larson Allen LLP, Madison, Wisconsin (the "Auditor"). The amounts shown for the fiscal year ending June 30, 2022 are on an unaudited basis and the amounts shown for the fiscal year ending June 30, 2023 are on a budgetary basis, 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.

## **UNDERWRITING**

The Notes have been purchased at a public sale by a group of Underwriters for whom StoneX Financial Inc., Atlanta, Georgia 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 8, 2022, 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. In connection with this offering, the Underwriter may over allocate or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

## **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.

## **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.

## **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) for taxable years beginning after December 31, 2022. 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 Notes") will be considered to have bond premium.

Any Premium Note 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 Note is calculated on a daily basis from the issue date of such Premium Note 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 Note 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 Notes. During each taxable year, such an owner must reduce his or her tax basis in such Premium Note 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 Note. The adjusted tax basis in a Premium Note will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Note.

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

## **DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS**

The District will designate the Notes 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 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 30<sup>th</sup>.** 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](http://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](http://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.



## **GLOBAL HEALTH EMERGENCY RISK**

### **Impact of the Spread of COVID-19**

In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19 affecting business activities and impacting global, state and local commerce and financial markets.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Higher Education Emergency Relief Fund to higher education institutions to defray the institutions' expenses, including lost revenue and payroll for employees and to make emergency financial aid grants to students for expenses related to the disruption of campus operations due to the COVID-19 pandemic. The District received an allocation of \$783,630 from the Higher Education Emergency Relief Fund in the CARES Act. Half of this amount, \$391,815, is available to the District and the other half is required to be used to provide emergency aid to students enrolled. In addition, on June 17, 2020, Governor Evers announced allocations to higher education institutions in the State from the Governor's Emergency Education Relief Fund ("GEER Fund") established under the CARES Act. The District received an allocation from the GEER Fund of \$156,867, which can be used to reimburse necessary, unbudgeted expenses made in response to COVID-19. On December 27, 2020, former President Trump signed the Coronavirus Response and Relief Supplemental Appropriations Act (the "Supplemental Appropriations Act"), which includes an additional \$22.7 billion to be allocated to higher education to address costs related to the COVID-19 pandemic. The District's additional allocation under the Supplemental Appropriations Act is \$1,868,092. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which includes a \$39.6 billion Higher Education Emergency Relief Fund for purposes related to the COVID-19 pandemic. These funds are subject to similar terms and conditions as the Supplemental Appropriations Acts funds, with half received in 2021 and half received in 2022. The District has received an allocation in the amount of \$3,515,861 (consisting of \$1,799,123 of student based funding and \$1,716,738 of institutional based funding) pursuant to the American Rescue Plan Act.

The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy.

The extent to which the coronavirus continues to impact the District and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the District, including the duration of the outbreak and future measures taken to address the outbreak.

## **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. 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/ Crystal Wallin  
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, 2021**

**Clifton Larson Allen LLP  
Madison, Wisconsin**

A copy of the District's Basic Financial Statements and Related Notes for the fiscal year ended June 30, 2021 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, 2021 AND 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](https://CLAconnect.com)

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southwest Wisconsin Technical College  
Fennimore, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activity and the aggregate discretely presented component unit of the Southwest Wisconsin Technical College (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Southwest Wisconsin Technical College Foundation, Inc. was not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the aggregate discretely presented component unit of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

The 2020 financial statements of the Southwest Wisconsin Technical College were audited by other auditors whose report dated November 20, 2020, expressed an unmodified opinion on those statements.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability (asset), the schedule of employer contributions, and the schedule of changes in net OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

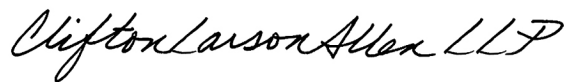
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual budgetary basis fund financial statements and the schedule to reconcile the budget basis financial statements to the basic financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual budgetary basis fund financial statements and the schedule to reconcile the budget basis financial statements to the basic financial statements are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual budgetary basis fund financial statements and the schedule to reconcile the budget basis financial statements to the basic financial statements are 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 30, 2021, 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
December 30, 2021

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021.

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, 2021**

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

- Received and managed 49 federal, state or local grants totaling \$3.466 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 0.30% interest rate.
- 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.
- Processed nearly 5,500 transactions through our purchase card program. As a result, the number of accounts payable checks being issued continues to decrease, saving time and money for the District and increasing vendor satisfaction with payment timing.
- Disbursed student financial aid totaling \$3,109,729 in grants, \$1,846,000 in loans, \$56,950 in college work study earnings, and \$22,830 in college work study match.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**FINANCIAL HIGHLIGHTS – YEAR ENDED JUNE 30, 2020**

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

- Received and managed 43 federal, state or local grants totaling \$2.178 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 1.08% interest rate.
  
- 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.
- Processed nearly 7,000 transactions through our purchase card program. As a result, the number of accounts payable checks being issued continues to decrease, saving time and money for the District and increasing vendor satisfaction with payment timing.
- Disbursed student financial aid totaling \$3,483,792 in grants, \$2,411,378 in loans, \$63,221 in college work study earnings, and \$22,830 in college work study match.

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, 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, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR ENDED JUNE 30, 2021**

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**

	2021	2020	Change	Percent Change
<b>OPERATING REVENUE</b>				
Student Fees	\$ 5,659,990	\$ 5,570,847	\$ 89,143	1.60%
Federal Grants	694,406	922,531	(228,125)	-24.73%
State Grants	2,413,675	2,556,220	(142,545)	-5.58%
Contract Revenues	1,999,073	1,758,180	240,893	13.70%
Auxiliary Revenues	1,254,770	1,404,714	(149,944)	-10.67%
Total Operating Revenues	12,021,914	12,212,492	(190,578)	-1.56%
<b>OPERATING EXPENSES</b>				
Instruction	13,057,563	15,609,492	(2,551,929)	-16.35%
Instructional Resources	139,357	126,998	12,359	9.73%
Student Services	2,064,014	2,431,218	(367,204)	-15.10%
General Institutional	4,292,012	4,987,213	(695,201)	-13.94%
Physical Plant	2,677,347	1,000,678	1,676,669	167.55%
Auxiliary Enterprise Services	2,117,580	1,335,739	781,841	58.53%
Depreciation	3,121,856	3,014,303	107,553	3.57%
Student Aid	3,189,186	3,483,964	(294,778)	-8.46%
Total Operating Expenses	30,658,915	31,989,605	(1,330,690)	-4.16%
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	11,118,541	10,650,000	468,541	4.40%
State Appropriations	8,399,269	8,747,474	(348,205)	-3.98%
Federal Appropriations	3,895,279	2,856,905	1,038,374	36.35%
Investment Income	49,077	219,612	(170,535)	-77.65%
Loss on Disposal of Capital Assets	(2,411,163)	(40,743)	(2,370,420)	5817.98%
Interest Expenses	(679,347)	(752,515)	73,168	-9.72%
Total Nonoperating Revenues (Expenses)	20,371,656	21,680,733	(1,309,077)	-6.04%
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,734,655	1,903,620	\$ (168,965)	-8.88%
Net Position - Beginning of Year	34,868,702	32,965,082		
<b>NET POSITION - END OF YEAR</b>	<u>\$ 36,603,357</u>	<u>\$ 34,868,702</u>		

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR  
ENDED JUNE 30, 2021 (Continued)**

Operating revenues are the charges for services offered by the District. Total operating revenues decreased \$190,578 or 4.95% for fiscal year 2021. The decrease is primarily due to the following:

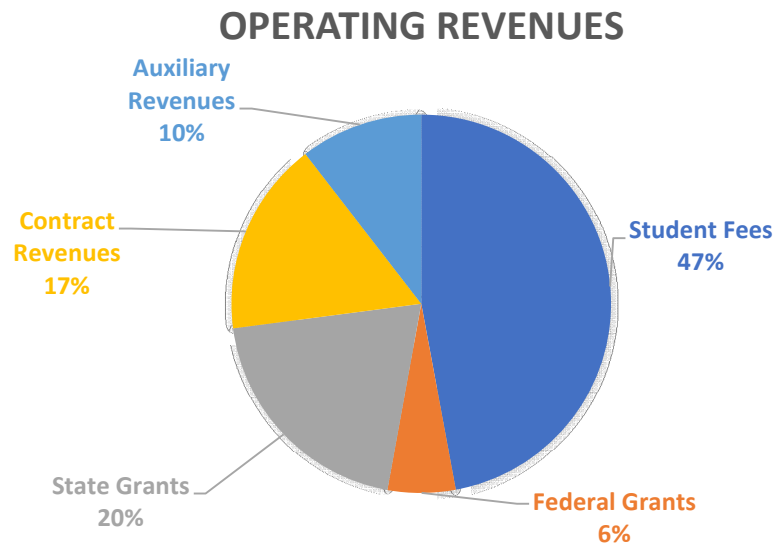
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District Tech received \$3,108,081 from the federal and state governments for 2021 compared to \$3,478,751 for 2020.
  - State revenue decreased \$142,545 or 5.58% in 2021 compared to 2020. 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 \$228,125 or 24.73% in 2021 compared to 2020. 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 \$1,999,073 in 2021 and \$1,758,180 in 2020.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$1,254,770 for 2021 compared to \$1,404,714 in 2020 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses decreased \$1,330,690 or 4.16% compared to 2020. The majority of the District's expenses, 43%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 24%, while auxiliary services and other expenses account for the remaining 33% of total operating expenses.

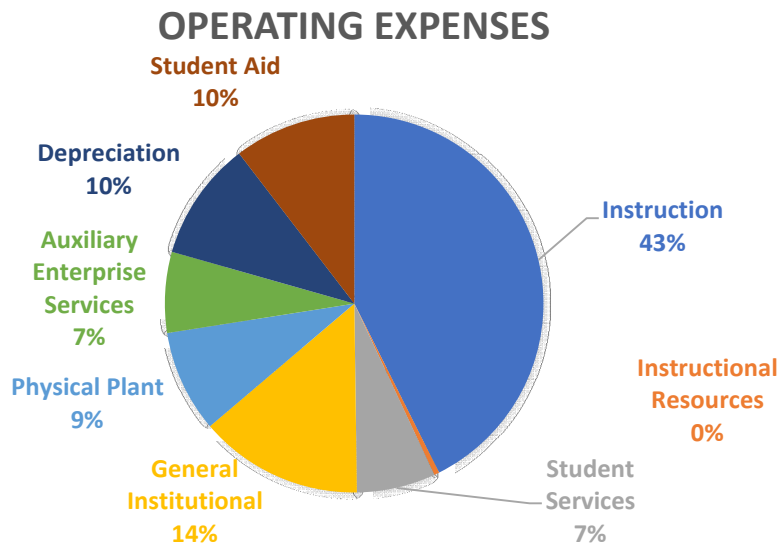
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR  
ENDED JUNE 30, 2021 (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, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR  
ENDED JUNE 30, 2021 (Continued)**

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues decreased \$1,309,077 or 6.04% in 2021.

- Federal appropriations increased \$1,038,374 in 2021. The increase is a result of the District expending COVID-19 funding from the Higher Education Emergency Relief Funds (HEERF).
- Loss on disposal of capital assets increased \$2,370,420 or 5,817.98% in 2021 compared to 2020. The District disposed a building and related improvements and equipment representing \$2,340,322 of the total loss on disposal.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR  
ENDED JUNE 30, 2020**

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, 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, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR  
ENDED JUNE 30, 2020 (Continued)**

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

<b>TABLE 1</b>				
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>				
	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>Percent Change</b>
<b>OPERATING REVENUE</b>				
Student Fees	\$ 5,570,847	\$ 5,570,432	\$ 415	0.01%
Federal Grants	922,531	1,128,366	(205,835)	-18.24%
State Grants	2,556,220	2,360,193	196,027	8.31%
Contract Revenues	1,758,180	1,959,274	(201,094)	-10.26%
Auxiliary Revenues	1,404,714	1,534,927	(130,213)	-8.48%
Total Operating Revenues	12,212,492	12,553,192	(340,700)	-2.71%
<b>OPERATING EXPENSES</b>				
Instruction	15,609,492	12,135,789	3,473,703	28.62%
Instructional Resources	126,998	149,622	(22,624)	-15.12%
Student Services	2,431,218	2,555,685	(124,467)	-4.87%
General Institutional	4,987,213	4,868,969	118,244	2.43%
Physical Plant	1,000,678	2,023,329	(1,022,651)	-50.54%
Auxiliary Enterprise Services	1,335,739	1,073,586	262,153	24.42%
Depreciation	3,014,303	2,846,212	168,091	5.91%
Student Aid	3,483,964	3,117,436	366,528	11.76%
Total Operating Expenses	31,989,605	28,770,628	3,218,977	11.19%
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	10,650,000	10,761,844	(111,844)	-1.04%
State Appropriations	8,747,474	8,223,892	523,582	6.37%
Federal Appropriations	2,856,905	2,476,768	380,137	N/A
Investment Income	219,612	432,529	(212,917)	-49.23%
Loss on Disposal of Capital Assets	(40,743)	(85,265)	44,522	-52.22%
Interest Expenses	(752,515)	(1,213,741)	461,226	-38.00%
Total Nonoperating Revenues (Expenses)	21,680,733	20,596,027	1,084,706	5.27%
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,903,620	4,378,591	\$ (2,474,971)	-56.52%
Net Position - Beginning of Year	32,965,082	28,586,491		
<b>NET POSITION - END OF YEAR</b>	<u>\$ 34,868,702</u>	<u>\$ 32,965,082</u>		



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR  
ENDED JUNE 30, 2020 (Continued)**

Operating revenues are the charges for services offered by the District. Total operating revenues decreased \$340,700 or 2.71% for fiscal year 2020. The increase is primarily due to the following:

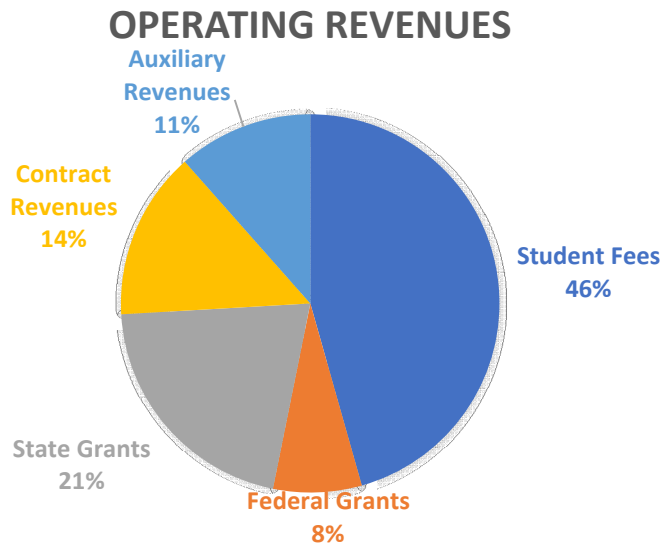
- The state increased tuition rates 1.5% in 2020 and 1.4% in 2019.
- The District receives funding from the federal and state governments for specific purposes, including financial aid payments to students. The District received \$3,478,751 from the federal and state governments for 2020 compared to \$3,488,559 for 2019.
  - ✓ State revenue increased \$196,027 or 8.31% in 2020 compared to 2019. 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 \$205,835 or 18.24% in 2020 compared to 2019. 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 \$1,758,180 in 2020 and \$1,959,274 in 2019.
- The District operates auxiliary enterprise operation such as the book store, food service, and childcare center. The District had sales of \$1,404,714 for 2020 compared to \$1,534,927 in 2019 for these activities.

Operating expenses are costs incurred for providing education, training and services. Total operating expenses increased \$3,218,977 or 11.19% compared to 2019. The majority of the District's expenses, 49%, are for instructional related costs. Student financial aid and general institutional accounts for an additional 27%, while auxiliary services and other expenses account for the remaining 24% of total operating expenses.

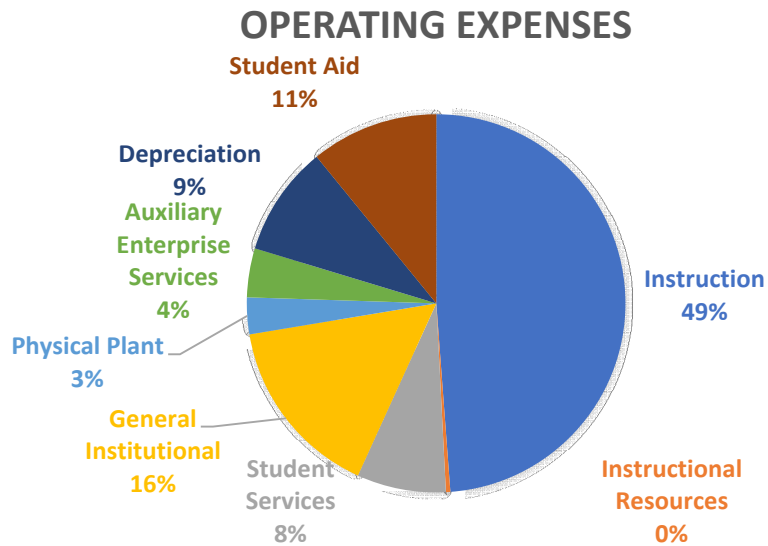
**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR  
ENDED JUNE 30, 2020 (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, 2021 AND 2020**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – YEAR  
ENDED JUNE 30, 2020 (Continued)**

Non-operating revenues (expenses) are revenue and expense items not related directly to providing instruction. Net non-operating revenues increased \$1,084,706 or 5.27% in 2020.

- State operating appropriations increased \$523,582 or 6.37% in 2020. Final state aid payments are not received until November following the fiscal year end. State aid is determined by a formula that takes into consideration actual expenditures, student FTE's, and equalized property valuations of each of the sixteen technical colleges in Wisconsin.
- Interest expense decreased \$461,226 or 38.00% in 2020 compared to 2019. Interest expenses are the biggest non-operating expense for the District.

**STATEMENT OF NET POSITION – JUNE 30, 2021**

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 \$1,734,655 or 4.97% in 2021 compared to an increase of \$1,903,620 or 5.77% in 2020. The District ended its fiscal year with net position of \$36,603,357 in 2021 of which \$20,222,189 was net investment in capital assets, \$4,738,443 was restricted for the net pension asset, \$521,822 was restricted for student financial aid, \$827,081 was restricted for capital projects, \$2,230,697 was restricted for debt service assistance, and \$8,063,125 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 \$1,038,110 or 1.44% in 2021 and \$5,546,045 or 8.34% in 2020. Net capital assets decreased \$1,360,059 or 2.93% in 2021 compared to an increase of \$1,129,122 or 2.49% in 2020.

The District's current liabilities increased \$794,770 or 9.27% in 2021 compared to an increase of \$2,631,581 or 44.29% in 2020.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF NET POSITION – JUNE 30, 2021(Continued)**

The components of the statement of net position are summarized in Table 2:

	TABLE 2 CONDENSED STATEMENTS OF NET POSITION			
	2021	2020	Change	Percent Change
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 14,673,270	\$ 16,179,861	\$ (1,506,591)	-9.31%
Net Pension Asset	4,738,443	2,494,865	2,243,578	89.93%
Net Capital Assets	45,030,521	46,390,580	(1,360,059)	-2.93%
Other Assets	8,602,775	6,941,593	1,661,182	23.93%
Total Assets	73,045,009	72,006,899	1,038,110	1.44%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	7,378,208	5,365,632	2,012,576	37.51%
Related to Other Postemployment Benefits-	749,647	725,302	24,345	3.36%
Total Deferred Outflows of Resources	8,127,855	6,090,934	2,036,921	33.44%
<b>LIABILITIES</b>				
Current Liabilities	9,367,555	8,572,785	794,770	9.27%
Long-Term Liabilities	24,483,264	26,747,159	(2,263,895)	-8.46%
Total Liabilities	33,850,819	35,319,944	(1,469,125)	-4.16%
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	10,394,531	7,474,882	2,919,649	39.06%
Related to Other Postemployment Benefits -				
Health Insurance	324,157	434,305	(110,148)	-25.36%
Total Deferred Outflows of Resources	10,718,688	7,909,187	2,809,501	35.52%
<b>NET POSITION</b>				
Net Invested in Capital Assets	20,222,189	20,448,897	(226,708)	-1.11%
Restricted for Pension	4,738,443	2,494,865	2,243,578	89.93%
Restricted for Student Financial Aid	521,822	481,252	40,570	8.43%
Restricted for Capital Projects	827,081	1,869,963	(1,042,882)	-55.77%
Restricted for Debt Service	2,230,697	2,364,940	(134,243)	-5.68%
Unrestricted	8,063,125	7,208,785	854,340	11.85%
Total Net Position	\$ 36,603,357	\$ 34,868,702	\$ 1,734,655	4.97%

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF NET POSITION – JUNE 30, 2020**

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 \$1,903,620 or 5.77% in 2020 compared to an increase of \$4,378,591 or 15.32% in 2019. The District ended its fiscal year with net position of \$34,868,702 in 2020 of which \$20,448,897 was net investment in capital assets, \$2,494,865 was restricted for the net pension asset, \$481,252 was restricted for student financial aid, \$1,869,963 was restricted for capital projects, \$2,364,940 was restricted for debt service assistance, and \$7,208,785 was unrestricted net position. Unrestricted net position represents the amount of discretionary resources that can be used to fund general the District operations.

Total assets increased \$5,546,045 or 8.34% in 2020 and decreased \$1,064,241 or 1.58% in 2019. Net capital assets increased \$1,004,702 or 5.17% in 2020 compared to an increase of \$364,784 or .81% in 2019.

The District's current liabilities increased \$2,631,581 or 44.29% in 2020 compared to an increase of \$340,865 or 5.16% in 2019.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**STATEMENT OF NET POSITION (continued)**

The components of the statement of net position are summarized in Table 2:

	TABLE 2 CONDENSED STATEMENTS OF NET POSITION			
	2020	2019	Change	Percent Change
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,179,861	\$ 14,711,032	\$ 1,468,829	9.98%
Net Pension Asset	2,494,865	-	2,494,865	N/A
Net Capital Assets	46,390,580	45,261,458	1,129,122	2.49%
Other Assets	6,941,593	6,488,364	453,229	6.99%
Total Assets	72,006,899	66,460,854	5,546,045	8.34%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	5,365,632	7,296,841	(1,931,209)	-26.47%
Related to Other Postemployment Benefits-	725,302	2,840,076	(2,114,774)	-74.46%
Total Deferred Outflows of Resources	6,090,934	10,136,917	(4,045,983)	-39.91%
<b>LIABILITIES</b>				
Current Liabilities	8,572,785	5,941,204	2,631,581	44.29%
Long-Term Liabilities	26,747,159	33,098,889	(6,351,730)	-19.19%
Total Liabilities	35,319,944	39,040,093	(3,720,149)	-9.53%
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	7,474,882	3,941,138	3,533,744	89.66%
Related to Other Postemployment Benefits -				
Health Insurance	434,305	651,458	(217,153)	-33.33%
Total Deferred Outflows of Resources	7,909,187	4,592,596	3,316,591	72.22%
<b>NET POSITION</b>				
Net Invested in Capital Assets	20,448,897	19,444,195	1,004,702	5.17%
Restricted for Pension	2,494,865	-	2,494,865	N/A
Restricted for Student Financial Aid	481,252	460,232	21,020	4.57%
Restricted for Capital Projects	1,869,963	1,362,684	507,279	37.23%
Restricted for Debt Service	2,364,940	1,585,231	779,709	49.19%
Unrestricted	7,208,785	10,112,740	(2,903,955)	-28.72%
Total Net Position	\$ 34,868,702	\$ 32,965,082	\$ 1,903,620	5.77%

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**CAPITAL ASSET AND DEBT ADMINISTRATION – JUNE 30, 2021**

**Capital Assets**

At June 30, 2021, the District had \$73,094,013 in capital assets, including land, construction in progress, land improvements, buildings and improvements, and moveable equipment. Total accumulated depreciation on these assets was \$28,063,492. Asset acquisitions totaled \$4,172,960. Asset disposals totaled \$2,411,163 net of related accumulated depreciation. The District recognized depreciation expense of \$3,121,856. Detailed information about capital assets can be found in Note 3 to the financial statements.

**Long-term Debt**

As of June 30, 2021, the District had \$24,010,000 in general obligation debt outstanding compared to \$25,115,000 in 2020. 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, 2020**

**Capital Assets**

At June 30, 2020, the District had \$87,068,280 in capital assets, including land, construction in progress, land improvements, buildings and improvements, and moveable equipment. Total accumulated depreciation on these assets was \$40,677,700. Asset acquisitions totaled \$4,972,040. The District recognized depreciation expense of \$3,014,303. Detailed information about capital assets can be found in Note 3 to the financial statements.

**Long-term Debt**

As of June 30, 2020, the District had \$25,115,000 in general obligation debt outstanding compared to \$25,035,000 in 2019. 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, 2021 AND 2020**

**FINANCIAL POSITION – JUNE 30, 2021**

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:

- Large tax base with growing valuations
- Healthy reserves and liquidity
- Low debt burden and modest pension liabilities

"We expect the District's financial position will remain strong given the presence of healthy reserves and conservative budgeting practices. In fiscal 2020, the district posted a surplus of \$1.1 million, resulting in an available general fund balance of \$13.7 million, or a healthy 57% of revenues. The district had originally budgeted for a \$394,000 draw in the general fund, for one-time capital initiatives, however, the year ended better than expected due to favorable expenditure results primarily from coronavirus related savings from underspending on utilities, travel, and supplies. Available fund balance across all operating funds (general and debt service funds), totaled \$16.1 million, or a healthy 55% of operating revenues for fiscal 2020."

**FINANCIAL POSITION – JUNE 30, 2020**

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:

- Large tax base with growing valuations
- Healthy reserves and liquidity
- Modest pension burden
- Low overall net debt burden

"We expect the District's financial position will remain strong given the presence of healthy reserves and conservative budgeting practices. In fiscal 2019, the district posted a deficit of \$498,000 in fiscal 2019, resulting in an available General Fund balance of \$12.8 million, or a healthy 53.9% of revenues. The district had originally budgeted for a \$1.3 million draw in the General Fund, for one-time expenses related to other post employment benefits (OPEB), and one-time capital initiatives, however, the year ended better than expected due to favorable revenue results. Available fund balance across all operating funds (General and Debt Service Funds), totaled \$14.4 million, or a healthy 48.8% of operating revenues for fiscal 2019."



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2021**

The current state's economy coupled with the state's continuing budget challenges causes considerable concern for future funding levels. The District's strengths in countering an economic turndown are summarized in the following statements:

- The District has articulation agreements with other institutions of higher learning that 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 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.

Southwest Wisconsin Technical College faces challenges among which are:

- Limited revenue generating flexibility due to state imposed levy restrictions
- Declining enrollment trend
- 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, 2020**

The current state's economy coupled with the state's continuing budget challenges causes considerable concern for future funding levels. The District's strengths in countering an economic turndown are summarized in the following statements:

- The District has articulation agreements with other institutions of higher learning that 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 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**ECONOMIC FACTORS – YEAR ENDED JUNE 30, 2020 (Continued)**

Southwest Wisconsin Technical College faces challenges among which are:

- Historically below the state average in equalized valuation growth.
- Declining K-12 population equating to a smaller future customer base from high school graduates.
- Cost of operations continues to increase (wages, benefits, insurance, utilities, etc.)

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, 2021 AND 2020**

	District		Foundation	
	2021	2020	2021	2020
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 14,673,270	\$ 16,179,861	\$ 718,199	\$ 421,907
Taxes Receivable	3,493,160	3,477,638	-	-
Accounts Receivable	272,958	186,033	249,950	124,926
Student Accounts Receivable, Net	601,540	545,754	-	-
Due from Other Governments	1,751,729	378,215	-	-
WTCEBC Consortium	1,675,672	1,722,221	-	-
Inventories	441,323	247,238	-	-
Prepaid Expenses	366,393	384,494	-	-
Total Current Assets	23,276,045	23,121,454	968,149	546,833
<b>NON CURRENT ASSETS</b>				
Net Pension Asset	4,738,443	2,494,865	-	-
Investments	-	-	6,109,234	4,336,967
Capital Assets not Being Depreciated	1,054,982	2,007,294	80,000	883,186
Capital Assets Being Depreciated, Net	43,975,539	44,383,286	3,073,276	2,296,403
Total Noncurrent Assets	49,768,964	48,885,445	9,262,510	7,516,556
Total Assets	73,045,009	72,006,899	10,230,659	8,063,389
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to Pension	7,378,208	5,365,632	-	-
Related to Other Postemployment Benefits	749,647	725,302	-	-
Total Deferred Outflows of Resources	8,127,855	6,090,934	-	-
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	1,003,701	776,018	15,515	13,152
Accrued Salaries and Benefits	396,830	379,313	-	-
Accrued Interest	59,421	34,629	-	-
Deferred Revenue	753,871	667,388	-	-
Current Portion of Compensated Absences\Termination Benefits	1,108,344	920,356	-	-
Current Portion of Long-Term Debt	5,455,000	5,105,000	100,153	91,214
Current Portion of Other Postemployment Benefits	590,388	690,081	-	-
Total Current Liabilities	9,367,555	8,572,785	115,668	104,366
<b>NONCURRENT LIABILITIES</b>				
Compensated Absences\Termination Benefits	2,078,417	2,445,445	-	-
Long-Term Debt	18,555,000	20,010,000	2,089,071	2,191,484
Unamortized Debt Premiums	798,332	826,683	-	-
Other Postemployment Benefits	3,051,515	3,465,031	-	-
Total Noncurrent Liabilities	24,483,264	26,747,159	2,089,071	2,191,484
Total Liabilities	33,850,819	35,319,944	2,204,739	2,295,850
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pension	10,394,531	7,474,882	-	-
Related to Other Postemployment Benefits	324,157	434,305	-	-
Total Deferred Inflows of Resources	10,718,688	7,909,187	-	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	20,222,189	20,448,897	-	-
Restricted				
Net Pension Asset	4,738,443	2,494,865	-	-
Student Financial Assistance	521,822	481,252	-	-
Capital Projects	827,081	1,869,963	-	-
Debt Service	2,230,697	2,364,940	-	-
Donor Restrictions	-	-	6,500,730	4,560,237
Unrestricted	8,063,125	7,208,785	1,525,190	1,207,302
Total Net Position	\$ 36,603,357	\$ 34,868,702	\$ 8,025,920	\$ 5,767,539

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	District		Foundation	
	2021	2020	2021	2020
<b>OPERATING REVENUES</b>				
Tuition and Fees				
Program Fees (Net of \$194,576 and \$144,347				
Scholarship Allowances, Respectively	\$ 4,485,321	\$ 4,498,373	\$ -	\$ -
Material Fees (Net of \$11,734 and \$8,910				
Scholarship Allowances, Respectively	270,491	282,343	-	-
Other Student Fees(Net of \$39,224 and				
\$24,949 Scholarship Allowances, Respectively	904,178	790,131	-	-
State Grants and Contracts	2,413,675	2,556,220	-	-
Federal Grants and Contracts	694,406	922,531	-	-
Non-Governmental Grants and Contracts	1,999,073	1,758,180	-	-
Auxiliary Enterprise Services	1,254,770	1,404,714	-	-
Contributions and Other Support	-	-	1,701,255	1,420,903
Rental Income	-	-	596,997	572,941
Total Operating Revenues	12,021,914	12,212,492	2,298,252	1,993,844
<b>OPERATING EXPENSES</b>				
Instruction	13,057,563	15,609,492	-	-
Instructional Resources	139,357	126,998	-	-
Student Services	2,064,014	2,431,218	-	-
General Institution	4,292,012	4,987,213	-	-
Physical Plant	2,677,347	1,000,678	-	-
Auxiliary Enterprise Services	2,117,580	1,335,739	-	-
Depreciation	3,121,856	3,014,303	-	-
Student Aid	3,189,186	3,483,964	-	-
Program Activities and Other	-	-	1,484,598	1,890,566
Total Operating Expenses	30,658,915	31,989,605	1,484,598	1,890,566
<b>OPERATING INCOME (LOSS)</b>	(18,637,001)	(19,777,113)	813,654	103,278
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations	8,399,269	8,747,474	-	-
Federal Appropriations	3,895,279	2,856,905	-	-
Local Property Taxes	11,118,541	10,650,000	-	-
Loss on Disposal of Capital Assets	(2,411,163)	(40,743)	-	-
Investment Income	49,077	219,612	1,444,727	109,060
Interest Expense	(679,347)	(752,515)	-	-
Total Nonoperating Revenues (Expenses)	20,371,656	21,680,733	1,444,727	109,060
<b>CHANGE IN NET POSITION</b>	1,734,655	1,903,620	2,258,381	212,338
Net Position - Beginning of Year	34,868,702	32,965,082	5,767,539	5,555,201
<b>NET POSITION - END OF YEAR</b>	<u>\$ 36,603,357</u>	<u>\$ 34,868,702</u>	<u>\$ 8,025,920</u>	<u>\$ 5,767,539</u>

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees Received	\$ 5,690,687	\$ 5,621,407
Federal and State Grants Received	3,108,081	3,453,295
Business, Industry, and School District Contract Revenues Received	1,912,148	1,699,625
Payments to Employees for Operating Payroll	(26,352,035)	(18,596,917)
Payments to Suppliers	(3,232,506)	(9,894,103)
Auxiliary Enterprise Revenues Received	1,254,770	1,450,747
Net Cash Used by Operating Activities	<u>(17,618,855)</u>	<u>(16,265,946)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Local Property Taxes Received	11,103,019	10,700,922
State Appropriations Received	8,399,269	8,747,474
Federal Grants Received	2,521,765	2,856,905
Net Cash Provided by Noncapital Financing Activities	<u>22,024,053</u>	<u>22,305,301</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES</b>		
Acquisition and Construction of Capital Assets	(4,172,960)	(4,184,168)
Proceeds from Issuance of Debt	4,000,000	4,000,000
Premium on Debt Issue	159,880	44,420
Debt Retired	(5,105,000)	(3,920,000)
Interest Paid	(842,786)	(730,390)
Net Cash Used by Capital and Related Financial Activities	<u>(5,960,866)</u>	<u>(4,790,138)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income Received	<u>49,077</u>	<u>219,612</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,506,591)	1,468,829
Cash and Cash Equivalents - Beginning of Year	<u>16,179,861</u>	<u>14,711,032</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 14,673,270</u></u>	<u><u>\$ 16,179,861</u></u>

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	<u>2021</u>	<u>2020</u>
Operating Loss	\$ (18,637,001)	\$ (19,777,113)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,121,856	3,014,303
(Increase) Decrease in Assets:		
Accounts Receivable	(86,925)	(12,523)
Student Accounts Receivable, Net	(55,786)	(59,785)
Due from Other Governments	-	(25,455)
Inventories	(194,085)	102,079
Prepaid Expenses and Other Assets	64,650	(508,467)
Net Pension Asset	(2,243,578)	(5,353,290)
(Increase) Decrease in Deferred Outflows of Resources:		
Pension	(2,012,576)	1,931,209
OPEB	(24,345)	2,114,774
Increase (Decrease) in Liabilities:		
Accounts Payable and Other Current Liabilities	227,683	(275,346)
Accrued Salaries and Benefits	17,517	(20,980)
Compensated Absences	(179,040)	(11,390)
Unearned Revenue	86,483	110,345
Post-Employment Benefits	(513,209)	(810,898)
Increase (Decrease) in Deferred Inflows of Resources:		
Pension	2,919,649	3,533,744
OPEB	(110,148)	(217,153)
Total Net Cash Used by Operating Activities	<u>\$ (17,618,855)</u>	<u>\$ (16,265,946)</u>

See accompanying Notes to Financial Statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Southwest Wisconsin Technical College (the District), is 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 government 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 units. 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, 2021 AND 2020**

**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 is managed by an independent board of directors. 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.

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.

**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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Cash and Cash Equivalents (Continued)**

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, 2021 and 2020, 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 to it 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, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Interest costs incurred during construction are not capitalized and are not considered material.

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 on buildings and equipment is provided in amounts sufficient to relate the cost of depreciable 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.

**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 .57833 and .60249 mills for fiscal years ending 2021 and 2020, respectively. The debt service mill rate was .60275 and .60762 for the fiscal years ending 2021 and 2020, 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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Tax and Taxes Receivable (Continued)**

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.

**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**

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

**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, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows as of June 30, 2021 and 2020 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 position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows as of June 30, 2021 and 2020 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. Federal and State programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Wisconsin *State Single Audit Guidelines*.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 and equipment) 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.

***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.

**Reclassification**

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

**Adoption of Accounting Principle**

During the year ended June 30, 2021, the District implemented Government Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities*. The implementation of this standard did not have any impact on the presentation of the financial statements.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS**

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

	2021	2020	Risk
Cash and Cash Equivalents:			
Cash on Hand	\$ 2,940	\$ 2,940	
Deposit Accounts	13,437,652	14,945,368	Custodial Credit
Local Government Investment Pool	1,232,678	1,231,553	Credit and Interest Rate
Total Cash and Cash Equivalents	<u>\$ 14,673,270</u>	<u>\$ 16,179,861</u>	

The District voluntarily invest excess funds in the Wisconsin Local Government Investment Pool (LGIP), an external investment pool. The 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, the fair value of the District's share of the LGIP's assets was substantially equal to the amounts reported above.

**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:

	2021	2020
Bank Balances - Deposit Accounts	\$ 13,660,211	\$ 15,025,223
Amounts Secured by FDIC Coverage or Collateral Agreements	(13,660,211)	(15,025,223)
Custodial Credit Risk Exposure	<u>\$ -</u>	<u>\$ -</u>



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Custodial Credit Risk (Continued)**

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.

**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, 2021 and 2020, the Wisconsin Local Government Investment Pool (LGIP) investments have a maturity of 12 months or less.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance 7/1/2020	Additions	(Deletions)	Balance 6/30/2021
Capital Assets not Being Depreciated				
Land	\$ 1,042,011	\$ -	\$ (20,000)	\$ 1,022,011
Construction in Progress	965,283	32,971	(965,283)	32,971
Total Capital Assets not Being Depreciated	2,007,294	32,971	(985,283)	1,054,982
Capital Assets Being Depreciated				
Land Improvements	1,233,861	2,810	(543,936)	692,735
Buildings and Improvements	50,648,429	437,095	(6,867,126)	44,218,398
Equipment	33,178,696	4,665,367	(10,716,165)	27,127,898
Total Capital Assets Being Depreciated	85,060,986	5,105,272	(18,127,227)	72,039,031
Less: Accumulated Depreciation for				
Land Improvements	766,281	45,894	(493,095)	319,080
Buildings and Improvements	15,472,133	1,211,783	(4,717,628)	11,966,288
Equipment	24,439,286	1,864,179	(10,525,341)	15,778,124
Total Accumulated Depreciation	40,677,700	3,121,856	(15,736,064)	28,063,492
Total Capital Assets Being Depreciated, Net	44,383,286	1,983,416	(2,391,163)	43,975,539
Net Capital Assets	46,390,580	\$ 2,016,387	\$ (3,376,446)	45,030,521
Less: General Obligation Debt	(25,941,683)			(24,808,332)
Total Net Investment in Capital Assets	\$ 20,448,897			\$ 20,222,189

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance 7/1/2019	Additions	(Deletions)	Balance 6/30/2020
Capital Assets not Being Depreciated				
Land	\$ 813,445	\$ 228,566	\$ -	\$ 1,042,011
Construction in Progress	1,172,803	580,352	(787,872)	965,283
Total Capital Assets not Being Depreciated	1,986,248	808,918	(787,872)	2,007,294
Capital Assets Being Depreciated				
Land Improvements	1,204,239	29,622	-	1,233,861
Buildings and Improvements	48,762,375	1,886,054	-	50,648,429
Equipment	31,095,897	2,247,446	(164,647)	33,178,696
Total Capital Assets Being Depreciated	81,062,511	4,163,122	(164,647)	85,060,986
Less: Accumulated Depreciation for				
Land Improvements	720,319	45,962	-	766,281
Buildings and Improvements	14,161,180	1,310,953	-	15,472,133
Equipment	22,905,802	1,657,388	(123,904)	24,439,286
Total Accumulated Depreciation	37,787,301	3,014,303	(123,904)	40,677,700
Total Capital Assets Being Depreciated, Net	43,275,210	1,148,819	(40,743)	44,383,286
Net Capital Assets	45,261,458	<u>\$ 1,957,737</u>	<u>\$ (828,615)</u>	46,390,580
Less: General Obligation Debt	<u>(25,817,263)</u>			<u>(25,941,683)</u>
Total Net Investment in Capital Assets	<u>\$ 19,444,195</u>			<u>\$ 20,448,897</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 LONG-TERM OBLIGATIONS**

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

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
Notes and Bonds Payable					
General Obligation Bonds	\$ 17,215,000	\$ -	\$ (1,705,000)	\$ 15,510,000	\$ 1,755,000
General Obligation Notes	7,900,000	4,000,000	(3,400,000)	8,500,000	3,700,000
Unamortized Premiums	826,683	159,880	(188,231)	798,332	-
Total Bonds and Notes Payable	25,941,683	4,159,880	(5,293,231)	24,808,332	5,455,000
Other Liabilities:					
Net Other Postemployment					
Liability Benefits - Health Insurance	4,155,112	-	(513,209)	3,641,903	590,388
Termination Benefit	2,972,908	253,901	(689,203)	2,537,606	459,189
Accrued Compensated Absences - Vacation	392,893	846,650	(590,388)	649,155	649,155
Total Long-Term Liabilities	<u>\$ 33,462,596</u>	<u>\$ 5,260,431</u>	<u>\$ (7,086,031)</u>	<u>\$ 31,636,996</u>	<u>\$ 7,153,732</u>
	Balance 7/1/2019	Additions	(Reductions)	Balance 6/30/2020	Due Within One Year
Notes and Bonds Payable					
General Obligation Bonds	\$ 18,835,000	\$ -	\$ (1,620,000)	\$ 17,215,000	\$ 1,705,000
General Obligation Notes	6,200,000	4,000,000	(2,300,000)	7,900,000	3,400,000
Unamortized Premiums	782,263	199,744	(155,324)	826,683	-
Total Bonds and Notes Payable	25,817,263	4,199,744	(4,075,324)	25,941,683	5,105,000
Other Liabilities:					
Net Pension Liability	2,858,425	-	(2,858,425)	-	-
Net Other Postemployment					
Liability Benefits - Health Insurance	4,471,553	209,632	(526,073)	4,155,112	690,081
Termination Benefit	3,467,365	-	(494,457)	2,972,908	527,463
Accrued Compensated Absences - Vacation	404,283	640,445	(651,835)	392,893	392,893
Total Long-Term Liabilities	<u>\$ 37,018,889</u>	<u>\$ 5,049,821</u>	<u>\$ (8,606,114)</u>	<u>\$ 33,462,596</u>	<u>\$ 6,715,437</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, 2021 AND 2020**

**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, 2021		
	Bonds	Aggregate
Equalized Value	\$ 10,288,229,441	\$ 10,288,229,441
Debt Limit (2% for Bonds, 5% for Total)	205,764,589	514,411,472
Debt Outstanding at June 30, 2021, Net of Resources Available to Pay Principal	15,510,000	24,010,000
Margin of Indebtedness	<u>\$ 190,254,589</u>	<u>\$ 490,401,472</u>

June 30, 2020		
	Bonds	Aggregate
Equalized Value	\$ 9,708,832,985	\$ 9,708,832,985
Debt Limit (2% for Bonds, 5% for Total)	194,176,660	485,441,649
Debt Outstanding at June 30, 2020, Net of Resources Available to Pay Principal	17,215,000	25,115,000
Margin of Indebtedness	<u>\$ 176,961,660</u>	<u>\$ 460,326,649</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

General obligation debt at June 30, 2021 and 2020 are as follows:

<u>Description</u>	<u>Buyer</u>	<u>2021</u>	<u>2020</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	\$ 3,660,000	\$ 4,125,000
2016 \$2,500,000 promissory notes payable with annual principal payments of \$500,000 through June 1, 2021, interest at 2.0%, payable semi- annually on June 1 and December 1.	UMB Bank, NA	-	500,000
2017 \$2,500,000 promissory notes payable with annual principal payments of \$500,000 through June 1, 2022, interest at 2.0%, payable semi-annually on June 1 and December 1.	Robert W. Baird	500,000	1,000,000
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
2018 \$4,000,000 promissory notes payable with annual principal payments of \$814,000 - \$892,400 through June 1, 2023, interest at 5.0%, payable semi-annually on June 1 and December 1. Proceeds used to finance remodeling, facility improvements, and equipment purchases.	Robert W. Baird	1,600,000	2,400,000
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	5,365,000	6,605,000
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	2,400,000	4,000,000
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	4,000,000	-
Total General Obligation Debt		<u>\$ 24,010,000</u>	<u>\$ 25,115,000</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)**

Future debt service requirements as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,455,000	\$ 705,050	\$ 6,160,050
2023	4,195,000	595,200	4,790,200
2024	3,460,000	482,400	3,942,400
2025	2,750,000	349,500	3,099,500
2026	2,095,000	244,500	2,339,500
2027-2029	6,055,000	349,650	6,404,650
Total	<u>\$ 24,010,000</u>	<u>\$ 2,726,300</u>	<u>\$ 26,736,300</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, 2021, \$11,960,000 of debt outstanding is considered defeased.

**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 \$2,537,606 and \$2,972,908 at June 30, 2021 and 2020.

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS**

**Plan Description**

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, 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 <http://etf.wi.gov/publications/cafr.htm>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**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 12/31/2016) 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.

**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:



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**Post-retirement Adjustments (Continued)**

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	5.4	17.0
2019	0.0	(10.0)
2020	1.7	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 \$818,976 and \$800,839 of contributions from the employer, respectively.

Contribution rates as of December 31, 2020, the measurement dates for the year ended June 30, 2021, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

Contribution rates as of December 31, 2019, the measurement dates for the year ended June 30, 2020, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

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

At June 30, 2021, the District reported an asset of \$4,738,443 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.07589841% which was a decrease of 0.0014753221% from its proportion measured as of December 31, 2019.

At June 30, 2020, the District reported an asset of \$2,494,865 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 asset was based on The District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the District's proportion was 0.0773737321% which was a decrease of 0.002972% from its proportion measured as of December 31, 2018.

For the years ended June 30, 2021 and 2020, the District recognized pension expense (income) of (\$515,645) and \$941,290, respectively.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 6,857,981	\$ 1,477,196
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	-	8,896,038
Changes in Assumptions	107,477	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,686	21,297
Employer Contributions Subsequent to the Measurement Date	406,064	-
Total	<u>\$ 7,378,208</u>	<u>\$ 10,394,531</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

\$406,064 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, 2022. 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 Ended June 30,</u>	<u>Amount</u>
2022	\$ (878,924)
2023	(240,766)
2024	(1,617,152)
2025	(685,545)
Total	<u><u>\$ (3,422,387)</u></u>

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,735,824	\$ 2,369,963
Net Differences Between Projected And Actual Earnings on Pension Plan Investments	-	5,100,391
Changes in Assumptions	194,415	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	12,732	4,528
Employer Contributions Subsequent to the Measurement Date	422,661	-
Total	<u><u>\$ 5,365,632</u></u>	<u><u>\$ 7,474,882</u></u>

\$422,661 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, 2021.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions**

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**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:

**Asset Allocation Targets and Expected Returns  
as of December 31, 2020**

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0	3.2%	0.8%
Inflation Sensitive Assets	16.0	2.0%	-0.4%
Real Estate	8.0	5.6%	3.1%
Private Equity/Debt	11.0	10.2%	7.6%
Multi-Asset	4.0	5.8%	3.3%
Total Core Fund	115.0%	6.6%	4.1%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0	7.4%	4.9%
Total Variable Fund	100.0%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

**Asset Allocation Targets and Expected Returns  
as of December 31, 2019**

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	49.0%	8.0%	5.1%
Fixed Income	24.5	4.9%	2.1%
Inflation Sensitive Assets	15.5	4.0%	1.2%
Real Estate	9.0	6.3%	3.5%
Private Equity/Debt	8.0	10.6%	7.6%
Multi-Asset	4.0	6.9%	4.0%
Total Core Fund	110.0%	7.5%	4.6%
Variable Fund Asset Class:			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	8.2%	5.3%
Total Variable Fund	100.0%	7.8%	4.9%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**Single Discount Rate**

A single discount rate of 7.00% 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 7.00% and a municipal bond rate of 2.00% (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, 2020. 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 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 to Changes in the Discount Rate**

For the year ended June 30, 2021, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,510,341	\$ (4,738,443)	\$ (11,531,605)

For the year ended June 30, 2020, the following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's Proportionate Share of Net Pension Liability (Asset)	\$ 6,424,724	\$ (2,494,865)	\$ (9,163,287)

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)**

**Pension Plan Fiduciary Net Position**

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>.

**NOTE 6 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, 2020, the date of the latest actuarial valuation, there were 199 active and 109 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.

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 invested plan assets accumulated for payments of future benefits as of June 30, 2021 or 2020.

*Contributions.* The District has no invested plan assets accumulated for payment of future benefits. The employer makes all contributions. The District's funding policy is to provide annual contributions on a pay-as-you-go basis.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2020 and 2019, respectively and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and 2018, respectively.

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Discount Rate	2.25%
Healthcare Cost Trend Rates	6.50% decreasing by 0.10% per year down to 5.00% and level thereafter.

The actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. 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.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	3.50%
Healthcare Cost Trend Rates	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.00%, and level thereafter.

The actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. 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.

*The long-term expected rate of return on OPEB plan investments.* Since the District currently holds assets in fixed income funds or as cash equivalents, 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.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*Discount rate.* The discount rate of 2.25 % and 3.50%, 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 2.25% and 3.50%, 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. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	2021	2020
Balance at Beginning of the Year	\$ 4,155,112	\$ 4,471,553
Changes for the Year:		
Service Cost	5,066	4,761
Interest	133,441	157,909
Changes of Assumptions or Other Inputs	181,039	46,962
Differences Between Expected and Actual Experience	(142,674)	-
Benefit Payments	(690,081)	(526,073)
Net Changes	(513,209)	(316,441)
Balance at End of the Year	<u>\$ 3,641,903</u>	<u>\$ 4,155,112</u>

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the District, as well as what the District's net 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, 2021			
	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total OPEB Liability	\$ 3,847,437	\$ 3,641,903	\$ 3,461,252

June 30, 2020			
	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Total OPEB Liability	\$ 4,357,953	\$ 4,155,112	\$ 3,975,204

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net 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, 2021		
	1% Decrease to (5.5% Decreasing to 4.0%)	Current Trends (6.5% Decreasing to 5.0%)	1% Increase to (7.5% Decreasing to 6.0%)
Total OPEB Liability	\$ 3,619,172	\$ 3,641,903	\$ 3,663,286

	June 30, 2020		
	1% Decrease to (6.5% Decreasing to 4.0%)	Current Trends (7.5% Decreasing to 5.0%)	1% Increase to (8.5% Decreasing to 6.0%)
Total OPEB Liability	\$ 4,125,783	\$ 4,155,112	\$ 4,183,380

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

For the year ended June 30, 2021 and 2020, the District recognized OPEB expense (income) of (\$57,314) and \$42,742, respectively. At June 30, 2021, 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	\$ -	\$ 277,888
Changes in Assumptions or Other Inputs	159,259	46,269
Employer Contributions Subsequent to the Measurement Date	590,388	-
Total	<u>\$ 749,647</u>	<u>\$ 324,157</u>

\$590,388 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 net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ (195,820)
2023	21,330
2024	9,592
Total	<u>\$ (164,898)</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7    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.

**Operating Leases**

The District leases various facilities as outreach center to offer Adult Basic Education, GED/HSED and other course options. Current facilities are located in Richland Center, Fennimore, Dodgeville, Platteville and Darlington.

Future minimum lease payments for the year ending June 30 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 59,720
2023	61,512
2024	59,642
2025	10,130
Total Future Minimum Lease Payments	<u><u>\$ 191,004</u></u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8 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 \$350,000,000 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.

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 2021 and 2020.

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

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 RISK MANAGEMENT (CONTINUED)**

**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.

**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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 RISK MANAGEMENT (CONTINUED)**

**Health Insurance (Continued)**

The District's proportion of the investment in the WTCEBC of \$1,675,672 and \$1,722,221 reported at June 30, 2021 and 2020. The IBNR included in this investment is not material to the financial statement.

**NOTE 9 CLASSIFICATION OF EXPENSES**

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

	2021	2020
Salaries and Wages	\$ 14,211,624	\$ 13,802,152
Fringe Benefits	3,713,067	6,136,281
Travel, Memberships, and Subscriptions	442,954	596,717
Supplies, Printing, and Minor Equipment	1,137,724	692,910
Contracted Services	1,955,639	1,943,428
Rentals, Repairs, and Maintenance	210,427	179,121
Marketing and Advertising	508,327	445,342
Student Activities	136,662	209,425
Enterprise Activities	1,521,463	1,058,558
Utilities	416,527	356,079
Miscellaneous	93,459	71,325
Depreciation	3,121,856	3,014,303
Student Aid	3,189,186	3,483,964
Total Operating Expenses	<u>\$ 30,658,915</u>	<u>\$ 31,989,605</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 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 Southwest Wisconsin Technical College (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, 2021 AND 2020**

**NOTE 10 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.

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 is computed using primarily the straight-line method.

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).

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, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**A. Summary of Significant Accounting Policies (Continued)**

Adoption of New Accounting Pronouncement

On May 28, 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in accounting principles generally accepted in the United States of America. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

REF adopted the requirements of the new guidance as of July 1, 2019, using the modified retrospective method of transition. In applying the new guidance, REF elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of REF's revenue is recognized over time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of REF's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on REF's financial statements. The majority of REF's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on REF's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Foundation and REF adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019 or entered into after that date.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 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.

The following program services and supporting activities are included in the accompanying consolidated 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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**A. Summary of Significant Accounting Policies (Continued)**

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.

Date of Management's Review

Management has evaluated subsequent events through December \_\_, 2021, the date which the consolidated financial statements were available to be issued.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**B. Concentrations of Credit Risk**

The Foundation maintains cash balances at one financial institution located in Dubuque, Iowa. Accounts at the institution are insured by the FDIC up to \$250,000. The Foundation's uninsured cash balances at June 30, 2021 and 2020 total approximately \$232,536 and \$55,000.

**C. Promises to Give**

Unconditional promises to give at June 30 are as follows:

	2021	2020
Receivable in Less than One Year	\$ 84,901	\$ 61,140
Receivable in One to Five Years	91,159	7,000
Unconditional Promises to Give	<u>\$ 176,060</u>	<u>\$ 68,140</u>

**D. Investments**

Investments at June 30 are comprised of the following:

	2021	2020
Money Market Fund	\$ 44,090	\$ 22,970
U.S. Government and Agency Obligations	1,495,010	1,161,238
Mutual Funds	4,570,134	3,152,759
Investments	<u>\$ 6,109,234</u>	<u>\$ 4,336,967</u>

Investments at June 30, 2021 and 2020 include \$5,433,618 and \$3,676,149 of investments held for endowment purposes.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**E. Fair Value Measurements**

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

		Quoted Prices in Active Markets for Identical Assets	
	Fair Value	(Level 1)	(Level 2)
Money Market Fund	\$ 44,090	\$ 44,090	\$ -
U.S. Government and Agency Obligations	1,495,010	-	1,495,010
Mutual Funds	4,570,134	4,570,134	-
June 30, 2021	<u>\$ 6,109,234</u>	<u>\$ 4,614,224</u>	<u>\$ 1,495,010</u>
Money Market Fund	\$ 22,970	\$ 22,970	\$ -
U.S. Government and Agency Obligations	1,161,238	-	1,161,238
Mutual Funds	3,152,759	3,152,759	-
June 30, 2020	<u>\$ 4,336,967</u>	<u>\$ 3,175,729</u>	<u>\$ 1,161,238</u>

The valuation methodologies used for assets measured at fair value are as follows. The money market fund held by the Foundation is invested primarily in U.S. Treasury securities and government agency obligations.

The fund generally values its holdings using the amortized cost valuation method or, in unusual circumstances, market prices. Conventional U.S. Treasury notes and bonds are valued at quote prices from independent, third-party pricing agents. Other U.S. Treasury notes and bonds, such as inflation index bonds, are valued using data aggregated from various independent pricing sources. These independent pricing sources are regularly consulted and some judgment is exercised. U.S. government agency bonds, corporate bonds, and state and municipal bonds are valued at quoted prices from independent, third-party pricing agents, which may rely on significant unobservable inputs. Mutual funds are valued at the quoted net asset value of shares held by the Foundation at year-end.

**F. Property and Equipment**

Property and equipment consist of the following:

	2021	2020
Land	\$ 80,000	\$ 80,000
Construction in Progress	-	803,186
Buildings and Improvements	3,989,478	3,112,466
Equipment	66,518	54,046
Property and Equipment	<u>4,135,996</u>	<u>4,049,698</u>
Less: Accumulated Depreciation	<u>(982,720)</u>	<u>(870,109)</u>
Property and Equipment, Net	<u>\$ 3,153,276</u>	<u>\$ 3,179,589</u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**G. Long-term Debt**

<u>Description</u>	<u>2021</u>	<u>2020</u>
Note Payable, due in monthly installments of \$2,155, including interest ( 3.51% and 3.85% at June 30, 2021 and 2020, respectively), with single balloon payment due November 2030, secured by property.	\$ 296,767	\$ 311,316
Note Payable, due in monthly installments of \$9,210, including interest ( 3.51% and 3.85% at June 30, 2021 and 2020, respectively), with single balloon payment due November 2030, secured by property.	1,270,104	1,332,219
Note Payable, due in monthly installments of \$3,279, including interest at 3.52%, with single balloon payment due October 2030, secured by property.	<u>622,353</u>	<u>639,163</u>
Subtotal	2,189,224	2,282,698
Less: Current Maturities	<u>100,153</u>	<u>91,214</u>
Total Long-Term Debt	<u><u>\$ 2,089,071</u></u>	<u><u>\$ 2,191,484</u></u>

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>
2022	\$ 100,153
2023	103,736
2024	107,260
2025	111,285
2026	115,267
Thereafter	<u>1,651,523</u>
Total	<u><u>\$ 2,189,224</u></u>

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**H. 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. The REF collects a security deposit from each tenant that may be retained due to damages to the leased premises that exceed ordinary wear and tear, waste and neglect of the premises, and nonpayment of rent and amounts owed for utilities.

**I. Net Assets**

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

	2021	2020
Property and Equipment Held for Leasing (Net of Accumulated Depreciation and Related Debt)	\$ 964,052	\$ 898,902
Undesignated	561,138	308,400
Net Assets Without Donor Restrictions	<u>\$ 1,525,190</u>	<u>\$ 1,207,302</u>

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

	2021	2020
Professional Staff Development - Perpetual	\$ 64,045	\$ 56,130
Special Projects and Events - Perpetual	126,208	112,101
Scholarship - Perpetual	3,910,006	3,244,340
Professional Staff Development - Spendable	24,722	5,767
Special Projects and Events - Spendable	367,509	350,374
Scholarships - Spendable	2,008,240	791,525
Net Assets with Donor Restrictions	<u>\$ 6,500,730</u>	<u>\$ 4,560,237</u>

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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**J. Endowment Funds**

The Foundation's endowment consists of approximately 70 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.

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.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**J. Endowment Funds (Continued)**

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:

	2021	2020
Donor-Restricted Endowment Funds		
Original Donor-Restricted Gift Amount	\$ 4,100,259	\$ 3,397,366
Accumulated Investment Gains	1,412,024	278,783
Total Funds	<u>\$ 5,512,283</u>	<u>\$ 3,676,149</u>

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

	2021	2020
Endowment Net Assets - Beginning	\$ 3,676,149	\$ 3,684,124
Investment Return, Net	1,325,737	84,842
Contributions	640,722	60,208
Appropriation of Endowment Assets for Expenditure	(130,325)	(153,025)
Endowment Net Assets - Ending	<u>\$ 5,512,283</u>	<u>\$ 3,676,149</u>

**K. 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, 2021 and 2020, the Foundation recorded donated services of \$250,076 and \$277,560, and the REF recorded donated services of \$59,273 and \$49,820 for the personnel-related costs. The District also provided payroll, human resources, and maintenance services, internet and mailing services, office space, and office equipment without charge. 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, 2021 and 2020, the Foundation paid \$89,203 and \$234,423 and the REF paid \$88,264 and \$102,938 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, 2021 and 2020, the Foundation disbursed \$786,347 and \$1,171,674.



**SOUTHWEST WISCONSIN TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**L. Liquidity And Availability**

The following table reflects the Foundation's financial assets as of the date of the consolidated statement of financial position of 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date because of donor imposed restrictions:

	<u>2021</u>	<u>2020</u>
Financial Assets - Year-End	\$ 7,077,383	\$ 4,883,800
Less Those Unavailable for General Expenditure		
Within One Year Due to:		
Restricted by Donor with Time or Purpose Restrictions	(988,447)	(884,088)
Restricted for Endowment Purposes	<u>(5,512,283)</u>	<u>(3,676,149)</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 576,653</u>	<u>\$ 323,563</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.

## **Required Supplementary Information**

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

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%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those year for which information is available.

**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%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those year for which information is available.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**

	2020	2019	2018	2017
<b>TOTAL OPEB LIABILITY</b>				
Service Cost	\$ 5,066	\$ 4,761	\$ 93,739	\$ 93,739
Interest	133,441	157,909	226,102	232,922
Changes of Benefit Terms	-	-	(1,262,091)	-
Differences between Expected and Actual Experience	(142,674)	-	(683,532)	-
Changes in Assumptions or Other Input	181,039	46,962	(185,079)	-
Benefit Payments	(690,081)	(526,073)	(261,530)	(781,544)
<b>NET CHANGE IN OPEB LIABILITY</b>	(513,209)	(316,441)	(2,072,391)	(454,883)
Total OPEB Liability - Beginning of Year	4,155,112	4,471,553	6,543,944	6,998,827
<b>TOTAL OPEB LIABILITY - END OF YEAR</b>	<u>\$ 3,641,903</u>	<u>\$ 4,155,112</u>	<u>\$ 4,471,553</u>	<u>\$ 6,543,944</u>
Covered Payroll	\$ 12,061,085	\$ 11,191,670	\$ 11,191,670	\$ 2,561,028
OPEB Liability as a Percentage of Covered Payroll.	30.20%	37.13%	39.95%	255.52%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those year for which information is available.

See accompanying Notes to the Required Supplementary Information.

**SOUTHWEST WISCONSIN TECHNICAL COLLEGE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**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.* No significant change in assumptions were noted from the prior year.

**NOTE 3 NET OPEB LIABILITY AND RELATED RATIOS ASSUMPTIONS**

Materials and assumptions used to determine OPEB contribution rates are described in Note 6.

### **Other 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, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Local Government - Tax Levy	\$ 5,366,000	\$ 5,366,000	\$ 5,468,541	\$ 102,541	\$ 5,305,000
Intergovernmental Revenue					
State	10,310,500	10,310,500	10,276,189	(34,311)	10,762,965
Federal	379,500	379,500	1,213,041	833,541	799,525
Tuition and Fees					
Statutory Program Fees	4,546,600	4,546,600	4,485,321	(61,279)	4,498,373
Materials Fees	286,000	286,000	270,491	(15,509)	282,343
Other Student Fees	433,100	433,100	623,036	189,936	522,807
Institutional	1,808,400	1,808,400	1,901,562	93,162	1,775,918
Total Revenues	<u>23,130,100</u>	<u>23,130,100</u>	<u>24,238,181</u>	<u>1,108,081</u>	<u>23,946,931</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	14,811,600	14,361,600	14,319,890	41,710	13,974,073
Instructional Resources	143,900	193,900	145,856	48,044	126,998
Student Services	2,140,400	2,140,400	2,061,086	79,314	2,043,777
General Institutional	4,615,900	5,115,900	5,063,662	52,238	4,987,213
Physical Plant	2,070,300	1,970,300	1,922,059	48,241	1,878,757
Total Expenditures	<u>23,782,100</u>	<u>23,782,100</u>	<u>23,512,553</u>	<u>269,547</u>	<u>23,010,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(652,000)	(652,000)	725,628	1,377,628	936,113
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	53,000	53,000	49,649	(3,351)	218,244
Transfers Out	(47,000)	(47,000)	(35,739)	11,261	(48,044)
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>6,000</u>	<u>13,910</u>	<u>7,910</u>	<u>170,200</u>
<b>NET CHANGE IN FUND BALANCES</b>	(646,000)	(646,000)	739,538	1,385,538	1,106,313
Fund Balance - Beginning of Year	<u>9,446,137</u>	<u>9,446,137</u>	<u>10,037,450</u>	<u>591,313</u>	<u>8,931,137</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 8,800,137</u>	<u>\$ 8,800,137</u>	<u>\$ 10,776,988</u>	<u>\$ 1,976,851</u>	<u>\$ 10,037,450</u>
<b>FUND BALANCE</b>					
Nonspendable - Prepaid Expenses			\$ 366,391		
Assigned for State and Fluctuations			200,000		
Assigned for Post-Employment Benefits			4,882,846		
Unassigned			<u>5,327,751</u>		
Total Fund Balances			<u>\$ 10,776,988</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, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Intergovernmental Revenue					
State	\$ 547,000	\$ 547,000	\$ 516,962	\$ (30,038)	520,445
Federal	6,958,000	6,958,000	4,836,139	(2,121,861)	5,287,211
Student Fees	250,000	250,000	281,142	31,142	267,324
Institutional	245,000	245,000	131,227	(113,773)	165,779
Total Revenues	<u>8,000,000</u>	<u>8,000,000</u>	<u>5,765,470</u>	<u>(2,234,530)</u>	<u>6,240,759</u>
<b>EXPENDITURES</b>					
Student Services	<u>8,000,000</u>	<u>8,000,000</u>	<u>5,760,640</u>	<u>2,239,360</u>	<u>6,267,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	4,830	4,830	(27,024)
<b>OTHER FINANCING SOURCES</b>					
Transfers In	<u>47,000</u>	<u>47,000</u>	<u>35,740</u>	<u>(11,260)</u>	<u>48,044</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>47,000</u>	<u>47,000</u>	<u>40,570</u>	<u>(6,430)</u>	<u>21,020</u>
Fund Balance - Beginning of Year	<u>567,232</u>	<u>567,232</u>	<u>481,252</u>	<u>(85,980)</u>	<u>460,232</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 614,232</u>	<u>\$ 614,232</u>	<u>\$ 521,822</u>	<u>\$ (92,410)</u>	<u>\$ 481,252</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, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>REVENUES</b>					
Intergovernmental Revenue					
Federal	\$ -	\$ -	\$ 167,185	\$ 167,185	\$ -
Institutional	20,000	20,000	69,104	49,104	31,612
Total Revenues	20,000	20,000	236,289	216,289	31,612
<b>EXPENDITURES</b>					
Current:					
Instruction	819,800	819,800	692,986	126,814	584,841
Instructional Resources	18,000	68,000	20,457	47,543	56,429
General Institutional	2,760,000	2,760,000	2,567,120	192,880	418,263
Physical Plant	2,264,200	2,214,200	1,948,958	265,242	2,246,556
Total Expenditures	5,862,000	5,862,000	5,229,521	632,479	3,306,089
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(5,842,000)	(5,842,000)	(4,993,232)	848,768	(3,274,477)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Debt	4,000,000	4,000,000	4,000,000	-	4,000,000
Transfers Out	(53,000)	(53,000)	(49,650)	3,350	(218,244)
Total Other Financing Sources (Uses)	3,947,000	3,947,000	3,950,350	3,350	3,781,756
<b>NET CHANGE IN FUND BALANCE</b>	(1,895,000)	(1,895,000)	(1,042,882)	852,118	507,279
Fund Balance - Beginning of Year	2,042,684	2,042,684	1,869,963	(172,721)	1,362,684
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 147,684</u>	<u>\$ 147,684</u>	<u>\$ 827,081</u>	<u>\$ 679,397</u>	<u>\$ 1,869,963</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, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020 Actual (Budgetary) Basis
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	
<b>REVENUES</b>					
Local Government - Tax Levy	\$ 5,650,000	\$ 5,650,000	\$ 5,650,000	\$ -	\$ 5,345,000
Intergovernmental Revenue					
State	20,500	20,500	19,793	(707)	20,283
Institutional	20,000	20,000	8,662	(11,338)	42,520
Total Revenues	5,690,500	5,690,500	5,678,455	(12,045)	5,407,803
<b>EXPENDITURES</b>					
Debt Services	6,767,500	6,767,500	5,947,786	819,714	4,805,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,077,000)	(1,077,000)	(269,331)	807,669	602,090
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on Issuance of Debt	-	-	159,880	159,880	199,744
Total Other Financing Sources (Uses)	-	-	159,880	159,880	199,744
<b>NET CHANGE IN FUND BALANCE</b>	(1,077,000)	(1,077,000)	(109,451)	967,549	801,834
Fund Balance - Beginning of Year	2,163,265	2,163,265	2,399,569	236,304	1,597,735
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,086,265</u>	<u>\$ 1,086,265</u>	<u>\$ 2,290,118</u>	<u>\$ 1,203,853</u>	<u>\$ 2,399,569</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, 2021  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>OPERATING REVENUES</b>					
Intergovernmental Revenue					
Federal	\$ -	\$ 450,000	\$ 715,624	\$ 265,624	\$ 5,009
Institutional	1,336,000	1,336,000	1,263,853	(72,147)	1,450,747
Total Operating Revenues	1,336,000	1,786,000	1,979,477	193,477	1,455,756
<b>OPERATING EXPENSES</b>					
Current:					
Physical Plant			-	-	-
Auxiliary Services	1,706,000	2,156,000	2,127,909	28,091	1,571,105
Total Operating Expenditures	1,706,000	2,156,000	2,127,909	28,091	1,571,105
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	(370,000)	(370,000)	(148,432)	165,386	(115,349)
<b>NET CHANGE IN NET POSITION</b>	(370,000)	(370,000)	(148,432)	165,386	(115,349)
Net Position - Beginning of Year	3,761,691	3,761,691	3,708,342	(53,349)	3,823,691
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,391,691</u>	<u>\$ 3,391,691</u>	<u>\$ 3,559,910</u>	<u>\$ 112,037</u>	<u>\$ 3,708,342</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, 2021  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021				2020
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget	Actual (Budgetary) Basis
<b>OPERATING REVENUES</b>					
Institutional	\$ 4,427,000	\$ 4,427,000	\$ 3,930,379	\$ (496,621)	\$ 3,674,390
<b>OPERATING EXPENSES</b>					
Auxiliary Services	4,427,000	4,427,000	4,185,866	241,134	3,443,400
Excess (Deficiency) of Operating Revenues Over (Under) Operating Expenses	-	-	(255,487)	(255,487)	230,990
<b>NET CHANGE IN NET POSITION</b>	-	-	(255,487)	(255,487)	230,990
Net Position - Beginning of Year	1,155,711	1,155,711	1,730,377	574,666	1,499,387
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,155,711</u>	<u>\$ 1,155,711</u>	<u>\$ 1,474,890</u>	<u>\$ 319,179</u>	<u>\$ 1,730,377</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, 2021**

	Governmental				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	
<b>REVENUES</b>									
Local Government - Tax Levy	\$ 5,468,541	\$ -	\$ -	\$ 5,650,000	\$ -	\$ -	\$ 11,118,541	\$ -	\$ 11,118,541
Intergovernmental Revenue									
State	10,276,189	516,962	-	19,793	-	-	10,812,944	-	10,812,944
Federal	1,213,041	4,836,139	167,185	-	715,624	-	6,931,989	(2,342,304)	4,589,685
Tuition and Fees									
Statutory Program Fees	4,485,321	-	-	-	-	-	4,485,321	-	4,485,321
Materials Fees	270,491	-	-	-	-	-	270,491	-	270,491
Other Student Fees	623,036	281,142	-	-	-	-	904,178	-	904,178
Institutional	1,901,562	131,227	69,104	8,662	1,263,853	3,930,379	7,304,787	(4,001,867)	3,302,920
Total Revenues	24,238,181	5,765,470	236,289	5,678,455	1,979,477	3,930,379	41,828,251	(6,344,171)	35,484,080
<b>EXPENDITURES/EXPENSES</b>									
Current									
Instruction	14,319,890	-	692,986	-	-	-	15,012,876	(1,955,313)	13,057,563
Instruction Resources	145,856	-	20,457	-	-	-	166,313	(26,956)	139,357
Student Services	2,061,086	5,760,640	-	-	-	-	7,821,726	(5,757,712)	2,064,014
General Institutional	5,063,662	-	2,567,120	-	-	-	7,630,782	(3,338,770)	4,292,012
Physical Plant	1,922,059	-	1,948,958	-	-	-	3,871,017	(1,193,670)	2,677,347
Auxiliary Services	-	-	-	-	2,127,909	4,185,866	6,313,775	(4,196,195)	2,117,580
Depreciation	-	-	-	-	-	-	-	3,121,856	3,121,856
Student Aid	-	-	-	-	-	-	-	3,189,186	3,189,186
Debt Services									
Principal	-	-	-	5,105,000	-	-	5,105,000	(5,105,000)	-
Interest	-	-	-	842,786	-	-	842,786	(163,439)	679,347
Total Expenditures/Expenses	23,512,553	5,760,640	5,229,521	5,947,786	2,127,909	4,185,866	46,764,275	(15,426,013)	31,338,262
Excess (Deficiency) of Revenues									
Over (Under) Expenditures/Expenses	725,628	4,830	(4,993,232)	(269,331)	(148,432)	(255,487)	(4,936,024)	9,081,842	4,145,818
<b>OTHER FINANCING SOURCES (USES)</b>									
Long-Term Debt Issued	-	-	4,000,000	-	-	-	4,000,000	(4,000,000)	-
Premium on Issuance of Debt	-	-	-	159,880	-	-	159,880	(159,880)	-
Transfers In	49,649	35,740	-	-	-	-	85,389	(85,389)	-
Transfers Out	(35,739)	-	(49,650)	-	-	-	(85,389)	85,389	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(2,411,163)	(2,411,163)
Total Other Financing Sources (Uses)	13,910	35,740	3,950,350	159,880	-	-	4,159,880	(6,571,043)	(2,411,163)
<b>NET CHANGE IN FUND BALANCE/NET POSITION</b>	739,538	40,570	(1,042,882)	(109,451)	(148,432)	(255,487)	(776,144)	2,510,799	1,734,655
Fund Balance/Net Position - Beginning of Year	10,037,450	481,252	1,869,963	2,399,569	3,708,342	1,730,377	20,226,953	14,641,749	34,868,702
<b>FUND BALANCE/NET POSITION - END OF YEAR</b>	<u>\$ 10,776,988</u>	<u>\$ 521,822</u>	<u>\$ 827,081</u>	<u>\$ 2,290,118</u>	<u>\$ 3,559,910</u>	<u>\$ 1,474,890</u>	<u>\$ 19,450,809</u>	<u>\$ 17,152,548</u>	<u>\$ 36,603,357</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, 2021**

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

Operating	\$ 2,413,675
Nonoperating	<u>8,399,269</u>
	<u><u>\$ 10,812,944</u></u>

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

Operating	\$ 694,406
Nonoperating	<u>3,895,279</u>
	<u><u>\$ 4,589,685</u></u>

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

Nongovernmental Grants and Contracts	\$ 1,999,073
Auxiliary Enterprises	1,254,770
Investment Income	<u>49,077</u>
	<u><u>\$ 3,302,920</u></u>

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

Budgetary Basis Fund Balance	\$ 19,450,809
Capital Assets - Cost	72,821,754
Accumulated Depreciation on Capital Assets	(27,797,102)
Net Pension Asset and Deferred Items	1,722,120
General Obligation Bonds and Notes Payable	(24,010,000)
Unamortized Debt Premium	(798,332)
Net Other Postemployment Benefits and Deferred Items	(3,216,413)
Termination Benefit	(2,078,417)
Accrued Interest on Notes Payable	(59,421)
Deferred HEERF Revenues	(172,344)
Encumbrances Outstanding at Year-End	<u>740,703</u>
Net Position per Basic Financial Statements	<u><u>\$ 36,603,357</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 the business-type activity and the aggregate discretely presented component units of the Southwest Wisconsin Technical College (the District), as of and for the year ended June 30, 2021, 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 30, 2021.

**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 entity'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 may exist that have not been identified.

### **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 30, 2021



## **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 \$4,000,000 General Obligation Promissory Notes, Series 2022B, dated December 8, 2022 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on October 20, 2022 and November 17, 2022 (collectively, the "Resolution") and delivered to StoneX Financial Inc. (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](http://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 17, 2022 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 ended June 30, 2022, 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 8th day of December, 2022.

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Donald L. Tuescher  
Chairperson

(SEAL)

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Crystal Wallin  
Secretary

## **APPENDIX C**

### **FORM OF LEGAL OPINION**



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

December 8, 2022

Re: Southwest Wisconsin Technical College District, Wisconsin ("Issuer")  
\$4,000,000 General Obligation Promissory Notes, Series 2022B,  
dated December 8, 2022 ("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>
2023	\$800,000	5.00%
2024	800,000	5.00
2025	800,000	5.00
2026	800,000	5.00
2027	800,000	5.00

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2023.

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) for taxable years beginning after December 31, 2022. 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