

Comprehensive Annual Financial Report for fiscal year ended June 30, 2010

Wisconsin Indianhead Technical College



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COLLEGE

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Wisconsin Indianhead Technical College District

Shell Lake, Wisconsin

Financial Statements With Supplementary Financial Information

Years Ended June 30, 2010 and 2009

Wisconsin Indianhead Technical College District

Financial Statements With Supplementary Financial Information

Years Ended June 30, 2010 and 2009

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Wisconsin Indianhead Technical College District

Financial Statements With Supplementary Financial Information

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Independent Auditor's Report

Board of Directors
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

We have audited the accompanying financial statements of Wisconsin Indianhead Technical College District (the "District"), as of and for the years ended June 30, 2010 and 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wisconsin Indianhead Technical College District, as of June 30, 2010 and 2009, and the results of its operations and cash flows for the years ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the District. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

December 20, 2010
Eau Claire, Wisconsin

Management's Discussion and Analysis

Wisconsin Indianhead Technical College District

Management's Discussion and Analysis Years Ended June 30, 2010 and 2009

Wisconsin Indianhead Technical College (WITC) District's management discussion and analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader of the basic financial statements to focus on noteworthy financial issues.

While maintaining its financial health is crucial to the long-term viability of WITC, the primary mission of a public institution of higher education is to provide education and training. Therefore, net assets are accumulated only as required to ensure that there are sufficient reserve funds to avoid cash flow borrowing and to prevent short-term reactionary changes due to higher than anticipated expenses or lower than anticipated revenues. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying basic financial statements.

This annual report consists of a series of basic financial statements, prepared in accordance with accounting principles generally accepted in the United States, as stated in the Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements, Management's Discussion and Analysis for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; Statement No. 43, *Financial Accounting for Postemployment Benefit Plans Other Than Pension Plans*; and Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Statements of Revenues, Expenses, and Change in Net Assets

The statements of revenues, expenses, and change in net assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. In general, a public college such as WITC will report an operating deficit or loss, since the financial reporting model classifies state appropriations and property taxes as nonoperating revenues. The utilization of capital assets is reflected in the basic financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Statements of Revenues, Expenses, and Change in Net Assets (Continued)

The following is a condensed version of the statements of revenues, expenses, and change in net assets for the years ended June 30, 2010, 2009, and 2008:

	2010	2009	Increase (Decrease) 2010 - 2009		2008	Increase (Decrease) 2009 - 2008	
Operating revenues:							
Tuition and fees	\$ 10,719,487	\$ 9,964,114	\$ 755,373	7.6%	\$ 9,245,701	\$ 718,413	7.8%
State and federal grants	8,540,476	5,967,035	2,573,441	43.1%	5,785,482	181,553	3.1%
Contract revenue	655,686	802,516	(146,830)	-18.3%	856,722	(54,206)	-6.3%
Miscellaneous	394,877	269,879	124,998	46.3%	343,918	(74,039)	-21.5%
Total operating revenues	20,310,526	17,003,544	3,306,982	19.4%	16,231,823	771,721	4.8%
Operating expenses:							
Instruction	30,409,880	29,411,914	997,966	3.4%	27,082,597	2,329,317	8.6%
Instructional resources	1,940,838	1,187,770	753,068	63.4%	1,174,215	13,555	1.2%
Student services	5,378,018	5,077,330	300,688	5.9%	4,864,509	212,821	4.4%
General institutional	7,947,558	7,760,740	186,818	2.4%	7,901,520	(140,780)	-1.8%
Physical plant	3,282,064	2,726,088	555,976	20.4%	2,799,920	(73,832)	-2.6%
Auxiliary enterprise services	2,781,945	2,515,503	266,442	10.6%	2,328,478	187,025	8.0%
Depreciation	2,518,660	2,588,027	(69,367)	-2.7%	2,725,164	(137,137)	-5.0%
Student aid	4,366,743	2,624,273	1,742,470	66.4%	2,241,357	382,916	17.1%
Total operating expenses	58,625,706	53,891,645	4,734,061	8.8%	51,117,760	2,773,885	5.4%
Nonoperating revenues (expenses):							
Property taxes	36,068,087	34,946,272	1,121,815	3.2%	33,171,869	1,774,403	5.3%
State nonoperating appropriations	3,039,893	3,046,310	(6,417)	-0.2%	3,071,376	(25,066)	-0.8%
Other nonoperating revenues	121,113	75,596	45,517	60.1%	-	75,596	100.0%
Investment income earned	67,409	176,970	(109,561)	-61.9%	483,210	(306,240)	-63.4%
Interest expense	(647,405)	(724,620)	77,215	10.7%	(741,356)	(16,736)	-2.3%
Gain on disposal of capital assets	12,668	2,922	9,746	333.5%	3,148	(226)	-7.2%
Change in postclosure estimated liability	-	-	-	0.0%	397,188	(397,188)	-100.0%
Total nonoperating revenues (expenses)	38,661,765	37,523,450	1,138,315	3.0%	36,385,435	1,138,015	3.1%

Statements of Revenues, Expenses, and Change in Net Assets (Continued)

	2010	2009	Increase (Decrease) 2010 - 2009		2008	Increase (Decrease) 2009 - 2008	
Change in net assets	\$ 346,585	\$ 635,349	\$ (288,764)	-45.4%	\$ 1,499,498	\$ (864,149)	-57.6%
Net assets - Beginning of year, before restatement	25,906,577	20,073,350	5,833,227	29.1%	18,573,852	1,499,498	8.1%
Cumulative effect of change in accounting principle	-	5,197,878	(5,197,878)	100.0%	-	5,197,878	100.0%
Net assets - Beginning of year, as restated	25,906,577	25,271,228	635,349	2.5%	18,573,852	6,697,376	36.1%
Net assets - End of year	\$ 26,253,162	\$ 25,906,577	\$ 346,585	1.3%	\$ 20,073,350	\$ 5,833,227	29.1%

Some of the most noteworthy results of operations for the current year are reflected below:

- ❖ Operating revenues are the charges for services offered by the college. During 2010, the college generated approximately \$20 million of operating revenue. Significant items and revenue sources are as follows:
 - Tuition and fee income increased by 7.6% in 2010, which primarily reflects an increase in tuition and fee rates and number of students served.
 - Contract revenues were approximately \$656,000 for the year and represent revenue from instructional and technical assistance contracts with business and industry as well as local school districts.
 - Auxiliary enterprise revenues are revenues generated by the bookstore, program retail and services sales, food service, and other similar activities of the college. Revenues of approximately \$2.7 million, an increase of 6.4% in 2010, were generated by these activities this year and are included in tuition and fees.
 - State and federal grant revenue increased 43.1% or \$2,573,441 in 2010, which primarily reflects an increase in student financial aid available to students of the college.
- ❖ Operating expenses are costs related to offering the programs of the district. For 2010, operating expenses totaled approximately \$59 million. Approximately 67.0 percent of this figure represents personnel-related costs. Another major expense was depreciation (4.3%). Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 28.7 percent of total operating expenses.

Statements of Revenues, Expenses, and Change in Net Assets (Continued)

- ❖ Fluctuations in major operating expense categories occur on a year-to-year basis based on enrollment changes as well as college initiatives and priorities. In 2010, physical plant expenses increased 20.4% primarily due to new construction and renovation projects at the New Richmond Campus location. Instructional resources expenses increased 63.4% as a result of increased spending on instructional technology equipment. Auxiliary enterprise services growth (10.6%) reflects increased activities in business type activities such as the bookstores and food service operations. The increase in Student Aid (66.4%) reflects increased financial aid to students via state and federal programs as a result of increased eligibility for students.
- ❖ Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenues and expenses for the year ended June 30, 2010, increased 3.0 percent. The most significant components of net nonoperating revenues include the following:
 - Property taxes levied by the district for 2010 were approximately \$1.1 million more than in the prior year. The increase was levied primarily to cover increases in operating expenditures.
 - Other non-operating revenues increased by approximately 60% as compared to the previous year. The amount of the increase was due to a gift to the college, which was designated to be used for scholarships. This amount was transferred to the WITC Foundation.
 - Investment income decreased by approximately 62%, reflecting decreasing interest rates.
- ❖ Net assets for 2010 increased \$346,585 as a result of the above activity.

Statements of Cash Flows

The statement of cash flows presents information related to cash inflows and outflows, summarized by operating, financing, and investing activities. This statement is important in evaluating the District's ability to meet financial obligations as they mature.

The following schedule shows the major components of the statements of cash flows:

	2010	2009	Increase / (Decrease) 2010-2009	2008	Increase / (Decrease) 2009-2008
Net cash used in operating activities	\$ (35,831,489)	\$ (33,739,165)	\$ (2,092,324)	\$ (32,945,637)	\$ (793,528)
Net cash provided by non-capital financing activities	38,046,594	36,485,656	1,560,938	35,114,757	1,370,899
Net cash used in capital and related financing activities	(4,015,087)	(1,732,446)	(2,282,641)	(3,038,084)	1,305,638
Net cash provided by investing activities	67,409	176,970	(109,561)	483,210	(306,240)
Net increase (decrease) in cash and investments	\$ (1,732,573)	\$ 1,191,015	\$ (2,923,588)	\$ (385,754)	\$ 1,576,769

Statements of Cash Flows (Continued)

Specific items of interest related to the statements of cash flows include the following:

- ❖ The largest component of cash used in operating activities was payments to employees for salaries/wages and benefits, which continue to increase on a yearly basis. Approximately \$37.2 million was paid in 2010.
- ❖ Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$18.8 million represents the costs of goods and services purchased from outside vendors.
- ❖ The largest cash inflows from operating activities included approximately \$11 million in tuition and fees and approximately \$8 million in state and federal grants.
- ❖ Property taxes received of approximately \$35 million are categorized as cash flows from non-capital financing activities. The other major item in this category is state appropriations, which accounted for approximately \$3 million of positive cash flow.
- ❖ The cash used in capital and related financing activities is primarily made up of two categories of cash flows: Purchases of capital assets and capital-related debt activity (debt proceeds and principal and interest payments). Net cash used in this category was approximately \$4.0 million as compared to \$1.7 million in 2009. The increase in net cash outlay between 2010 and 2009 primarily represents a lower level of cash inflows from capital borrowing.
- ❖ Investment income is interest received on the District's investments.
- ❖ Overall, the District's cash decreased by \$1,732,573 for the current fiscal period.

Statements of Net Assets

The statements of net assets include all assets (items that the District owns and amounts owed to the District by others) and liabilities (amounts owed to others by the District and what has been collected from others for which a service has not yet been performed). These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expense and liabilities are recognized when others provide the service to the District—regardless of when cash is exchanged.

The following is a condensed version of the statements of net assets as of June 30, 2010, 2009, and 2008:

			Increase (Decrease)			Increase (Decrease)	
	2010	2009	2009 - 2008		2008	2009 - 2008	
Assets:							
Cash and investments	\$ 8,806,514	\$ 10,539,087	\$ (1,732,573)	-16.4%	\$ 9,348,072	\$ 1,191,015	12.7%
Net capital assets	21,410,542	21,386,233	24,309	0.1%	21,360,972	25,261	0.1%
Other assets	17,240,286	16,167,889	1,072,397	6.6%	15,139,182	1,028,707	6.8%
Total assets	47,457,342	48,093,209	(635,867)	-1.3%	45,848,226	2,244,983	4.9%
Liabilities:							
Current liabilities	8,150,311	7,617,266	533,045	7.0%	7,403,710	213,556	2.9%
Noncurrent liabilities	13,053,869	14,569,366	(1,515,497)	-10.4%	18,371,166	(3,801,800)	-20.7%
Total liabilities	21,204,180	22,186,632	(982,452)	-4.4%	25,774,876	(3,588,244)	-13.9%
Net assets:							
Invested in capital assets, net of related debt	7,926,359	8,062,675	(136,316)	-1.7%	7,916,842	145,833	1.8%
Restricted for debt service	5,000,219	4,653,460	346,759	7.5%	4,515,412	138,048	3.1%
Unrestricted	13,326,584	13,190,442	136,142	1.0%	7,641,096	5,549,346	72.6%
Total net assets	\$ 26,253,162	\$ 25,906,577	\$ 346,585	1.3%	\$ 20,073,350	\$ 5,833,227	29.1%

Statements of Net Assets (Continued)

Specific items of interest related to the statement of net assets include the following:

- ❖ Current cash and cash equivalents decreased by \$1,732,573 in 2010. This is primarily the result of a net decrease in cash from capital and related financing activities.
- ❖ The largest component of the District's assets is capital assets, which represents the District's investment in its physical plant and in equipment. The net capital asset balance increased by .1%.
- ❖ The current assets category is made up of various receivable balances, including property taxes receivable of approximately \$14 million.
- ❖ Current liabilities include accounts payable, various types of accruals, and the portion of the long-term obligations due within the next fiscal year. At year-end, the current portion of the District's long-term obligations was approximately \$5.2 million.
- ❖ Long-term liabilities of approximately \$13.0 million represent the portion of long-term obligations due after fiscal year 2010-11.

Capital Assets and Debt Administration

The District's investment in capital assets net of related debt as of June 30, 2010, amounts to \$7,926,359. This includes land and land improvements, buildings and improvements, and movable equipment. The most significant building projects in fiscal year 2010 were new construction and remodeling initiatives at the New Richmond Campus.

At the end of the 2010 fiscal year, the District had total general obligation debt outstanding of approximately \$17.2 million. The District's Moody's Investor Services bond rating was maintained at Aa1. The District has continued to meet all of its debt service requirements. All general obligation debt for equipment is repaid in three years, while debt related to building and remodeling is repaid in five to eight years. The debt is secured by the taxing authority of the District. The current debt structure adequately replaces and expands the equipment and facility needs of the District.

Financial Position

WITC's financial position improved, as net assets grew by approximately \$346,585. The growth occurred as operating revenue growth substantially outpaced overall expenditure growth.

The District has a diverse source of revenue streams, which include state aid and grants, federal grants, tuition, and property taxes. By far, property taxes remain the most significant and stable source of revenue for WITC. While WITC's statutory taxing authority remains significantly below allowable levels, it is noteworthy that the District's equalized valuation experienced a decline for levy year 2011. In the long run, this type of recurring decrease would adversely affect the District's ability to tax.

Economic Factors

While commercial and residential development has stagnated and the economy has stalled, WITC remains on solid financial footing. Current statutory limits on WITC's tax levy are well above the District's actual tax levy. However, these limits are ultimately under the control of the legislature. Looming state budget problems and pressure to decrease taxes could change the environment for the District. Levy growth limits are in place for other municipalities and school districts. No clear indication on the direction of state-mandated changes exists, but the District closely monitors the activity of the legislature and is prepared to adjust if changes occur.

In addition, it is important to note that one of the District's other major sources of revenue – tuition and fees, has historically been positively affected by economic downturns. As markets adjust and workers need to develop new skills, enrollments at technical colleges typically rise. This could partially offset some of the potential impact of tax levy restrictions. Information related to 2010-2011 enrollments suggests that this increase in students returning to school from the workplace has stabilized.

Economic Factors (Continued)

However, like most organizations, WITC has identified several areas of concern that could impact future decisions. They are as follows:

- ❖ State funding for the Technical College System remains stagnant despite a slight increase provided in the current state budget. As a result, students—through tuition and fees—and property taxpayers are required to contribute a larger share of District revenues.
- ❖ Equalized values of property within the District are increasing at a lower rate than recent years and actually decreased for 2010 and 2011. It appears this trend will continue at least in the short term. If costs increase faster than values, this will result in an increase in the mill rate.
- ❖ Increasing financial pressure will require the District to evaluate its allocation of existing resources. The ability to meet new program needs will be constrained by resource availability.
- ❖ Personnel and health insurance cost will continue to rise at a faster rate than new revenues.
- ❖ The impact of technology and resulting productivity of employers in the market require continuous improvement of WITC's existing programs, as well as the development of new programs in response to evolving occupations and advancing technology.
- ❖ The need to remain current with expanding technology is great. Technology-related expenses are a key requirement in providing a high quality education.
- ❖ The District has benefit plans in place with its various employee groups that provide for benefits after retirement. The other postretirement employee benefits (OPEB) under these agreements will reduce amounts available for current expenditures.

With these challenges in mind, the long-term financial planning established by the District in conjunction with the District board will allow WITC to effectively meet the financial needs of operations in the future. The low mill rate currently in place allows flexibility to address the needs of stakeholders of the college. The District has established and partially funded a trust, which will help minimize the effects to its operations of benefits provided to future retirees. The overall current financial position is strong, and the District is committed to remaining financially stable in the future.

Requests for Information

This financial report is designed to provide a general overview of the College's financial picture for those interested parties. Questions concerning any information contained in this report or for any additional information should be addressed to the Vice President of Administrative Services, 505 Pine Ridge Drive, Shell Lake, WI 54871.

Basic Financial Statements

Wisconsin Indianhead Technical College District

Statements of Net Assets

June 30, 2010 and 2009

<i>Assets</i>	2010	2009
Current assets:		
Cash and investments	\$ 6,204,727	\$ 6,939,383
Receivables:		
Local taxes	14,589,829	13,966,006
Accounts receivable	1,613,877	1,364,244
Inventories	993,281	792,191
Prepaid expenses	43,299	45,448
Total current assets	23,445,013	23,107,272
Noncurrent assets:		
Restricted cash and investments	2,601,787	3,599,704
Capital assets, not being depreciated	847,962	977,004
Capital assets, being depreciated	53,091,897	50,449,851
Accumulated depreciation	(32,529,317)	(30,040,622)
Total noncurrent assets	24,012,329	24,985,937
TOTAL ASSETS	\$ 47,457,342	\$ 48,093,209

<i>Liabilities and Net Assets</i>	2010	2009
Liabilities:		
Current liabilities:		
Accounts payable	\$ 615,262	\$ 798,800
Accrued liabilities:		
Payroll, payroll taxes, and insurance	1,469,237	1,187,978
Accrued interest	164,679	176,991
Compensated absences	266,241	233,852
Deferred revenue	355,988	293,719
Due to student and other organizations	93,254	69,924
Current portion of long-term obligations	5,185,650	4,856,002
Total current liabilities	8,150,311	7,617,266
Noncurrent liabilities:		
General obligation debt	12,268,863	13,940,000
Net pension obligation	457,223	523,549
Termination benefits	200,081	-
Net OPEB obligation	127,702	105,817
Total noncurrent liabilities	13,053,869	14,569,366
Total liabilities	21,204,180	22,186,632
Net assets:		
Invested in capital assets - Net of related debt	7,926,359	8,062,675
Restricted for:		
Debt service	5,000,219	4,653,460
Unrestricted	13,326,584	13,190,442
Total net assets	26,253,162	25,906,577
TOTAL LIABILITIES AND NET ASSETS	\$ 47,457,342	\$ 48,093,209

Wisconsin Indianhead Technical College District

Statements of Revenues, Expenses, and Change in Net Assets

Years Ended June 30, 2010 and 2009

	2010	2009
Operating revenue:		
Student program fees (tuition) - Net of scholarship allowance of \$1,666,854 and \$1,086,349, respectively	\$ 6,813,217	\$ 6,315,955
Student material fees - Net of scholarship allowance of \$124,242 and \$78,989, respectively	505,323	459,338
Other student fees - Net of scholarship allowance of \$179,636 and \$116,820, respectively	730,623	679,331
Federal grants	7,334,814	4,858,155
State grants	1,205,662	1,108,880
Business and industry contract revenue	655,686	802,516
Auxiliary enterprise revenue	2,670,324	2,509,490
Miscellaneous	394,877	269,879
Total operating revenue	20,310,526	17,003,544
Operating expenses:		
Instruction	30,409,880	29,411,914
Instructional resources	1,940,838	1,187,770
Student services	5,378,018	5,077,330
General institutional	7,947,558	7,760,740
Physical plant	3,282,064	2,726,088
Auxiliary enterprise services	2,781,945	2,515,503
Depreciation	2,518,660	2,588,027
Student aid	4,366,743	2,624,273
Total operating expenses	58,625,706	53,891,645
Operating loss	(38,315,180)	(36,888,101)

Wisconsin Indianhead Technical College District

Statements of Revenues, Expenses, and Change in Net Assets (Continued)

Years Ended June 30, 2010 and 2009

	2010	2009
Nonoperating revenue (expenses):		
Property taxes	\$ 36,068,087	\$ 34,946,272
State nonoperating appropriations	3,039,893	3,046,310
Other nonoperating revenues	121,113	75,596
Investment income earned	67,409	176,970
Interest expense	(647,405)	(724,620)
Gain on disposal of capital assets	12,668	2,922
Total nonoperating revenue	38,661,765	37,523,450
Change in net assets	346,585	635,349
Net assets - Beginning of year	25,906,577	25,271,228
Net assets - End of year	\$ 26,253,162	\$ 25,906,577

Wisconsin Indianhead Technical College District

Statements of Cash Flows

Years Ended June 30, 2010 and 2009

	2010	2009
Increase (decrease) in cash and investments:		
Cash flows from operating activities:		
Tuition and fees received	\$ 10,651,668	\$ 9,992,459
Federal and state grants received	8,327,270	6,185,931
Business, industry, and school district contract revenues received	749,670	735,067
Payments to employees	(37,174,494)	(35,575,726)
Payments for materials and services	(18,780,157)	(15,347,202)
Other receipts	394,554	270,306
Net cash used in operating activities	(35,831,489)	(33,739,165)
Cash flows from noncapital financing activities:		
Local property taxes	35,444,264	33,920,626
State appropriations	3,039,893	3,046,310
Other nonoperating revenues	121,113	75,596
Principal paid on noncapital debt	(475,000)	(455,000)
Interest and fiscal charges paid on noncapital debt	(83,676)	(101,876)
Net cash provided by noncapital financing activities	38,046,594	36,485,656
Cash flows from capital and related financing activities:		
Purchases of capital assets	(2,542,970)	(2,616,388)
Proceeds from sale of capital assets	12,668	6,022
Proceeds from issuance of capital debt	3,361,256	5,650,000
Principal paid on capital debt	(4,270,000)	(4,150,000)
Interest and fiscal charges paid on capital debt	(576,041)	(622,080)
Net cash used in capital and related financing activities	(4,015,087)	(1,732,446)
Cash flows from investing activities:		
Investment income received	67,409	176,970
Net increase (decrease) in cash and investments	(1,732,573)	1,191,015
Cash and investments - Beginning of year	10,539,087	9,348,072
Cash and investments - End of year	\$ 8,806,514	\$ 10,539,087

See accompanying notes to financial statements.

Wisconsin Indianhead Technical College District

Statements of Cash Flows (Continued)

Years Ended June 30, 2010 and 2009

	2010	2009
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (38,315,180)	\$ (36,888,101)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	2,511,268	2,588,027
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(249,633)	181,853
Inventories	(201,090)	(188,637)
Prepaid expenses	2,149	3,723
Increase (decrease) in liabilities:		
Accounts payable	(183,538)	115,307
Accrued payroll, payroll taxes, and insurance	281,259	439,919
Accrued compensated absences	32,389	(691)
Deferred program and material fees	62,269	(1,634)
Net pension obligation	(20,678)	(56,498)
Termination benefits	204,081	-
Net OPEB obligation	21,885	105,817
Due to student and other organizations	23,330	(38,250)
Net cash used in operating activities	\$ (35,831,489)	\$ (33,739,165)

Wisconsin Indianhead Technical College District

Fiduciary Funds – WITC Postemployment Benefits Trust

Statements of Net Assets

Years Ended June 30, 2010 and 2009

	2010	2009
Assets:		
Cash and investments	\$ 1,593,016	\$ 1,267,476
Net assets:		
Restricted for postemployment benefits	\$ 1,593,016	\$ 1,267,476

Wisconsin Indianhead Technical College District

Fiduciary Funds – WITC Postemployment Benefits Trust

Statements of Changes in Net Assets

Years Ended June 30, 2010 and 2009

	2010	2009
Additions:		
Employer contributions	\$ 1,050,341	\$ 866,266
Interest	18,413	17,088
Total additions	1,068,754	883,354
Deductions:		
Benefits paid	743,214	866,266
Change in net assets	325,540	17,088
Net assets - Beginning of year	1,267,476	1,250,388
Net assets - End of year	\$ 1,593,016	\$ 1,267,476

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of the Wisconsin Indianhead Technical College District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States as applied to public colleges and universities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

Reporting Entity

The Wisconsin Indianhead Technical College District was organized in 1972 under state legislation enacted in 1911 establishing vocational, technical, and adult education. The District is fully accredited by the Higher Learning Commission of the North Central Association. The geographic area of the District is comprised of all or part of 11 counties.

The District, governed by a nine-member board appointed by board chairpersons of counties within the service area, operates a public community college offering one- and two-year degrees, liberal arts studies, and a comprehensive adult education program. As the District's governing authority, the Board's powers include:

- Authority to borrow money and levy taxes.
- Budgeting authority.
- 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 provided, and to approve the hiring or retention of key management personnel who implement Board policy and directives.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Reporting Entity (Continued)

The accompanying financial statements present the activities of the Wisconsin Indianhead Technical College District. Accounting principles generally accepted in the United States require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

The Wisconsin Indianhead Technical College Foundation, Inc. (the "Foundation"), is a not-for-profit organization whose purpose is to solicit, hold, manage, invest, and expend endowment funds and other gifts, grants, and bequests exclusively for the benefit of the District and its students. The Foundation is managed by an independent board of directors, and is not financially accountable to the District. The financial resources of the Foundation are not significant to the District as a whole and, accordingly, financial information related to the Foundation is not included in these financial statements.

Measurement Focus and Basis of Accounting

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Measurement Focus and Basis of Accounting (Continued)

Operating revenues and expenses generally include all fiscal transactions directly related to instructional and auxiliary enterprise activities plus administration, operation, and maintenance of capital assets and depreciation on capital assets. Included in non-operating revenues are property taxes, State appropriations, investment income, and revenues for capital construction projects. Interest on debt is a nonoperating expense.

The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, which do not conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

State Statutes permit the District to invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations of Wisconsin municipal entities, high-grade commercial paper which matures in less than seven years, and the local government pooled investment fund administered by the State investment board.

All investments are stated at fair value. Investment income includes changes in fair value of investments, interest, and realized gains and losses.

Receivables

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

The District considers student accounts to be past due when a student has an account balance after the payment due date for the class. Contract receivables are considered past due 30 days after the date of billing. Past due accounts are subject to past due letter collection efforts and are subsequently placed with third-party collection agencies and the State of Wisconsin Tax Refund Interception Program (TRIP). If an account balance still exists after three years, the account is written off.

Inventories and Prepaid Expenses

Inventories of books and supplies are valued at the lower of cost, using the first-in/first-out (FIFO) method or market. Instructional and administrative inventories are accounted for as expenses when purchased. Prepaid expenses represent payments made by the District for which benefits extend beyond June 30.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing capital assets. Donated capital assets are recorded at estimated fair market value at the time of donation.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 7 years for equipment, 15 years for site improvements, 20 years for remodeling, and 40 years for buildings.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statements of revenues, expenses, and changes in net assets. There were no impairment losses recorded in the years ended June 30, 2010 and 2009.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Vacation - District employees are granted vacation in varying amounts, based on length of service and staff classifications. Vacation earned is forfeited if not taken by August 15 of the next fiscal year. Liabilities for vacation- and salary-related payments, including social security taxes, are recorded when incurred.

Sick Leave - The District's policy allows employees to earn varying amounts of sick pay based on the length of service and staff classification. The accumulated sick leave does not vest unless criteria are met for termination benefits as described in Note 9. Amounts have been recorded consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*.

Retirement Plans - District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenses when paid.

Postemployment Benefits Other Than Pension Benefits – See Note 8 for the details of these benefits.

Net Assets

Net assets are classified according to restrictions or availability of assets for District obligations. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the District and taxing entities' treasurers for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the taxing entities before retaining any for county purposes.

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full by two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property Tax Levy (Continued)

Under Section 38.16 of the Wisconsin Statutes, the District Board may levy a tax not to exceed a rate of \$1.50 per \$1,000 of the equalized value of taxable property within the area served by the District for the purposes of making capital improvements, acquiring equipment, and operating and maintaining schools. The mill rate limitation is not applicable to taxes levied for the purpose of paying principal and interest on general obligation notes payable issued by the District. For the years ended June 30, 2010 and 2009, the District levied at the following mill rate:

	2010	2009
Operating purposes	\$ 0.88797	\$ 0.83881
Debt service requirements	0.16628	0.15612
Total	\$ 1.05425	\$ 0.99493

State and Federal Revenues

State general and categorical aids are recognized as revenue in the entitlement year. Federal and state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred or eligibility requirements are met. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

Tuition and Fees

Student tuition and fees are recorded, net of scholarships, as revenue in the period in which the related activity or instruction takes place. Tuition and fees for the summer semester are prorated on the basis of student class days occurring before and after June 30.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Scholarship Allowances and Student Financial Aid

Financial aid to students is reported in the basic financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties, and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total District basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third-party aid.

Note 2 **Cash and Investments**

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$830,175 of the District's bank balance of \$6,363,743 was exposed to custodial credit risk as uninsured and uncollateralized.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 2 Cash and Investments (Continued)

Investments

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk - State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Local Investment Pool. The District has no investment policy that would further limit its investment choices.

The District's cash and investments balances at June 30, 2010 and 2009, were as follows:

	Maturity	2010	2009
Certificates of deposit		\$ 3,270,673	\$ -
Wisconsin Local Government Investment Pool	<1 year	4,270,395	7,345,550
Total investments (considered cash equivalents)		7,541,068	7,345,550
Cash deposits with financial institutions carrying amount		2,854,452	4,456,003
Petty cash		4,010	5,010
Less - Cash and investments held by fiduciary funds		(1,593,016)	(1,267,476)
Cash and investments reported on statement of net assets		\$ 8,806,514	\$ 10,539,087

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 2 Cash and Investments (Continued)

The District has invested funds in the Wisconsin Local Government Investment Pool (LGIP). The LGIP is an investment pool managed by the State of Wisconsin Investment Board, which allows governments within the state to pool their funds for investment purposes. The LGIP is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2(a)7 of the Investment Company Act of 1940. Investments in the LGIP are valued at fair value.

Cash and investments are classified as follows on June 30:

	2010	2009
Restricted for:		
Debt service	\$ 348,868	\$ 214,803
Capital projects	2,252,919	3,384,901
Total restricted	2,601,787	3,599,704
Unrestricted	6,204,727	6,939,383
Total cash and investments	\$ 8,806,514	\$ 10,539,087

Note 3 Accounts Receivable

Accounts receivable consisted of the following on June 30:

	2010	2009
Student tuition and fees	\$ 501,799	\$ 371,711
Intergovernmental	366,089	152,883
Contracted services	743,284	837,268
Other	2,705	2,382
Totals	\$ 1,613,877	\$ 1,364,244

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 4 Capital Assets

Capital asset balances and activity were as follows for the years ended June 30:

	2010			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	765,728	1,423,612	1,552,654	636,686
Total capital assets not being depreciated	977,004	1,423,612	1,552,654	847,962
Capital assets being depreciated:				
Site improvements	804,411	-	-	804,411
Buildings and improvements	36,314,054	1,552,654	-	37,866,708
Equipment	13,331,386	1,119,357	29,965	14,420,778
Total capital assets being depreciated	50,449,851	2,672,011	29,965	53,091,897
Less accumulated depreciation for:				
Site improvements	619,189	30,135	-	649,324
Buildings and improvements	20,003,445	1,185,684	-	21,189,129
Equipment	9,417,988	1,302,841	29,965	10,690,864
Total accumulated depreciation	30,040,622	2,518,660	29,965	32,529,317
Net capital assets	21,386,233	<u>\$ 1,576,963</u>	<u>\$ 1,552,654</u>	21,410,542
Less outstanding debt related to capital assets	(16,650,000)			(15,680,000)
Plus capital project funds borrowed but not spent	3,326,442			2,195,817
Net assets invested in capital assets	<u>\$ 8,062,675</u>			<u>\$ 7,926,359</u>

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 4 Capital Assets (Continued)

	2009			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 211,276	\$ -	\$ -	\$ 211,276
Construction in progress	169,257	765,728	169,257	765,728
Total capital assets not being depreciated	380,533	765,728	169,257	977,004
Capital assets being depreciated:				
Site improvements	804,411	-	-	804,411
Buildings and improvements	35,402,747	911,307	-	36,314,054
Equipment	12,246,662	1,108,611	23,887	13,331,386
Total capital assets being depreciated	48,453,820	2,019,918	23,887	50,449,851
Less accumulated depreciation for:				
Site improvements	563,644	55,545	-	619,189
Buildings and improvements	18,855,580	1,149,516	1,651	20,003,445
Equipment	8,054,157	1,382,966	19,135	9,417,988
Total accumulated depreciation	27,473,381	2,588,027	20,786	30,040,622
Net capital assets	21,360,972	\$ 197,619	\$ 172,358	21,386,233
Less outstanding debt related to capital assets	(15,150,000)			(16,650,000)
Plus capital project funds borrowed but not spent	1,705,870			3,326,442
Net assets invested in capital assets	\$ 7,916,842			\$ 8,062,675

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations

Long-term liability activity for the years ended June 30, 2010 and 2009, was as follows:

	Balance 07/01/09	Additions	Reductions	Balance 06/30/10	Amounts Due Within One Year
General obligation notes	\$ 18,685,000	\$ 3,300,000	\$ 4,745,000	\$ 17,240,000	\$ 5,025,000
Premium on bond issuance	-	61,256	7,393	53,863	-
Net pension obligation	634,551	141,429	162,107	613,873	156,650
Termination benefits	-	204,081	-	204,081	4,000
Net OPEB obligation	105,817	1,079,454	1,057,569	127,702	-
Totals	\$ 19,425,368	\$ 4,786,220	\$ 5,972,069	\$ 18,239,519	\$ 5,185,650

	Balance 07/01/08	Additions	Reductions	Balance 06/30/09	Amounts Due Within One Year
General obligation notes	\$ 17,640,000	\$ 5,650,000	\$ 4,605,000	\$ 18,685,000	\$ 4,745,000
Net pension obligation	691,049	210,659	267,157	634,551	111,002
Postemployment benefits	5,197,878	-	5,197,878	-	-
Net OPEB obligation	-	105,817	-	105,817	-
Totals	\$ 23,528,927	\$ 5,966,476	\$ 10,070,035	\$ 19,425,368	\$ 4,856,002

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt is comprised of the following individual issues at June 30:

	2010	2009
General obligation promissory note, US Bank Corporate Trust Services, dated December 1, 2009, for \$3,300,000 for remodeling and equipment. Interest at 2.0% to 2.5% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$200,000 to \$2,300,000 until maturity on October 1, 2014.	\$ 3,300,000	\$ -
General obligation promissory note, US Bank Corporate Trust Services, dated August 1, 2003, for \$4,650,000 used for construction, remodeling, and equipment. Interest at 2.0% to 3.0% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$50,000 to \$1,945,000 until maturity on October 1, 2011.	500,000	550,000
General obligation promissory note, US Bank Corporate Trust Services, dated August 1, 2003, for \$3,860,000 used to pay off unfunded WRS pension liability. Interest at 3.0% to 4.3% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$75,000 to \$540,000 until maturity on April 1, 2013.	1,560,000	2,035,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

	2010	2009
General obligation promissory note, US Bank Corporate Trust Services, dated August 1, 2004, for \$3,750,000 for remodeling and equipment. Interest at 2.60% to 2.90% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$185,000 to \$1,340,000 until maturity on October 1, 2009.	\$ -	\$ 740,000
General obligation promissory note, US Bank Corporate Trust Services, dated August 1, 2001, for \$3,050,000 for remodeling, equipment, and software. Interest at 3.75% to 4.20% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$75,000 to \$305,000 until maturity on October 1, 2009.	-	155,000
General obligation promissory note, US Bank Corporate Trust Services, dated September 1, 2002, for \$4,475,000 for construction, remodeling, and equipment. Interest at 2.5% to 3.5% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$25,000 to \$1,150,000 until maturity on October 1, 2010.	425,000	450,000
General obligation promissory note, US Bank Corporate Trust Services, dated June 1, 2003, for \$1,500,000 for remodeling, equipment, and software. Interest at 1.50% to 2.90% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$25,000 to \$500,000 until maturity on October 1, 2010.	500,000	550,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

	2010	2009
General obligation promissory note, US Bank Corporate Trust Services, dated August 1, 2005, for \$6,500,000 for construction, remodeling, and equipment. Interest at 3.0% to 3.5% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$50,000 to \$2,070,000 until maturity on October 1, 2013.	\$ 1,705,000	\$ 1,955,000
General obligation promissory note, US Bank Corporate Trust Services, dated August 1, 2006, for \$4,350,000 used for construction, remodeling, and equipment. Interest at 5.0% to 5.5% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$200,000 to \$2,550,000 until maturity on October 1, 2011.	1,000,000	3,550,000
General obligation promissory note, US Bank Corporate Trust Services, dated August 1, 2007, for \$3,400,000 used for construction, remodeling, and equipment. Interest at 4.0% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$300,000 to \$1,750,000 until maturity on October 1, 2012.	2,750,000	3,050,000
General obligation promissory note, US Bank Corporate Trust Services, dated August 1, 2008, for \$4,650,000 used for construction, remodeling, and equipment. Interest at 3.25% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$150,000 to \$3,000,000 until maturity on October 1, 2013.	4,500,000	4,650,000

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

	2010	2009
General obligation promissory note, US Bank Corporate Trust Services, dated May 1, 2009, for \$1,000,000 used for remodeling. Interest at 2.5% payable semiannually on April 1 and October 1 and annual principal payments ranging from \$240,000 to \$260,000 until maturity on October 1, 2014.	\$ 1,000,000	\$ 1,000,000
Total general obligation debt	\$ 17,240,000	\$ 18,685,000

The District has the power to incur indebtedness for certain purposes specified by Section 67.03(1)(a) Wisconsin Statutes in an aggregate amount, not exceeding 5% of the equalized value of the taxable property within the District, as last determined by the Wisconsin Department of Revenue. The legal debt limit and the margin of indebtedness as of June 30, 2010, are calculated as follows:

Legal debt limit (5% of \$34,173,559,569)	\$ 1,708,677,978
Deduct - Long-term debt applicable to debt margin	(17,240,000)
Restricted net assets available for debt service	5,000,219
Margin of indebtedness	\$ 1,696,438,197

Wisconsin Statutes 67.03(9) provides that the amount of bonded indebtedness for the purpose of purchasing school sites and the construction and equipping of school buildings may not exceed 2% of the equalized valuation of the taxable property, including tax incremental districts, in the District. This limit was \$692,878,235 at June 30, 2010. The District had no outstanding bonded indebtedness.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 5 Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt as of June 30, 2010, follows:

Year Ended June 30,	Principal	Interest	Totals
2011	\$ 5,025,000	\$ 505,442	\$ 5,530,442
2012	5,265,000	296,732	5,561,732
2013	4,135,000	148,703	4,283,703
2014	2,155,000	48,287	2,203,287
2015	660,000	8,250	668,250
Totals	\$ 17,240,000	\$ 1,007,414	\$ 18,247,414

Note 6 Employee Retirement Plans

All eligible Wisconsin Indianhead Technical College District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the general/teacher/educational support personnel category are required by Statute to contribute 5.9% to 6.2% of their salary to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the District employees covered by the WRS for the year ended June 30, 2010, was \$24,404,856; the employer's total payroll was \$27,891,067. The total required contribution for the year ended June 30, 2010 was \$2,611,537, which was entirely contributed by the employer. Total contributions for the years ending June 30, 2009 and 2008, were \$2,482,642 and \$2,330,414, respectively, equal to the required contributions for each year.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 6 Employee Retirement Plans (Continued)

Employees who retire at or after age 65 are entitled to receive retirement benefits. Employees may retire at age 55 and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

Note 7 Pension Benefits

Special Early Retirement Program

The Wisconsin Indianhead Technical College District Board offers a Special Early Retirement Program (stipend) to qualified faculty and management employees. To qualify for this program, employees need to have met qualifying hire dates, be between 55 and 65 years of age, have at least 15 years of full-time service to the college, have not participated in the District's 403(b) match program (see below), and give notice at least six months in advance of their intent to retire. The stipend will be 45% of the base contract salary in the year of retirement and will be paid periodically until the retiree reaches age 65.

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding all early retirement stipends. The employer makes all contributions.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 7 Pension Benefits (Continued)

Special Early Retirement Program (Continued)

As of the latest actuarial valuation, dated August 18, 2010, which was effective for the fiscal year ending June 30, 2010, there are 16 active and 58 retired employees in the initial plan.

The following table shows the components of the District's annual pension cost for the year, the amount actually contributed to the plan, and changes in the District's net pension benefit obligation:

Annual required contribution	\$ 775,980
Interest on net pension obligation	33,106
Adjustment to annual required contribution	<u>(768,801)</u>
Annual pension cost (expense)	40,285
Contributions made	<u>(162,107)</u>
Decrease in net pension obligation	(121,822)
Net pension obligation - Beginning of year	634,551
Adjustment to net pension obligation - Beginning of year	<u>101,144</u>
Net pension obligation - End of year	<u>\$ 613,873</u>

The annual required contribution for the current year was determined as part of the July 1, 2009, actuarial valuation using the projected unit credit method. The actuarial assumptions included a 4.5% discount rate. Mortality, disability, and retirement rates are from the Wisconsin Retirement System experience for public schools.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The plan's unfunded actuarial accrued liability is being amortized using the level dollar method. The remaining amortization period at July 1, 2009, was one year.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 7 Pension Benefits (Continued)

Special Early Retirement Program (Continued)

The District's annual pension costs, the percentage of annual pension cost contributed to the plan, and the net pension obligation for fiscal year 2010 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
6/30/2010	\$ 40,285	402.40%	\$ 613,873

403(b) Match Program

Faculty, management, office and technical support employees may be eligible to participate in the District's 403(b) match program. Faculty hired prior to January 1, 2008, have the choice to participate in the match by electing a match amount varying from \$0 to \$1,400 per year based upon years of service with a \$9,500 lifetime maximum or 2.0% of base salary without a lifetime maximum. Faculty had until July 1, 2009, to make their choice. Faculty hired on January 1, 2008, or after are eligible for a contribution match up to 2.0% of their base salary with no lifetime maximum, beginning in the third year of employment.

Management employees can elect to participate in the 403(b) match program beginning with the third full year of employment. The match is a dollar for dollar match up to 2.0% of their annual base salary. Management employees hired prior to July 1, 1993, may elect to participate in the match program, but will forfeit their eligibility for the Special Early Retirement Program. Management employees hired after July 1, 1993, are not eligible for the Special Early Retirement Program.

Office and technical support employees hired after January 1, 2009, who are eligible for benefits, can elect to participate in the 403(b) match program beginning with third full year of employment. The match will be a dollar for dollar match up to 2.0% of their annualized salary. Eligible employees will elect participation each year.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 7 Pension Benefits (Continued)

403(b) Match Program (Continued)

The District's contributions for this program for the years ending June 30, 2010 and 2009, were \$269,195 and \$184,223, respectively.

Note 8 Postemployment Benefits Other Than Pension Benefits

In addition to the pension benefits described in Notes 6 and 7, the District provides postemployment health insurance benefits to all eligible staff members based upon the years of service with the District and accumulated sick leave at retirement.

Retiree Health Insurance

District employees are eligible for retiree health insurance benefits if certain criteria are met. A description of retiree health insurance benefits and eligibility requirements by employee classification is provided below:

Custodians hired prior to 1/1/2008: One day of sick leave (8 hrs) equals one month of single medical insurance premium provided employee has 15 years of continuous full-time service, is at least age 57 1/2 and gives 6 months notice. Sick leave cannot accrue beyond 960 hours. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 65.

Faculty hired prior to 1/1/2008: One day of sick leave (7 hrs) equals one month of single medical insurance provided employee has 15 years of continuous full-time service, is at least age 55, and gives notice by January 15 of the calendar year retiring. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee utilizes 120 months of coverage.

Managers hired prior to 7/1/1993: One day of sick leave (7.5 hrs) equals one month of single medical insurance provided employee has 15 years of continuous full-time service, is at least age 55, and gives 6 months notice. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, (2) the employee utilizes 120 months of coverage, or (3) the employee reaches age 65.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits (Continued)

Retiree Health Insurance (Continued)

Office and Technical Support hired prior to January 1, 2009: One day of sick leave (7.5 hours) equals one month of single medical insurance provided the employee is age 55, gives six months notice, and has 15 continuous years of service. Sick leave cannot accrue beyond 900 hours. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 65. These employees also have the option to receive the termination benefit described in Note 9 on page 49 instead of the benefit described above. However, once the employee chooses the termination benefit, they forfeit their right to the above benefit.

The District administers a single-employer defined benefit health care plan. The plan provides funds for medical benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and individual employment contracts. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive funds for medical benefits up to 10 years or until they are eligible for Medicare. The plan does not issue a standalone report.

Membership of the plan consisted of 88 retirees receiving benefits and 397 active plan members at July 1, 2009, the date of the latest actuarial valuation.

The contribution requirements of plan members are based on the collective bargaining agreement in effect on the date of retirement. The District's contribution is established annually based on an amount to pay current premiums and an additional amount to pre-fund benefits. For fiscal year 2010, the District contributed \$1,050,341 to the plan, including \$743,214 for current benefits.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits (Continued)

The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 1,074,163
Interest on net OPEB obligation	5,291
Adjustment to annual required contribution	<u>(7,228)</u>
Annual OPEB cost (expense)	1,072,226
Contributions made	<u>(1,050,341)</u>
Increase in net OPEB obligation	21,885
Net OPEB obligation - Beginning of year	<u>105,817</u>
Net OPEB obligation - End of year	<u>\$ 127,702</u>

The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the previous year are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 972,083	89.11%	\$ 105,817
6/30/2010	\$ 1,072,226	97.96%	\$ 127,702

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 8 Postemployment Benefits Other Than Pension Benefits (Continued)

The funded status as of July 1, 2009, the most recent actuarial valuation date, was 10.9% funded. The actuarial accrued liability for benefits was \$11,623,721, and the actuarial value of assets was \$1,267,474, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,356,247. The covered payroll (annual payroll of active employees covered by the plan) was \$16,554,001, and the ratio of the UAAL to the covered payroll was 62.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the unprojected unit credit actuarial cost method was used. The actuarial assumptions included a 5 percent rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a long-term fixed income portfolio, and an annual health care cost trend rate of 12 percent initially, reduced by decrements to a rate of 5 percent after seven years. The actuarial value of the plan assets was determined to be the market value of the plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the percentage of projected payroll amortization method. The remaining amortization period at July 1, 2009, was 27 years.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 9 Termination Benefits

In addition to the other benefits described in Notes 6, 7, and 8, the District provides a termination benefit to eligible staff members when they retire.

Following are the eligible employee groups and the respective requirements:

Custodian hired on or after 1/1/2008: The employee's hourly rate at time of retirement multiplied by 1.5 times available sick leave hours, which accrue to a maximum of 960 hours, creates a cash pool of dollars to be utilized for medical insurance premiums until the pool exhausts, the employee has 120 months of coverage, or the employee reaches age 70, whichever occurs first. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. Employees must be age 57 1/2, give six months notice, and have 15 continuous years of service.

Faculty hired on or after 1/1/2008: Faculty with 10-14 years of service receive a cash pool of dollars to pay for medical insurance. The pool amount is based on the hourly rate at time of retirement times sick leave hours available to a maximum of 840 hours. A proration factor based on years of service is also included as follows:

- 10 years – 50% of sick leave or maximum of 420 hours, maximum 60 months of coverage
- 11 years – 60% of sick leave or maximum of 504 hours, maximum 72 months of coverage
- 12 years – 70% of sick leave or maximum of 588 hours, maximum 84 months of coverage
- 13 years – 80% of sick leave or maximum of 672 hours, maximum 96 months of coverage
- 14 years – 90% of sick leave or maximum of 756 hours, maximum 108 months of coverage
- 15 years – 100% of sick leave or maximum of 840 hours, maximum 120 months of coverage

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 9 Termination Benefits (Continued)

The employee must be age 55, have 15 years of continuous service, and must give notice by January 15 of the calendar year retiring. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, or (2) the employee reaches age 70.

Managers hired between July 1, 1993, and June 30, 2003: The employee's hourly rate times available sick leave hours accumulated to maximum of 900 hours creates a cash pool to be utilized for medical insurance premiums until the pool exhausts or the employee reaches age 65. If the pool is exhausted prior to age 65, employees receive an additional 36 months if the accumulated sick leave balance was at least 36 days at the time of retirement. Employee must be at least 55 years of age, have 15 years of continuous full time service, and provide 6 months notice. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool.

Managers hired on or after 7/1/2003: The employee's hourly rate times available sick leave hours to maximum of 900 hours creates a cash pool to be utilized for medical insurance premiums until pool exhausts or the employee reaches age 65. The employee must have 15 years continuous full-time service, be at least age 55, and give 6 months notice. Retiree can choose single, single plus one, or family coverage, and the appropriate premium will be deducted from the pool. The benefit expires when one of the following occurs: (1) the balance of sick leave hours is exhausted, (2) the employee utilizes 10 yrs of coverage, or (3) the employee reaches age 65.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 9 **Termination Benefits** (Continued)

Office and technical support employees hired after January 1, 2009: The employee's hourly rate at the time they retire multiplied by 1.5 times available sick leave hours, which accrue to a maximum of 900 hours, creates a cash pool of dollars to be utilized for medical insurance premiums until the pool exhausts, the employee reaches Medicare age plus 5 years or the retiree has had coverage for 120 months, whichever occurs first. The retiree can purchase employee, single plus one or family medical insurance under the retiree medical plan and the appropriate premium will be deducted from the pool. Employees must be currently employed by the District, have at least 15 years of benefit eligible service with the District, be eligible to receive Wisconsin Retirement System benefits, and give 6 months notice.

The liability for these benefits at June 30, 2010, is \$204,081.

Note 10 **Risk Management**

Districts Mutual Insurance Company (DMI)

In July 2004, all 16 WTCS technical colleges created the Districts Mutual Insurance Company (DMI) (the "Company"). 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 \$250,000,000 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 in its layer of insurance is limited to \$2,500 to \$100,000 per occurrence depending on the type of coverage, and DMI purchases reinsurance for losses in excess of its retained layer of coverage above \$250,000 per occurrence.

DMI operations are governed by a six-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.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 10 Risk Management (Continued)

Districts Mutual Insurance Company (DMI) (Continued)

Each member college was assessed an annual premium that included a capitalization component to establish reserves for the company. The total capitalization amount for all members in fiscal year 2010 totaled \$28,599. For the year ended June 30, 2010, the District paid premiums of \$332,113. Future premiums will be based on relevant rating exposure bases as well as the historical loss experienced by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

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

Supplemental Insurance

In July 1997, eleven of the sixteen WTCS technical colleges formed the WTCS Insurance Trust (the "Trust") to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. This trust grew to include fifteen WTCS technical colleges. In order to achieve additional cost savings, the technical colleges made a decision to form their own insurance company.

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

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 10 Risk Management (Continued)

Supplemental Insurance (Continued)

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 benefit; include benefit for accidental death and dismemberment, repatriation, and medical expense; \$1,000 deductible for employee benefit.
- *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 expense; \$2,500 deductible for investigation, \$15,000 deductible for employee dishonesty, forgery, and fraud.

The scope of settled claims has not exceeded the coverage limits in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal 2010.

Note 11 Subsequent Event

Subsequent to June 30, 2010, the District issued \$2,500,000 of general obligation promissory notes with an interest rate ranging from 1.2%-2.75%. The proceeds from these general obligation promissory notes will be used for construction and remodeling.

Subsequent events have been evaluated through December 20, 2010, which is the date the financial statements were available to be issued.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 12 Expense Classification

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

	2010	2009
Salaries and wages	\$ 27,891,067	\$ 27,058,032
Employee benefits	11,199,533	10,271,508
Travel and meetings	870,480	860,674
Instruction supplies	398,092	388,368
Contracted services	519,018	561,341
Rentals	250,193	194,953
Insurance	389,191	263,604
Utilities	725,422	761,025
Depreciation	2,518,660	2,588,027
Other	9,249,074	8,251,244
Student aid	4,614,976	2,692,869
Total operating expenses	\$ 58,625,706	\$ 53,891,645

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 13 Related-Party Transactions

The District is a related party with the Wisconsin Indianhead Technical College Foundation, Inc. The total expenses (including salaries, benefits, office space, and computer usage) paid by the District for the Foundation were approximately \$310,488 and \$228,241 for the fiscal years ended June 30, 2010 and 2009, respectively. At June 30, 2010 and 2009, there were accounts receivable from the Foundation of \$41,843 and \$77,931, respectively.

The District is a member of the Wisconsin Indianhead, Lakeshore, and Mid-State consortium, a nonprofit organization formed under Section 66.0301 and Chapter 38 of the Wisconsin Statutes. The WILM consortium's purpose is to develop, procure, enhance, and manage a customer-focused, state-of-the-art environment for performing administrative business services for consortium members. It will provide the information service needs of each college for the purpose of improving cost, quality, service, and institutional effectiveness for customers, while meeting federal- and state-mandated requirements. The District's share paid to the consortium was \$810,511 and \$766,383 to cover their expenses for the fiscal years June 30, 2010 and 2009, respectively.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 14 Operating Leases

Certain equipment used by the District is leased under long-term operating leases. Payments on the leases for the years ended June 30, 2010 and 2009, recorded as an operating expense in the statements of revenues, expenses, and change in net assets totaled \$183,529 and \$182,155, respectively.

The District has future operating lease obligations as follows:

2011	\$	64,842
2012		34,104
2013		6,490
		<hr/>
		\$ 105,436

The District leases land under a long-term operating lease for a payment of one dollar, which expires December 2013.

Note 15 Self-Funded Insurance

The District is exposed to various risks of loss, including employee health and dental claims. There were no significant changes in insurable risks or coverages in 2010 and 2009.

Wisconsin Indianhead Technical College District

Notes to Financial Statements

Note 15 Self-Funded Insurance (Continued)

Health and Dental Self-Insurance Fund

The District provides coverage up to a maximum of \$120,000 per contract and \$4,131,380 for the aggregate of contracts for medical claims and provides coverage for dental claims.

The District makes payments based upon actuarial estimates of the amounts needed to pay prior and current year's claims. The District maintains a reserve for the coverage of catastrophic losses. Changes in the claims liability amount for the years ended June 30, 2010 and 2009, were as follows:

	Claims Payable July 1	Claims and Changes in Estimates	Claim Payments	Claims Payable June 30
Year ended June 30, 2010	\$ 525,076	\$ 6,586,981	\$ (6,838,183)	\$ 273,874
Year ended June 30, 2009	\$ 345,743	\$ 6,246,295	\$ (6,066,962)	\$ 525,076

The claims liabilities of \$273,874 and \$525,076 reported above at June 30, 2010 and 2009, respectively, are based upon the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicated that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. In addition, claims, expenses, and liabilities are reduced by amounts expected to be recovered through excess insurance.

Required Supplementary Information

Wisconsin Indianhead Technical College District

Schedules of Funding Progress and Employer Contributions - OPEB

Year Ended June 30, 2010

SCHEDULE OF FUNDING PROGRESS - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ 1,267,474	\$ 11,623,721	\$ 10,356,247	10.9%	\$ 16,554,001	62.6%
3/31/2008	\$ 1,250,000	\$ 6,448,265	\$ 5,198,265	19.4%	\$ 19,524,512	26.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 1,072,226	97.96%
2009	\$ 972,083	89.11%
2008	\$ 972,083	128.6%

See Independent Auditor's Report.

See accompanying notes to required supplementary information.

Wisconsin Indianhead Technical College District

Schedule of Funding Progress - Pension

Year Ended June 30, 2010

SCHEDULE OF FUNDING PROGRESS - PENSION

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 735,695	\$ 735,695	0.0%	\$ 1,026,476	71.7%

See Independent Auditor's Report.

See accompanying notes to required supplementary information.

Wisconsin Indianhead Technical College District

Notes to Required Supplementary Information

Note 1 Data in the schedules of funding progress was taken from the report issued by the actuary for OPEB and pension benefits.

Note 2 The actuarial study for the District's OPEB benefits dated August 18, 2010, was prepared using assumptions that were significantly different from those used in the actuarial study dated October 8, 2008. Following are the assumptions that changed significantly:

	10/8/08	8/18/10
Remaining amortization period	10 years	27 years
Amortization method	Open level dollar	Open level percentage
Discount rate	4%	5%
Medical trend	10% to 5% after 11 years	12% to 5% after 7 years

Supplementary Financial Information

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

Year Ended June 30, 2010

	Original Budget
Revenues:	
Local government	\$ 29,930,967
Intergovernmental:	
State	3,060,200
Federal	30,000
Tuition and fees:	
Statutory program fees	7,838,000
Material fees	591,090
Other student fees	775,000
Institutional	220,000
Total revenues	42,445,257
Expenditures:	
Instruction	25,839,402
Instructional resources	1,157,407
Student services	4,513,569
General institutional	7,405,364
Physical plant	3,529,515
Total expenditures	42,445,257
Revenues over (under) expenditures	-
Fund balance - Beginning of year	13,195,190
Fund balance - End of year	\$ 13,195,190

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 29,930,967	\$ 29,604,762	\$ -	\$ 29,604,762	\$ (326,205)
3,060,200	3,039,893	-	3,039,893	(20,307)
30,000	25,188	-	25,188	(4,812)
7,838,000	8,446,351	-	8,446,351	608,351
591,090	629,565	-	629,565	38,475
775,000	910,259	-	910,259	135,259
220,000	225,988	-	225,988	5,988
42,445,257	42,882,006	-	42,882,006	436,749
25,839,402	25,957,821	(155,914)	25,801,907	37,495
1,207,407	1,186,027	(4,512)	1,181,515	25,892
4,513,569	4,418,935	-	4,418,935	94,634
7,455,364	7,450,965	(6,787)	7,444,178	11,186
3,429,515	3,113,917	3,430	3,117,347	312,168
42,445,257	42,127,665	(163,783)	41,963,882	481,375
-	754,341	163,783	918,124	918,124
12,872,855	13,106,868	(234,013)	12,872,855	-
\$ 12,872,855	\$ 13,106,868	\$ (234,013)	\$ 13,790,979	\$ 918,124

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – Special Revenue Fund

Year Ended June 30, 2010

	Original Budget
Revenues:	
Local government	\$ 780,858
Intergovernmental:	
State	1,550,242
Federal	1,173,900
Institutional	1,195,000
Total revenues	4,700,000
Expenditures:	
Instruction	3,450,000
Instructional resources	50,000
Student services	1,050,000
General institutional	50,000
Physical plant	100,000
Total expenditures	4,700,000
Revenues over (under) expenditures	-
Fund balance - Beginning of year	913,864
Fund balance - End of year	\$ 913,864

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 780,858	\$ 780,858	\$ -	\$ 780,858	\$ -
1,550,242	1,205,662	-	1,205,662	(344,580)
1,173,900	807,074	-	807,074	(366,826)
1,195,000	845,001	-	845,001	(349,999)
4,700,000	3,638,595	-	3,638,595	(1,061,405)
3,450,000	3,077,838	(13,700)	3,064,138	385,862
50,000	-	-	-	50,000
1,050,000	575,402	-	575,402	474,598
50,000	-	-	-	50,000
100,000	7,550	-	7,550	92,450
4,700,000	3,660,790	(13,700)	3,647,090	1,052,910
-	(22,195)	13,700	(8,495)	(8,495)
677,835	691,535	(13,700)	677,835	-
\$ 677,835	\$ 669,340	\$ -	\$ 669,340	\$ (8,495)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – Capital Projects Fund

Year Ended June 30, 2010

	Original Budget
Revenues:	
Intergovernmental:	
State	\$ 40,000
Institutional	80,000
Total revenues	120,000
Expenditures:	
Instruction	1,933,979
Instructional resources	314,841
Student services	8,250
General institutional	1,014,000
Physical plant	3,606,000
Total expenditures	6,877,070
Revenues over (under) expenditures	(6,757,070)
Other financing sources:	
General obligation promissory notes issued	5,800,000
Revenues and other financing sources over (under) expenditures	(957,070)
Fund balance - Beginning of year	1,424,424
Fund balance - End of year	\$ 467,354

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 40,000	\$ -	\$ -	\$ -	\$ (40,000)
80,000	56,778	-	56,778	(23,222)
120,000	56,778	-	56,778	(63,222)
1,933,979	1,462,999	292,628	1,755,627	178,352
314,841	787,940	(668,608)	119,332	195,509
8,250	-	-	-	8,250
1,014,000	677,253	101,112	778,365	235,635
3,606,000	1,584,210	1,633,730	3,217,940	388,060
6,877,070	4,512,402	1,358,862	5,871,264	1,005,806
(6,757,070)	(4,455,624)	(1,358,862)	(5,814,486)	942,584
5,800,000	5,800,000	-	5,800,000	-
(957,070)	1,344,376	(1,358,862)	(14,486)	942,584
1,370,772	3,326,442	(1,955,670)	1,370,772	-
\$ 413,702	\$ 4,670,818	\$ (3,314,532)	\$ 1,356,286	\$ 942,584

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – Debt Service Fund

Year Ended June 30, 2010

	Original Budget
Revenues:	
Local government	\$ 5,682,467
Institutional	25,000
Total revenues	5,707,467
Expenditures:	
Physical plant	5,568,676
Total expenditures	5,568,676
Revenues over expenditures	138,791
Other financing sources:	
Premium on general obligation promissory notes	-
Revenue and other financing sources over expenditures	138,791
Fund balance - Beginning of year	4,785,813
Fund balance - End of year	\$ 4,924,604

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 5,682,467	\$ 5,682,467	\$ -	\$ 5,682,467	\$ -
25,000	2,833	-	2,833	(22,167)
5,707,467	5,685,300	-	5,685,300	(22,167)
5,568,676	5,412,109	-	5,412,109	156,567
5,568,676	5,412,109	-	5,412,109	156,567
138,791	273,191	-	273,191	134,400
-	61,256	-	61,256	61,256
138,791	334,447	-	334,447	195,656
4,830,451	4,830,451	-	4,830,451	-
\$ 4,969,242	\$ 5,164,898	\$ -	\$ 5,164,898	\$ 195,656

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – Enterprise Fund

Year Ended June 30, 2010

	Original Budget
Revenues:	
Institutional	\$ 2,860,000
Total revenues	2,860,000
Expenditures:	
Auxiliary enterprise services	2,860,000
Total expenditures	2,860,000
Revenues over (under) expenditures	-
Fund balance - Beginning of year	791,373
Fund balance - End of year	\$ 791,373

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 2,860,000	\$ 2,670,324	\$ -	\$ 2,670,324	\$ (189,676)
2,860,000	2,670,324	-	2,670,324	(189,676)
2,860,000	2,781,945	-	2,781,945	78,055
2,860,000	2,781,945	-	2,781,945	78,055
-	(111,621)	-	(111,621)	(111,621)
808,314	808,314	-	808,314	-
\$ 808,314	\$ 696,693	\$ -	\$ 696,693	\$ (111,621)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – Internal Service Fund

Year Ended June 30, 2010

	Original Budget
Revenues:	
Institutional	\$ 6,067,500
Total revenues	6,067,500
Expenditures:	
Auxiliary enterprise services	6,067,500
Total expenditures	6,067,500
Revenues over (under) expenditures	-
Fund balance - Beginning of year	1,517,109
Fund balance - End of year	\$ 1,517,109

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 6,067,500	\$ 5,985,984	\$ -	\$ 5,985,984	\$ (81,516)
6,067,500	5,985,984	-	5,985,984	(81,516)
6,587,000	6,586,981	-	6,586,981	19
6,587,000	6,586,981	-	6,586,981	19
(519,500)	(600,997)	-	(600,997)	(81,497)
1,089,146	1,089,146	-	1,089,146	-
\$ 569,646	\$ 488,149	\$ -	\$ 488,149	\$ (81,497)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – Special Revenue Non-Aidable Fund Year Ended June 30, 2010

	Original Budget
Revenues:	
Intergovernmental:	
Federal	\$ 4,305,000
Tuition and fees:	
Other student fees	360,000
Institutional	398,500
Total revenues	5,063,500
Expenditures:	
Student services	5,063,500
Total expenditures	5,063,500
Revenues over (under) expenditures	-
Fund balance - Beginning of year	235,953
Fund balance - End of year	\$ 235,953

Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
\$ 6,500,000	\$ 6,502,552	\$ -	\$ 6,502,552	\$ 2,552
360,000	378,259	-	378,259	18,259
540,000	450,027	-	450,027	(89,973)
7,400,000	7,330,838	-	7,330,838	(69,162)
7,400,000	7,383,074	-	7,383,074	16,926
7,400,000	7,383,074	-	7,383,074	16,926
-	(52,236)	-	(52,236)	(52,236)
307,977	307,977	-	307,977	-
\$ 307,977	\$ 255,741	\$ -	\$ 255,741	\$ (52,236)

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to Basic Financial Statements

Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund
Revenues:			
Local government	\$ 29,604,762	\$ 780,858	\$ -
Intergovernmental:			
State	3,039,893	1,205,662	-
Federal	25,188	807,074	-
Tuition and fees:			
Statutory program fees	8,446,351	-	-
Material fees	629,565	-	-
Other student fees	910,259	-	-
Institutional	225,988	845,001	56,778
Auxiliary enterprise revenue	-	-	-
Total revenues	42,882,006	3,638,595	56,778
Expenditures:			
Instruction	25,801,907	3,064,138	1,755,627
Instructional resources	1,181,515	-	119,332
Student services	4,418,935	575,402	-
General institutional	7,444,178	-	778,365
Physical plant	3,117,347	7,550	3,217,940
Auxiliary enterprise services	-	-	-
Depreciation	-	-	-
Student aid	-	-	-
Interest expense	-	-	-
Total expenditures	41,963,882	3,647,090	5,871,264
Revenues over (under) expenditures	918,124	(8,495)	(5,814,486)
Other financing sources:			
Premium on general obligation promissory notes	-	-	-
General obligation promissory notes issued	-	-	5,800,000
Total other financing sources	-	-	5,800,000
Revenues and other financing sources over (under) expenditures	918,124	(8,495)	(14,486)
Fund balance - Beginning of year	12,872,855	677,835	1,370,772
Fund balance - End of year	\$ 13,790,979	\$ 669,340	\$ 1,356,286

Debt Service Fund	Enterprise Fund	Internal Service Fund	Special Revenue Non-Aidable Fund	Totals	Reconciling Items	Statement of Revenue, Expenses, and Changes in Net Assets
\$ 5,682,467	\$ -	\$ -	\$ -	\$ 36,068,087	\$ -	\$ 36,068,087
-	-	-	-	4,245,555	-	4,245,555
-	-	-	6,502,552	7,334,814	-	7,334,814
-	-	-	-	8,446,351	(1,633,134)	6,813,217
-	-	-	-	629,565	(124,242)	505,323
-	-	-	378,259	1,288,518	(557,895)	730,623
2,833	2,670,324	5,985,984	450,027	10,236,935	(8,985,182)	1,251,753
-	-	-	-	-	2,670,324	2,670,324
5,685,300	2,670,324	5,985,984	7,330,838	68,249,825	(8,630,129)	59,619,696
-	-	-	-	30,621,672	(211,792)	30,409,880
-	-	-	-	1,300,847	639,991	1,940,838
-	-	-	7,383,074	12,377,411	(6,999,393)	5,378,018
-	-	-	-	8,222,543	(274,985)	7,947,558
5,412,109	-	-	-	11,754,946	(8,472,882)	3,282,064
-	2,781,945	6,586,981	-	9,368,926	(6,586,981)	2,781,945
-	-	-	-	-	2,518,660	2,518,660
-	-	-	-	-	4,366,743	4,366,743
-	-	-	-	-	647,405	647,405
5,412,109	2,781,945	6,586,981	7,383,074	73,646,345	(14,373,234)	59,273,111
273,191	(111,621)	(600,997)	(52,236)	(5,396,520)	5,743,105	346,585
61,256	-	-	-	61,256	(61,256)	-
-	-	-	-	5,800,000	(5,800,000)	-
61,256	-	-	-	5,861,256	(5,861,256)	-
334,447	(111,621)	(600,997)	(52,236)	464,736	(118,151)	346,585
4,830,451	808,314	1,089,146	307,977	21,957,350	3,949,227	25,906,577
\$ 5,164,898	\$ 696,693	\$ 488,149	\$ 255,741	\$ 22,422,086	\$ 3,831,076	\$ 26,253,162

See Independent Auditor's Report.

See accompanying Notes to the Budgetary Comparison Schedules.

Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2010

Note 1 **Budgetary Accounting**

The District uses a fund structure for budgetary accounting as compared to the entity-wide presentation of the basic financial statements. Annual budgets are adopted for all funds in accordance with the requirements of the Wisconsin Technical College System Board. The District follows the procedures listed below in adopting its annual budget.

- Property taxes are levied by the various taxing municipalities located primarily in 11 northwestern Wisconsin counties. The District records as revenue its share of the local tax when levied, since the District's share becomes available during its fiscal year to finance its operations.
- Public hearings are conducted on the proposed budget.
- Prior to July 1, the budget is legally enacted through approval by the Board.
- Budget amendments during the year are legally authorized. Budget transfers (between funds and functional areas within funds) and changes in budgeted revenues and expenditures (appropriations) require approval by a vote of two-thirds of the entire membership of the Board and require publishing a Class I public notice in the District's official newspaper within 10 days according to Wisconsin Statutes.
- Management exercises control over budgeted expenditures by fund and function (i.e., instruction, instructional resources, etc.), as presented in the required supplementary information. Expenditures may not exceed funds available or appropriated, unless authorized by a resolution adopted by a vote of two-thirds of the Board. Unused appropriations lapse at the end of each fiscal year.
- Formal budgetary integration is employed as a planning device for all funds. The annual operating budget is prepared primarily on the same basis as fund financial statements prior to the adoption of GASB Statement No. 34, except encumbrances are also included in the adopted budget. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process.

Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2010

Note 1 **Budgetary Accounting** (Continued)

- The District has also included the issuance of general obligation promissory notes where the bid was awarded prior to year-end but the actual sale wasn't completed until after year-end.

Note 2 **Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources for Budgetary Funds on a Budgetary Basis and the Statement of Revenues and Expenses on a GAAP Basis**

Revenues

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules:

General Fund	\$	42,882,006
Special Revenue Fund		3,638,595
Special Revenue Non-Aidable Fund		7,330,838
Capital Projects Fund		56,778
Debt Service Fund		5,685,300
Enterprise Fund		2,670,324
Internal Services Fund		5,985,984
		<hr/>
		68,249,825
Adjustments:		
Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting		(6,693,117)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting		(1,970,732)
Summer tuition is recognized on the cash basis rather than the accrual basis		33,720
		<hr/>
Reconciled revenues	\$	59,619,696

Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2010

Note 2 Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources for Budgetary Funds on a Budgetary Basis and the Statement of Revenues and Expenses on a GAAP Basis (Continued)

Revenues (Continued)

Revenues per the Statement of Revenues and Expenses on a GAAP Basis:

Operating revenues	\$	20,310,526
Property taxes		36,068,087
State nonoperating appropriations		3,039,893
Other nonoperating revenues		121,113
Gain on disposal of capital asset		12,668
Investment income		67,409
Total		\$ 59,619,696

Expenditures

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules:

General Fund	\$	41,963,882
Special Revenue Fund		3,647,090
Special Revenue Non-Aidable Fund		7,383,074
Capital Projects Fund		5,871,264
Debt Service Fund		5,412,109
Enterprise Fund		2,781,945
Internal Service Fund		6,586,981
		73,646,345

Wisconsin Indianhead Technical College District

Notes to Budgetary Comparison Schedules

Year Ended June 30, 2010

Note 2 Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources for Budgetary Funds on a Budgetary Basis and the Statement of Revenues and Expenses on a GAAP Basis (Continued)

Expenditures (Continued)

Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting	\$	(6,647,902)
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Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting		(1,970,732)
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The following expenditures are recognized on the cash basis rather than the accrual basis:

Amortization of bond premium		(7,393)
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Interest expense		(12,311)
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Pension-related benefits, compensated absences, and termination benefits		215,792
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The acquisition of capital assets is reported as an expenditure for budgetary purposes		(2,542,970)
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Repayment of principal on long-term debt is a budgetary expenditure		(4,745,000)
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Encumbrances are recorded for budgetary purposes		(1,181,378)
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Depreciation recorded for GAAP purposes		2,518,660
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Reconciled expenditures	\$	59,273,111
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Expenditures per the Statement of Revenues and Expenses on a GAAP Basis:

Operating expenses	\$	58,625,706
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Interest expense		647,405
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Total	\$	59,273,111
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Other financing sources and uses such as operating transfers in (out) and proceeds from issuance of long-term debt are not recognized as revenues or expenses for GAAP reporting.

Single Audit Section

Wisconsin Indianhead Technical College District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

Fiscal Year 2010						
Administering Agency Award Description Pass-Through Agency	Federal Catalog Number	Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures
				Federal	Match	
U.S. Department of Education						
Student Financial Assistance Cluster						
Federal Supplemental Education Opportunity Grants	84.007					
Grants						
July 1, 2009 - June 30, 2010		P007A094567	\$ 129,158	\$ 152,700	\$ -	\$ 152,700
Administration						
July 1, 2009 - June 30, 2010			-	7,635	-	7,635
Total 84.007			129,158	160,335	-	160,335
Federal Family Education Loans - Stafford	84.032					
July 1, 2009 - June 30, 2010			-	4,983,314	-	4,983,314
Federal Family Education Loans - Unsubsidized Stafford	84.032					
July 1, 2009 - June 30, 2010			-	2,757,304	-	2,757,304
Federal Family Education Loan Program - Plus	84.032					
July 1, 2009 - June 30, 2010			-	33,305	-	33,305
Total 84.032			-	7,773,923	-	7,773,923
Federal Work-Study Program	84.033					
Grants						
July 1, 2008 - June 30, 2009		P033A084567		20,489	-	20,489
July 1, 2009 - June 30, 2010		P033A094567	132,770	113,554	-	113,554
Administration						
July 1, 2009 - June 30, 2010			-	7,082	-	7,082
ARRA - Federal Work-Study Program	84.033					
Grants						
July 1, 2009 - June 30, 2010			28,094	28,094	-	28,094
Total 84.033			160,864	169,219	-	169,219
Federal Pell Grant Program	84.063					
Grants						
July 1, 2008 - June 30, 2009		P0638083476	-	2,941	-	2,941
July 1, 2009 - June 30, 2010		P0638093476	-	6,135,566	-	6,135,566
Administration						
July 1, 2009 - June 30, 2010			-	10,470	-	10,470
Total 84.063			-	6,148,977	-	6,148,977
Academic Competitiveness Grants	84.375					
July 1, 2009 - June 30, 2010		P375A098476	-	49,209	-	49,209
Total Student Financial Assistance Cluster				14,301,663	-	14,301,663

Wisconsin Indianhead Technical College District

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2010

Year Ended June 30, 2010						
Administering Agency	Federal	Pass-Through	Program	Revenues		Total
Award Description	Catalog	Agency	or Award			
Pass-Through Agency	Number	Number	Amount	Federal	Match	Expenditures
<u>U.S. Department of Education (Continued)</u>						
Wisconsin Technical College System						
Adult Education - Basic Grants to States	84.002					
Basic Skills Education						
July 1, 2009 - June 30, 2010		17-130-146-120	\$ 217,500	\$ 217,500	\$ 149,900	\$ 367,400
ESL Expansion Project						
July 1, 2009 - June 30, 2010		17-132-146-160	15,125	15,125	-	15,125
Total 84.002				232,625	149,900	382,525
Wisconsin Technical College System						
Career and Technical Education - Basic Grants to States	84.048					
Achieving Student Success						
July 1, 2009 - June 30, 2010		17-141-150-230	352,200	352,200	484,600	836,800
Improvement of Graduation and Retention Rates						
July 1, 2009 - June 30, 2010		17-142-150-250	93,900	49,772	-	49,772
Assuring Access and Participation in Nontraditional Training and Employment						
July 1, 2009 - June 30, 2010		17-145-150-260	23,500	23,500	-	23,500
Total 84.048				425,472	484,600	910,072
Wisconsin Department of Public Instruction						
Technical Preparation Education Program	84.243					
July 1, 2009 - June 30, 2010		17-165-150-400	148,977	148,977	-	148,977
Total U.S. Department of Education				15,108,737	634,500	15,743,237
Total Federal Awards				\$ 15,108,737	\$ 634,500	\$ 15,743,237

See Independent Auditor's Report.

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

Wisconsin Indianhead Technical College District

Schedule of Expenditures of State Awards

Year Ended June 30, 2010

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenue		Total
				State	Match	Expenditures
<u>Wisconsin Higher Education Aids Board</u>						
Higher Education Grant July 1, 2009 - June 30, 2010	235.102		\$ 1,132,393	\$ 711,564	\$ -	\$ 711,564
Remission of Fees for Veterans and Dependents July 1, 2009 - June 30, 2010	235.105		53,092	53,092	-	53,092
Minority Retention Grant July 1, 2009 - June 30, 2010	235.107		4,730	4,730	-	4,730
Talent Incentive Program July 1, 2009 - June 30, 2010	235.114		139,431	109,556	-	109,556
Nursing Student Loan July 1, 2009 - June 30, 2010	235.117		13,235	13,235	-	13,235
Indian Grant July 1, 2009 - June 30, 2010	235.132		27,500	26,950	-	26,950
Total Wisconsin Higher Education Aids Board			1,370,381	919,127	-	919,127
<u>Wisconsin Technical College System</u>						
State Aids for Wisconsin Technical College System	292.105					
July 1, 2008 - June 30, 2009			-	4,789	-	4,789
July 1, 2009 - June 30, 2010			-	2,844,800	-	2,844,800
Total 292.105			-	2,849,589	-	2,849,589

Wisconsin Indianhead Technical College District

Schedule of Expenditures of State Awards (Continued)

Year Ended June 30, 2010

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenue		Total
				State	Match	Expenditures
<u>Wisconsin Technical College System (Continued)</u>						
Farm Business and Production Management Training	292.111	N/A	\$ -	\$ 22,008	\$ -	\$ 22,008
<u>Chippewa Valley Technical College</u>						
Incentive Grants	292.112					
Youth Outreach Leadership Mini-Grant July 1, 2008 - June 30, 2009		11-947-112-139	-	3,860	3,223	7,083
<u>Wisconsin Technical College System</u>						
Bricklaying Apprenticeship Program July 1, 2009 - June 30, 2010		17-172-112-130	11,500	10,395	-	10,395
Adult Secondary Education Project July 1, 2009 - June 30, 2010		17-186-112-120	84,300	84,300	75,000	159,300
Total 292.112			95,800	98,555	78,223	176,778
<u>Wisconsin Technical College System</u>						
Transition Services Project July 1, 2009 - June 30, 2010	292.115	17-193-115-110	23,637	23,637	7,879	31,516
<u>Workforce Advancement Training</u>						
Douglas County Childcare Worker Consortium July 1, 2009 - June 30, 2010	292.116	17-150-116-110	1,866	1,489	496	1,985
Chippewa Woodcrafters July 1, 2009 - August 31, 2009		17-155-116-119	4,490	251	84	335
Parker Hannefin July 1, 2009 - August 31, 2009		17-156-116-119	7,570	4,075	1,358	5,433
Total 292.116			13,926	5,815	1,938	7,753

Wisconsin Indianhead Technical College District

Schedule of Expenditures of State Awards (Continued)

Year Ended June 30, 2010

Administering Agency Award Description Pass-Through Agency	State I.D. Number	Pass-Through Agency Number	Program or Award Amount	Revenue		Total Expenditures
				State	Match	
<u>Wisconsin Technical College System (Continued)</u>						
Faculty Development Program July 1, 2009 - June 30, 2010	292.123	17-182-123-110	\$ 46,038	\$ 46,038	\$ 46,038	\$ 92,076
Fire Service Certification Program July 1, 2009 - June 30, 2010	292.137		-	55,408	-	55,408
Health Care Education Associate Degree Nursing Program Expansion July 1, 2009 - June 30, 2010	292.161	17-176-161-110	729,789	729,789	-	729,789
Occupational Therapy Assistant Expansion July 1, 2009 - June 30, 2010		17-191-161-110	134,656	134,656	-	134,656
Total 292.161			864,445	864,445	-	864,445
Driver Education July 1, 2009 - June 30, 2010	292.172		-	2,253	-	2,253
Total Wisconsin Technical College System				3,967,748	134,078	4,101,826
<u>Wisconsin Department of Natural Resources</u>						
Payments in Lieu of Taxes July 1, 2009 - June 30, 2010	370.503		-	88,387	-	88,387
<u>Wisconsin Department of Justice</u>						
Basic Jail Officer Training July 1, 2009 - June 30, 2010	455.231	170-744	-	77,366	-	77,366
<u>Wisconsin Department of Revenue</u>						
Aid in Lieu of Computer Taxes July 1, 2009 - June 30, 2010	835.109		-	48,826	-	48,826
<u>Wisconsin Department of Transportation</u>						
Motorcycle Safety July 1, 2009 - December 1, 2009	20.395(4)(aq)	M/C-09-17-647-V	10,282	-	29,908	29,908
April 1, 2010 - June 30, 2010		M/C-10-17-677-V	16,585	7,144	43,393	50,537
Total Wisconsin Department of Transportation			26,867	7,144	73,301	80,445
<u>Wisconsin Department of Administration</u>						
Ladysmith Branch WITC Rusk County Dislocated Workers July 1, 2009 - December 1, 2010	None		25,000	25,000	-	25,000
Total State Awards				\$ 5,133,598	\$ 207,379	\$ 5,340,977

See Independent Auditor's Report.

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

Wisconsin Indianhead Technical College District

Notes to the Schedules of Expenditures of Federal and State Awards

Year Ended June 30, 2010

Note 1 Basis of Presentation

The accompanying schedules of expenditures of federal and state awards represent the activity of all federal and state programs of Wisconsin Indianhead Technical College District and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB-Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. All federal and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included on the schedules.

Note 2 Subrecipients

The District does not have subrecipients of its federal and state awards.

Wisconsin Indianhead Technical College District

Notes to the Schedules of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2010

Note 3 Reconciliation

Federal:

Revenues per statements of revenues, expenses, and changes in net assets:

Operating revenues - Federal grants	\$	7,334,814
Federal Family Education Loan Program payments paid directly to students		7,773,923

Federal revenue per schedule of expenditures of federal awards	\$	15,108,737
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State:

Revenues per statements of revenues, expenses, and changes in net assets:

Operating revenues - State grants	\$	1,205,662
Nonoperating revenues - State operating appropriations		3,039,893
Farm Business and Production Management Training		22,008
Higher Education Aids Board assistance		866,035

State revenue per schedule of state awards	\$	5,133,598
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**Independent Auditor's 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***

District Board
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

We have audited the financial statements of the Wisconsin Indianhead Technical College District (the "District"), as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated December 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wisconsin Indianhead Technical College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wisconsin Indianhead Technical College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wisconsin Indianhead Technical College District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wisconsin Indianhead Technical College District's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of the Wisconsin Indianhead Technical College District in a separate letter dated December 20, 2010.

This report is intended for the information of the District Board, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Wipfli LLP

Wipfli LLP

December 20, 2010
Eau Claire, Wisconsin

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal and State Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

District Board
Wisconsin Indianhead Technical College District
Shell Lake, Wisconsin

Compliance

We have audited the compliance of Wisconsin Indianhead Technical College District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the years ended June 30, 2010 and 2009. Wisconsin Indianhead Technical College District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal and state programs is the responsibility of Wisconsin Indianhead Technical College District's management. Our responsibility is to express an opinion on the Wisconsin Indianhead Technical College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration (DOA). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Wisconsin Indianhead Technical College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Wisconsin Indianhead Technical College District's compliance with these requirements.

In our opinion, Wisconsin Indianhead Technical College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Wisconsin Indianhead Technical College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Wisconsin Indianhead Technical College District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wisconsin Indianhead Technical College District's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District Board, management, federal and state awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Wipfli LLP

Wipfli LLP

December 20, 2010
Eau Claire, Wisconsin

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified
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Internal control over financial reporting in accordance with GAGAS:

Material weakness(es) identified?	No
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Significant deficiency(ies) identified not considered to be a material weakness?	No
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Noncompliance material to financial statements noted?	No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	No
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Significant deficiency(ies) identified not considered to be material weakness?	No
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Type of auditor's report issued on compliance for major programs	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	No
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Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2010

Section I - Summary of Auditor's Results (Continued)

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grant

Dollar threshold used to determine Type A programs	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2010

Section I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified
not considered to be a material weakness? No

Type of auditor's report issued on compliance
for major programs Unqualified

Any audit findings disclosed that are required to
be reported in accordance with the *State of Wisconsin*
Single Audit Guidelines? No

Identification of major state programs:

State I.D. Number

Name of State Program

292.105	State Aids for Wisconsin Technical College System
292.112	Incentive Grants
292.161	Health Care Education GPR

Dollar threshold used to determine Type A programs \$100,000

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2010

Section II - Financial Statement Findings

There were no findings required to be reported in accordance with Generally Accepted Government Auditing Standards.

Section III - Federal and State Awards Findings and Questioned Costs

No matters reported.

Wisconsin Indianhead Technical College District

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2010

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with *Wisconsin State Single Audit Guidelines*?

Wisconsin Technical College System

No

Wisconsin Higher Education Aids Board

No

Wisconsin Department of Natural Resources

No

Wisconsin Department of Justice

No

Wisconsin Department of Revenue

No

Wisconsin Department of Transportation

No

Wisconsin Department of Administration

No

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

Yes



Name and signature of partner

Dan Walker, CPA

Date of report

December 20, 2010

Wisconsin Indianhead Technical College District

Schedule of Prior Year's Findings and Questioned Costs

Year Ended June 30, 2010

Financial Statement Findings

None

Federal and State Award Findings and Questioned Costs

None