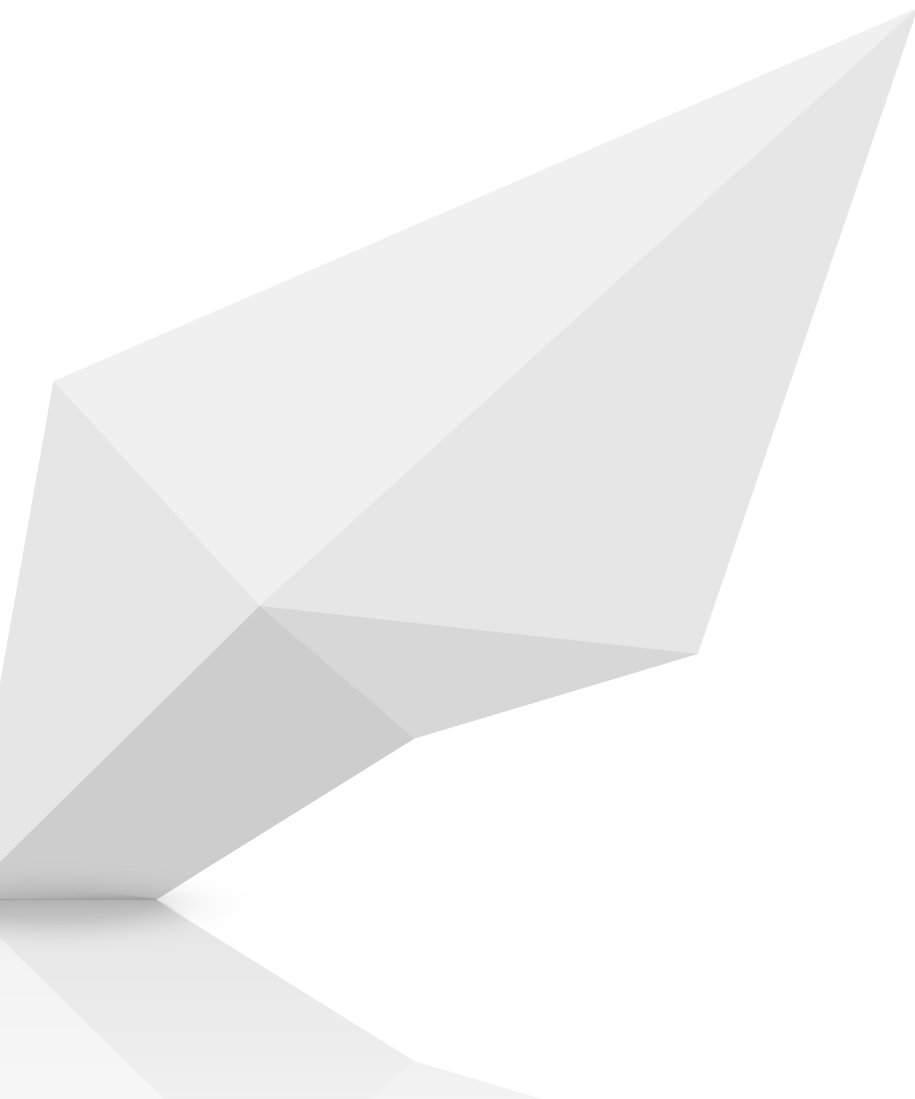


Blackhawk Technical College District

Financial Statements

Years Ended June 30, 2020 and 2019



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Blackhawk Technical College District

Financial Statements and Single Audit Years Ended June 30, 2020 and 2019

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Blackhawk Technical College District

Financial Statements and Single Audit Years Ended June 30, 2020 and 2019

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Independent Auditor's Report

Independent Auditor's Report

District Board
Blackhawk Technical College District
Janesville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and aggregate remaining fund information of Blackhawk Technical College District, (the "College") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Blackhawk Technical College Foundation, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Blackhawk Technical College District as of June 30, 2020, and its changes in financial position and where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States.

Other Matters

The financial statements of the College as of June 30, 2019 were audited by other auditors whose report, dated December 19, 2019, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the Management's Discussion and Analysis, the schedule of changes in net OPEB liability and related ratios, the schedule of employer contributions, the schedule of investment returns, the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, and the schedules of employer's proportionate share of the net OPEB liability and employer contributions – Local Retiree Life Insurance Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College'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.

The budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Statistical Section listed in the accompanying table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2020, on our consideration of Blackhawk Technical College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Wipfli LLP

December 16, 2020
Eau Claire, Wisconsin

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The purpose of Management's Discussion and Analysis (MD&A) is to provide users of the basic financial statements with a narrative introduction, overview, and analysis of those statements. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to Blackhawk Technical College District's (the "College") basic financial statements. The statements are comprised of two components: government-wide financial statements and notes to financial statements.

Government-wide financial statements – the government-wide financial statements are designed to provide readers with a broad overview of the College's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating. This statement is prepared under the accrual basis of accounting whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The *statement of revenues, expenses and changes in net position* presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. As the College receives the majority of its revenues from the taxpayers and other government entities, the College will report an operating deficit or loss. Revenues received from taxpayers (tax levies) and from the state (state appropriations) are considered non-operating revenue, and reduce the operating deficit or loss. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to financial statements are located after the government-wide financial statements in this report.

The following summary shows a condensed version of the Statement of Net Position

| | amounts shown in thousands | | | Increase or (Decrease) | | | |
|-----------------------------------|----------------------------|----------|----------|------------------------|--------|-----------|---------|
| | 2020 | 2019 | 2018 | 2020-2019 | | 2019-2018 | |
| | | | | \$ | % | \$ | % |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$16,118 | \$14,444 | \$15,989 | \$1,674 | 11.6% | (\$1,545) | -9.7% |
| Net capital assets | 50,409 | 51,843 | 53,686 | (1,434) | -2.8% | (1,843) | -3.4% |
| Other assets | 16,111 | 11,418 | 13,688 | 4,693 | 41.1% | (2,270) | -16.6% |
| Total assets | 82,638 | 77,705 | 83,363 | 4,933 | 6.3% | (5,658) | -6.8% |
| Deferred Outflows of Resources | 7,659 | 9,590 | 5,557 | (1,931) | -20.1% | 4,033 | 72.6% |
| LIABILITIES | | | | | | | |
| Current liabilities | 12,793 | 11,193 | 10,699 | 1,600 | 14.3% | 494 | 4.6% |
| Long-Term liabilities | 34,729 | 40,309 | 41,472 | (5,580) | -13.8% | (1,163) | -2.8% |
| Total liabilities | 47,522 | 51,502 | 52,171 | (3,980) | -7.7% | (669) | -1.3% |
| Deferred Inflows of Resources | 10,430 | 6,179 | 6,378 | 4,251 | 68.8% | (199) | -3.1% |
| NET POSITION | | | | | | | |
| Net investment for capital assets | 12,269 | 11,784 | 12,043 | 485 | 4.1% | (259) | -2.2% |
| Restricted for: | | | | | | | |
| Debt Service | 229 | 199 | 450 | 30 | 15.1% | (251) | -55.8% |
| Pensions | 3,090 | 0 | 0 | 3,090 | 0.0% | 0 | -100.0% |
| OPEB | 5,686 | 5,017 | 4,401 | 669 | 13.3% | 616 | 14.0% |
| Student Financial Assistance | 134 | 123 | 134 | 11 | 8.9% | (11) | -8.2% |
| Unrestricted | 10,937 | 12,491 | 13,343 | (1,554) | -12.4% | (852) | -6.4% |
| Total net position | \$32,345 | \$29,614 | \$30,371 | \$2,731 | 9.2% | (\$757) | -2.5% |

Numbers may not foot perfectly due to rounding to the nearest thousand

Fiscal Year 2020 Compared to 2019

From 2019 to 2020, total assets increased by \$4.9 million, or 6.3%. Significant changes are as follows:

- ❖ Cash and cash equivalents increased by \$1.7 million, or 11.6% due primarily to general fund revenues greater than expenditures resulting in \$1.6 million transfer to the capital projects fund to support future capital investments.
- ❖ Net capital assets decreased by \$1.4 million, or 2.8% due to depreciation of capital assets in service (\$5.4 million), offset by capital asset additions (\$4.0 million).
- ❖ Other assets increased by \$4.7 million due primarily to a \$3.1 million increase in net pension assets and \$1.5 million increase in receivables. Federal and state aid receivables increased \$1 million due primarily to CARES grant expenditures near the fiscal year-end and reimbursed the following fiscal year. Student accounts receivable increased \$428,839 and property tax receivables increased \$122,985.

From 2019 to 2020, deferred outflows of resources decreased \$1.9 million, or 20.1%. This change is primarily due to:

- ❖ A decrease in the College's proportionate share of the Wisconsin Retirement System collective deferred outflows of resources. This decrease is primarily due to actual investment performance less than expected (amortized over five years) offset by an increase attributed to actual versus expected experience and a change in other post-employment benefit [OPEB] assumptions. These resources have been applied to the current year activity and are recorded as an increase in pension asset, OPEB- life insurance liability, and deferred inflows for pension and OPEB-life insurance benefits, offset by a reduction in net pension liability.

From 2019 to 2020, total liabilities decreased \$3.98 million, or 7.7%. Significant changes are as follows:

- ❖ Current liabilities increased \$1.6 million, or 14.3% primarily due to a \$1.3 million increase in accounts payable and accrued liabilities for expenses incurred but not paid in 2020, a \$105,132 increase in funds held for student organizations, and a \$140,000 increase in the current portion of long term debt payable over the prior year.
- ❖ Long term liabilities decreased \$5.6 million, or 13.8% due primarily to elimination of \$3.5 million in net pension liability and \$2.7 million reduction in general obligation debt, offset by \$574,993 increase in OPEB-life insurance liability.

From 2019 to 2020, deferred inflows of resources increased \$4.3 million, or 68.8%. This is due to:

- ❖ A \$4.4 million increase in the College's proportionate share of collective deferred inflows of resources in the Wisconsin Retirement System pension plan, offset by a \$195,513 reduction in other post-employment benefit-health insurance deferred inflows of resources. Deferred inflow of resources will be applied to future periods and will be recognized as revenue at that time.

From 2019 to 2020, total net position increased by \$2.7 million or 9.2%. Significant changes are as follows:

- ❖ Unrestricted net position increased \$1.5 million as a result of revenues exceeding expenses. The net position reserved for OPEB increased \$668,806 due primarily to the retirement of benefit obligation bonds. Net investment in capital assets increased \$484,741 due to investment in capital assets less depreciation and the retirement of debt issued to acquire capital assets.

Fiscal Year 2019 Compared to 2018

From 2018 to 2019, total assets decreased by \$5.7 million, or 6.8%. Significant changes are as follows:

- ❖ Cash and cash equivalents decreased by \$1.5 million, or 9.7% due primarily to the expenditure of bond proceeds (\$1.9 million) carried forward from the prior year and a planned decrease in debt service reserves (\$344,809), offset by an increase in operational fund reserves (\$714,443).
- ❖ Net capital assets decreased by \$1.8 million, or 3.4% due largely to the disposal of capital assets not fully depreciated (\$1.3 million) and the depreciation of capital assets in service (\$5.2 million), offset by capital asset additions (\$4.7 million). The College terminated the Beloit Center lease resulting in the write-off of \$1.1 million in leasehold improvements.
- ❖ Other assets decreased by \$2.3 million due primarily to a \$3.1 million decrease in net pension assets offset by an increase in Other Post-Employment Benefits (OPEB).

From 2018 to 2019, deferred outflows of resources increased \$4.0 million, or 72.6%. This change is primarily due to:

- ❖ An increase in the College's proportionate share of the Wisconsin Retirement System collective deferred outflows of resources. This increase is primarily due to actual investment performance less than expected. These resources have been applied to the current year activity and are recorded as a reduction in pension asset, an increase in pension liability, and a reduction to deferred inflow of resources.

From 2018 to 2019, total liabilities decreased \$668,651, or 1.3%. Significant changes are as follows:

- ❖ Current liabilities increased \$494,925, or 4.6% primarily due to a \$390,724 increase in accounts payable and accrued liabilities for expenses incurred but not paid in 2019, and a \$150,000 increase in the current portion of long term debt payable over the prior year.
- ❖ Long term liabilities decreased \$1.2 million, or 2.8% due primarily to the \$4.4 million retirement of general obligation debt and \$197,285 reduction in OPEB for life insurance, offset by a \$3.5 million increase in net pension liability.

From 2018 to 2019, deferred inflows of resources decreased \$198,371, or 3.1%. This is due to:

- ❖ A decrease in the College's proportionate share of collective deferred inflows of resources of the Wisconsin Retirement System. Deferred inflow of resources will be applied to future periods and will be recognized as revenue at that time.

From 2018 to 2019, total net position decreased by \$756,385, or 2.5%. Significant changes are as follows:

- ❖ Net investment in capital assets decreased \$258,611, and restricted for debt service and student financial aid decreased \$250,911, and \$11,077, respectively, while net position reserved for OPEB increased \$616,615 and unrestricted net position declined \$852,401. Net investment in capital assets net of related debt decreased due to depreciation and disposal of capital assets offset by capital asset additions and retirement of debt. The decrease in reserves for debt service and student financial aid are attributed to expenditures and other uses exceeding revenues and other resources as budgeted. The decrease in unrestricted net assets is due primarily to the current year pension and other post-employment benefit expenses (\$1.3 million) required by GASB 74, 75, and 82.

Condensed Comparative Data and Overall Analysis

The following is a summary of the various components of the Statement of Revenues, Expenses and Changes in Net Position.

Operating revenues are the charges for services offered by the College:

| | amounts shown in thousands | | | Increase or (Decrease) | | | |
|--------------------------|----------------------------|----------|----------|------------------------|-------|-------------|------|
| | 2020 | 2019 | 2018 | (2020-2019) | | (2019-2018) | |
| | | | | \$ | % | \$ | % |
| Operating Revenues: | | | | | | | |
| Student tuition and fees | \$4,675 | \$4,712 | \$4,622 | -\$37 | -0.8% | \$90 | 1.9% |
| Federal grants | 5,914 | 5,060 | 4,733 | 854 | 16.9% | 327 | 6.9% |
| State grants | 1,326 | 1,435 | 1,337 | -109 | -7.6% | 98 | 7.3% |
| Miscellaneous | 3,707 | 2,302 | 2,198 | 1,405 | 61.0% | 104 | 4.7% |
| Total operating revenues | \$15,622 | \$13,509 | \$12,890 | \$2,113 | 15.6% | \$619 | 4.8% |

Numbers may not foot perfectly due to rounding to the nearest thousand

Fiscal Year 2020 Compared to 2019

During 2020, the College generated \$15.6 million in operating revenue. From 2019 to 2020, operating revenues increased \$2.1 million, or 15.6%. Significant changes are as follows:

- ❖ Miscellaneous revenue increased \$1.4 million, or 61.0% due primarily to an increase in transcript credit of courses delivered by district high schools and the School District of Janesville/Rock University High School funding for facility improvements.
- ❖ Federal grant revenue increased \$853,933, or 16.9% due primarily to increased student financial (\$702,245), and \$151,783 in increase in grant expenditures.
- ❖ State grants decreased \$108,582, or 7.6% due to a decrease in grant awards.

Fiscal Year 2019 Compared to 2018

During 2019, the College generated \$13.5 million of operating revenue. From 2018 to 2019, operating revenues increased \$619,176, or 4.8%. Significant changes are as follows:

- ❖ Federal grant revenue increased \$326,633, or 6.9% due primarily to \$391,092 increase in student financial offset by a decrease in grant funding attributed to the expiration of TAACCCT funds.
- ❖ Miscellaneous revenue increased \$104,450, or 4.7% due primarily to an increase in transcript credit of courses by district high schools, offset by a reduction in commission and rental income.
- ❖ State grants increased \$97,636, or 7.3% due to an increase in competitively awarded grants.
- ❖ Tuition and fee revenue, net of discount, increased \$90,457, or 1.9% due to an increase in enrollment and a 1.5% tuition rate increase, offset by an increase in student financial aid funding applied to tuition and fees. Student financial aid applied to tuition and fees is reported as federal grant operating revenue.

Operating expenses are costs related to the programs offered by the College:

| | amounts shown in thousands | | | Increase or (Decrease) | | | |
|-------------------------------|----------------------------|----------|----------|------------------------|-------|-------------|-------|
| | | | | (2020-2019) | | (2019-2018) | |
| | 2020 | 2019 | 2018 | \$ | % | \$ | % |
| Operating Expenses: | | | | | | | |
| Instruction | \$19,003 | \$18,944 | \$17,653 | \$59 | 0.3% | \$1,291 | 7.3% |
| Instructional resources | 1,729 | 1,700 | 1,578 | 29 | 1.7% | 122 | 7.7% |
| Student services | 4,279 | 3,282 | 2,810 | 997 | 30.4% | 472 | 16.8% |
| General institutional | 5,583 | 5,523 | 5,018 | 60 | 1.1% | 505 | 10.1% |
| Physical plant | 2,698 | 2,728 | 2,744 | -30 | -1.1% | -16 | -0.6% |
| Student aid | 2,237 | 2,399 | 2,370 | -162 | -6.8% | 29 | 1.2% |
| Auxiliary enterprise services | 93 | 82 | 69 | 11 | 13.4% | 13 | 18.8% |
| Depreciation | 5,400 | 5,220 | 5,087 | 180 | 3.4% | 133 | 2.6% |
| Total operating expenses | \$41,022 | \$39,878 | \$37,329 | \$1,144 | 2.9% | \$2,549 | 6.8% |

Numbers may not foot perfectly due to rounding to the nearest thousand

Fiscal Year 2020 Compared to 2019

During 2020, total operating expenses increased by \$1.14 million, or 2.9% from the prior year. Significant changes are as follows:

- ❖ Student services increased \$997,079, or 30.4% primarily due to the \$1.1 million CARES Student Emergency funds disbursed in 2020, and increase in other grant funds, offset by actuarially determined reduction in pension expenses.
- ❖ Student aid decreased \$161,562, or 3.4% due to reduction in student financial aid funds received for benefit of enrolled students..
- ❖ Depreciation increased \$180,076, or 3.4% due to the increase in capital assets in service.

Fiscal Year 2019 Compared to 2018

During 2019, total operating expenses increased by \$2.55 million, or 6.8% from the prior year. Significant changes are as follows:

- ❖ Instruction increased \$1,291,215, or 7.3% due primarily to increased staffing and rising personnel costs, the impact of pension and other post-employment benefit adjustments, as well as increased contractual services, equipment purchases, and training offset by a reduction in consumable supply expenditures.
- ❖ Instructional resources increased \$122,385, or 7.7% due primarily to an increase in equipment and technology purchases.
- ❖ Student services increased \$472,173, or 16.8% primarily due to increased staffing and rising personnel costs, the impact of pension and other post-employment benefit adjustments, as well as increased contractual services and staff training.
- ❖ General institutional increased \$505,075, or 10.1% due primarily to increased staffing and rising personnel costs, and the impact of pension and other post-employment benefit adjustments.
- ❖ Depreciation increased \$132,274, or 2.6% due to the increase in capital assets in service.

Non-operating revenues and expenses are revenue and expense items not directly related to providing instruction:

| | amounts shown in thousands | | | Increase or (Decrease) | | | |
|--|----------------------------|-----------------|-----------------|------------------------|---------------|---------------|---------------|
| | | | | (2020-2019) | | (2019-2018) | |
| | 2020 | 2019 | 2018 | \$ | % | \$ | % |
| Non-Operating Revenues: | | | | | | | |
| Property taxes | \$15,750 | \$14,880 | \$14,833 | \$870 | 5.8% | \$47 | 0.3% |
| State operating appropriations | 13,194 | 12,710 | 12,650 | 484 | 3.8% | 60 | 0.5% |
| Investment income earned | 217 | 332 | 184 | -115 | -34.6% | 148 | 80.4% |
| Subtotal of Non-Operating Revenues | 29,161 | 27,922 | 27,667 | 1,239 | 4.4% | 255 | 0.9% |
| Non-Operating Expenses: | | | | | | | |
| Interest expense | 1,004 | 1,007 | 1,047 | -3 | -0.3% | -40 | -3.8% |
| Loss on disposal of capital assets | 26 | 1,303 | 9 | -1,277 | -98% | 1,294 | 14377.8% |
| Subtotal of Non-Operating Expenses | 1,030 | 2,310 | 1,056 | -1,280 | -55.4% | 1,254 | 118.8% |
| Subtotal of Non-Operating Revenues (Expenses) | \$28,131 | \$25,612 | \$26,611 | \$2,519 | 9.8% | -\$999 | -3.8% |

Numbers may not foot perfectly due to rounding to the nearest thousand

Fiscal Year 2020 Compared to 2019

Net non-operating revenues (expenses) increased \$2.5 million, or 9.8%. Factors contributing to this net increase include:

- ❖ Property tax revenues increased \$869,815, or 5.8% due to net new construction in the District, an increase in debt service obligations due in calendar year 2020, and the closure of a tax increment district in Beloit.
- ❖ State operating revenues increased \$483,999, or 3.8% as a result of increased state aid funding for the Wisconsin Technical Colleges.
- ❖ Investment income decreased \$115,936, or 34.6% due primarily to lower interest rates.
- ❖ Loss on disposal of capital assets decreased \$1.3 million due to the prior year early termination of lease resulting in write-off of leasehold improvements.

Fiscal Year 2019 Compared to 2018

Net non-operating revenues (expenses) decreased \$998,862, or 3.8%. Factors contributing to this net decrease include:

- ❖ Loss on disposal of capital assets increased \$1,293,667 due primarily to the termination of the Beloit Center lease (leasehold improvements) and the disposal of capital assets for less than the net book value.
- ❖ Investment income increased \$148,193, or 80.4% due to rising interest rates.

Capital Asset and Debt Administration

The College's investment in capital assets includes land, land improvements, buildings and improvements, leasehold improvements, intangible assets (water main), equipment, and construction in progress. This investment as of June 30, 2020 and 2019, net of accumulated depreciation, amounted to \$50.4 million and \$51.8 million, respectively. Additional information on the College's capital assets can be found in Note 5 of the financial statements.

The College finances the majority of its capital assets through the issuance of debt. In 2020, the College incurred new debt in the amount of \$4,700,000 for capital assets and facility improvements and retired debt in the amount of \$7,285,000 for a net decrease of \$2.6 million in debt outstanding. The general obligation debt outstanding at fiscal year-end will be retired in ten years. As of June 30, 2020, the College had total general obligation debt outstanding of \$39,990,000. The balance on June 30, 2019 was \$42,575,000. The College continues to maintain a Moody's Investors Service Aa2 rating, and continues to meet all of its debt service requirements. Wisconsin state statutes limit the amount of aggregate and bonded indebtedness that the College can incur. The amount of debt outstanding falls well below these thresholds.

The District voters will consider a \$32 million capital referendum question in the November 3, 2020 election. If approved, the referendum will fund construction of a comprehensive public safety and transportation training center on the central campus in Janesville. The debt to fund the project is proposed for twenty-year amortization of principal from date of issuance.

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 for Administrative Services/Chief Financial Officer, 6004 S County Road G, PO Box 5009, Janesville, WI 53547-5009.

Basic Financial Statements

Blackhawk Technical College District

Statements of Net Position

June 30, 2020 and 2019

| | Primary Government | | Component Unit | |
|---|----------------------|----------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| ASSETS | | | | |
| <u>Current assets</u> | | | | |
| Cash and cash equivalents | \$ 11,455,385 | \$ 10,443,116 | \$ 314,065 | \$ 359,883 |
| Investments | 35,000 | 35,000 | 2,452,394 | 1,953,317 |
| Receivables: | | | | |
| Property taxes | 4,166,504 | 4,043,519 | - | - |
| Federal and state aid | 1,890,037 | 934,252 | - | - |
| Accounts and other, net reserve of \$165,000 at 2020 and 2019 | 1,157,872 | 729,033 | 15,507 | 1,207 |
| Unconditional promises to give | - | - | 303,392 | 266,225 |
| Prepaid expenses | 121,282 | 174,389 | 11,593 | 1,831 |
| Total current assets | <u>18,826,080</u> | <u>16,359,309</u> | <u>3,096,951</u> | <u>2,582,463</u> |
| <u>Noncurrent assets</u> | | | | |
| Restricted cash | 4,627,221 | 3,965,874 | - | - |
| Unconditional promises to give | - | - | 203,744 | 148,075 |
| Net OPEB asset - Restricted | 5,685,982 | 5,537,176 | - | - |
| Net pension asset - WRS - Restricted | 3,089,571 | - | - | - |
| Total noncurrent assets | <u>13,402,774</u> | <u>9,503,050</u> | <u>203,744</u> | <u>148,075</u> |
| Capital assets | 89,807,624 | 85,991,659 | 3,430,696 | 2,048,844 |
| Less: accumulated depreciation and amortization | 39,398,663 | 34,149,130 | 197,177 | 134,193 |
| Total capital assets, net of depreciation | <u>50,408,961</u> | <u>51,842,529</u> | <u>3,233,519</u> | <u>1,914,651</u> |
| Total assets | <u>\$ 82,637,815</u> | <u>\$ 77,704,888</u> | <u>\$ 6,534,214</u> | <u>\$ 4,645,189</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows of resources - actuarial - WRS | \$ 6,183,229 | \$ 8,555,819 | \$ - | \$ - |
| Deferred outflows of resources - actuarial - OPEB | 344,930 | 417,602 | - | - |
| Deferred outflow of resources - actuarial - LRLIF | 611,234 | 119,468 | - | - |
| Deferred outflows of resources - contributions - WRS | 516,706 | 493,825 | - | - |
| Deferred outflow of resources - contributions - LRLIF | 3,510 | 3,765 | - | - |
| Total deferred outflows of resources | <u>\$ 7,659,609</u> | <u>\$ 9,590,479</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES | | | | |
| <u>Current liabilities</u> | | | | |
| Accounts payable and accrued liabilities | \$ 2,296,565 | \$ 891,587 | \$ 40,924 | \$ 41,255 |
| Other accrued liabilities | 1,855,781 | 1,905,839 | - | - |
| Accrued interest payable | 250,162 | 259,399 | - | - |
| Unearned revenue - other | 368,039 | 358,754 | - | - |
| Due to students and other groups | 597,824 | 492,692 | - | 5,548 |
| Current portion of long-term obligations | 7,425,000 | 7,285,000 | 121,071 | 178,986 |
| Total current liabilities | <u>12,793,371</u> | <u>11,193,271</u> | <u>161,995</u> | <u>225,789</u> |
| <u>Long-term obligations, less current portion</u> | | | | |
| General obligation debt payable | 32,565,000 | 35,290,000 | 2,270,477 | 904,313 |
| Unamortized premium on general obligation debt | 587,546 | 520,255 | - | - |
| Net pension liability | - | 3,496,801 | - | - |
| Net OPEB liability - LRLIF | 1,576,292 | 1,001,299 | - | - |
| Total long-term obligations, less current portion | <u>34,728,838</u> | <u>40,308,355</u> | <u>2,270,477</u> | <u>904,313</u> |
| Total liabilities | <u>\$ 47,522,209</u> | <u>\$ 51,501,626</u> | <u>\$ 2,432,472</u> | <u>\$ 1,130,102</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows of resources - actuarial WRS | \$ 9,251,078 | \$ 4,814,130 | \$ - | \$ - |
| Deferred inflows of resources - actuarial OPEB | 831,298 | 1,026,811 | - | - |
| Deferred inflow of resources - actuarial LRLIF | 347,645 | 338,308 | - | - |
| Total deferred inflows of resources | <u>\$ 10,430,021</u> | <u>\$ 6,179,249</u> | <u>\$ -</u> | <u>\$ -</u> |
| NET POSITION | | | | |
| Net investment in capital assets | \$ 12,269,050 | \$ 11,784,309 | \$ - | \$ - |
| Restricted for donors | - | - | 3,142,977 | 2,623,728 |
| Restricted for: | | | | |
| Debt service | 229,334 | 198,915 | - | - |
| Pension | 3,089,571 | - | - | - |
| OPEB | 5,685,982 | 5,017,176 | - | - |
| Student financial assistance | 134,372 | 123,397 | - | - |
| Unrestricted | 10,936,885 | 12,490,695 | 958,765 | 891,359 |
| Total net position | <u>\$ 32,345,194</u> | <u>\$ 29,614,492</u> | <u>\$ 4,101,742</u> | <u>\$ 3,515,087</u> |

See accompanying notes to financial statements.

Blackhawk Technical College District

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2020 and 2019

| | Primary Government | | Component Unit | |
|---|----------------------|----------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| <u>Operating revenues</u> | | | | |
| Student tuition and program fees, net of scholarship allowances of \$1,712,402 in 2020 and \$1,635,059 in 2019 | \$ 4,675,094 | \$ 4,712,362 | \$ - | \$ - |
| State aids | 1,326,439 | 1,435,021 | - | - |
| Federal grants | 5,913,796 | 5,059,863 | - | - |
| Contract revenue | 2,806,588 | 1,576,283 | - | - |
| Auxiliary enterprise revenue | 122,432 | 126,147 | - | - |
| Miscellaneous - institutional revenue | 778,074 | 599,576 | 1,286,380 | 1,250,362 |
| Total operating revenues | 15,622,423 | 13,509,252 | 1,286,380 | 1,250,362 |
| <u>Operating expenses</u> | | | | |
| Instruction | 19,002,609 | 18,944,128 | - | - |
| Instructional resources | 1,729,418 | 1,700,467 | - | - |
| Student services | 4,279,358 | 3,282,279 | - | - |
| General institutional | 5,583,415 | 5,523,017 | 771,921 | 409,827 |
| Physical plant | 2,698,493 | 2,728,005 | - | - |
| Student aid | 2,236,967 | 2,398,529 | - | - |
| Auxiliary services | 92,633 | 82,285 | - | - |
| Depreciation | 5,399,704 | 5,219,628 | - | - |
| Total operating expenses | 41,022,597 | 39,878,338 | 771,921 | 409,827 |
| Operating loss | (25,400,174) | (26,369,086) | 514,459 | 840,535 |
| <u>Nonoperating revenues (expenses)</u> | | | | |
| Property taxes | 15,750,265 | 14,880,450 | - | - |
| State operating appropriations | 13,194,031 | 12,710,032 | - | - |
| Investment income | 216,652 | 332,588 | 72,196 | 88,453 |
| Loss on disposal of property and equipment | (26,392) | (1,303,408) | - | - |
| Interest expense | (1,003,680) | (1,006,961) | - | - |
| Total nonoperating revenues | 28,130,876 | 25,612,701 | 72,196 | 88,453 |
| Increase (decrease) in net position | 2,730,702 | (756,385) | 586,655 | 928,988 |
| Net position - beginning of year | 29,614,492 | 30,370,877 | 3,515,087 | 2,586,099 |
| Net position - end of year | \$ 32,345,194 | \$ 29,614,492 | \$ 4,101,742 | \$ 3,515,087 |

See accompanying notes to financial statements.

Blackhawk Technical College District

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

| | Primary Government | |
|---|--------------------|---------------|
| | 2020 | 2019 |
| <u>Cash flows from operating activities</u> | | |
| Tuition and fees received | \$ 4,452,861 | \$ 4,915,022 |
| Federal and state grants received | 7,219,217 | 6,605,242 |
| Contract revenues | 1,864,503 | 1,508,344 |
| Payments to employees | (22,822,339) | (22,595,161) |
| Payments for materials and services | (11,909,315) | (10,688,564) |
| Auxiliary enterprise revenues | 122,432 | 126,147 |
| Other receipts | 565,915 | 599,969 |
| Net cash used for operating activities | (20,506,726) | (19,529,001) |
| <u>Cash flows from noncapital financing activities</u> | | |
| Local government property taxes received | 15,627,280 | 14,762,888 |
| State appropriations received | 13,194,031 | 12,710,032 |
| Net cash provided by noncapital financing activities | 28,821,311 | 27,472,920 |
| <u>Cash flows from capital and related financing activities</u> | | |
| Purchases of capital assets | (3,326,995) | (4,485,263) |
| Proceeds from issuance of capital debt | 4,700,000 | 2,900,000 |
| Principal paid on capital debt | (7,285,000) | (7,135,000) |
| Interest paid on capital debt | (945,626) | (1,100,859) |
| Net cash used for capital and related financing activities | (6,857,621) | (9,821,122) |
| <u>Cash flows from investing activities</u> | | |
| Sale of Investments | - | 837 |
| Investment income received | 216,652 | 332,588 |
| Net cash provided by investing activities | 216,652 | 333,425 |
| Net increase in cash and cash equivalents | 1,673,616 | (1,543,778) |
| <u>Cash and cash equivalents</u> | | |
| Beginning of year | 14,408,990 | 15,952,768 |
| End of year | \$ 16,082,606 | \$ 14,408,990 |
| <u>Non-cash capital and related financing activities</u> | | |
| Loss on disposal of capital assets | \$ 26,392 | \$ 1,303,408 |

Blackhawk Technical College District

Statements of Cash Flows (Continued)

For the Years Ended June 30, 2020 and 2019

| | Primary Government | |
|--|---------------------------|------------------------|
| | 2020 | 2019 |
| <u>Reconciliation of operating loss to net cash used for operating activities:</u> | | |
| Operating loss | \$ (25,400,174) | \$ (26,369,086) |
| Adjustment to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 5,399,704 | 5,219,628 |
| Changes in assets and liabilities: | | |
| Receivables | (1,384,624) | 225,398 |
| Prepaid expenditures | 53,107 | (38,613) |
| Accounts payable and accrued liabilities | 739,445 | 190,697 |
| Other accrued liabilities | (50,058) | 5,404 |
| Due to students and other groups | 105,132 | (34,115) |
| Post-employment benefits (asset)/liability | 426,187 | (1,062,338) |
| Net pension (asset)/liability | (6,586,372) | 6,562,036 |
| Deferred inflows of resources | 4,250,772 | (198,371) |
| Deferred outflows of resources | 1,930,870 | (4,033,752) |
| Deferred revenue - other | 9,285 | 4,111 |
| Net cash used for operating activities | <u>\$ (20,506,726)</u> | <u>\$ (19,529,001)</u> |

See accompanying notes to financial statements.

Blackhawk Technical College District

Statements of Fiduciary Net Position - Blackhawk Technical College Post-Employment Benefits Trust

June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 120,204 | \$ 115,927 |
| Short-term investments | 6,687 | 19,760 |
| Total Current Assets | <u>126,891</u> | <u>135,687</u> |
| Long Term Assets | | |
| Equity investments | <u>9,842,783</u> | <u>9,559,947</u> |
| Total Assets | <u>\$ 9,969,674</u> | <u>\$ 9,695,634</u> |
| LIABILITIES | | |
| Current Liabilities | <u>\$ -</u> | <u>\$ 29,487</u> |
| Total Liabilities | <u>-</u> | <u>29,487</u> |
| NET POSITION | | |
| Held in trust for post-employment benefits | <u>9,969,674</u> | <u>9,666,147</u> |
| Total Net Position | <u>\$ 9,969,674</u> | <u>\$ 9,666,147</u> |

See accompanying notes to financial statements.

Blackhawk Technical College District

Statements of Changes in Fiduciary Net Position - Blackhawk Technical College Post-Employment Benefits Trust

For the Years Ended June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| ADDITIONS | | |
| Contributions | | |
| Blackhawk Technical College | \$ 55,000 | \$ 55,000 |
| Investment income | | |
| Interest | 2,333 | 2,191 |
| Dividends | 224,893 | 248,461 |
| Capital gains - realized | 575,932 | 354,223 |
| Capital gains - unrealized | <u>(172,262)</u> | <u>(1,386)</u> |
| Total investment income | <u>630,896</u> | <u>603,489</u> |
| Total additions | <u>685,896</u> | <u>658,489</u> |
| DEDUCTIONS | | |
| Retiree benefits | 337,907 | 336,789 |
| Investment expense | 40,886 | 40,934 |
| Administrative expense | <u>3,576</u> | <u>3,292</u> |
| Total deductions | <u>382,369</u> | <u>381,015</u> |
| Change in Net Position | 303,527 | 277,474 |
| NET POSITION HELD IN TRUST FOR POST-EMPLOYMENT BENEFITS | | |
| Beginning of year | <u>9,666,147</u> | <u>9,388,673</u> |
| End of year | <u>\$ 9,969,674</u> | <u>\$ 9,666,147</u> |

See accompanying notes to financial statements.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies

Introduction: Blackhawk Technical College District (the College) is organized under state legislation enacted in 1911 establishing vocational, technical, and adult education. The goals of the College are to train people for employment in a system flexible enough to permit adjustment to meet the needs of the community, with programs offered on a part-time, full-time, day and evening basis.

The geographic area of the College is comprised of most of Rock County and the majority of Green County in south central Wisconsin. There are 52 municipalities with an estimated population of 186,838 and 13 public school districts within the College's boundaries. The district contains 1,200 square miles and operates campuses located in the cities of Beloit, Janesville and Monroe as well as learning centers in the surrounding communities.

The governing body of the College is the District Board, which consists of nine members. The members are appointed to staggered three-year terms by the County Board chairpersons for Rock and Green counties, who meet once a year to appoint members to the three open seats. The District Board membership includes two employers, two employees, three additional members, one school district administrator and one elected official who holds a state or local office. The District Board powers are established under the provisions of Chapter 38 of the Wisconsin Statutes and include:

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

The College is approved to offer 63 associate degree and technical diploma programs. These include 30 associate degree, 5 two-year technical diploma, 12 one-year technical diploma, 5 less-than-one-year technical diploma, and 5 apprenticeship programs. In addition, the College offers various advanced technical programs, basic skills education, and adult continuing education.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to public colleges and universities as well as those prescribed by the Wisconsin Technical College System (WTCS). The College reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The following is a summary of the more significant policies.

Reporting Entity: In November, 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement amends Statement No. 14, *The Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations are Component Units* to provide additional guidance to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. The primary government is financially accountable if it appoints a voting majority of the organization's governing body, or if the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Blackhawk Technical College Foundation, Inc. (Foundation) is a not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of the College. The Foundation is managed by a Director and an independent board of directors and is not fiscally accountable to the College.

The Foundation's resources are significant to the College as a whole and to exclude would cause the College's financial statements to be incomplete. The Foundation has been reported as a discretely presented component unit in the College's financial statements.

The Foundation's financial statements can be obtained through the Blackhawk Technical College Foundation Inc., 6004 S. County Road G, Janesville, WI 53547-5009.

Basis of Accounting and Financial Statement Presentation: For financial statement reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the basic financial statements of the College have been prepared on the accrual basis of accounting, whereby all revenues are recorded when earned, and all expenses are recorded when incurred. This basis of accounting also requires the College to record depreciation expense related to capital assets to spread the cost of these assets to the estimated period benefiting from them.

Operating revenues and expenses generally result from providing educational services or producing and delivering goods in connection with the College's ongoing operations. Amounts reported as operating revenues include (1) student tuition and fees, (2) charges to customers for goods or services provided, (3) state and federal operating grants, and (4) contracts with business and industry or school districts. Operating expenses include all instructional and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting: The College's internal records are maintained on a fund basis as required by the WTCS. The College follows the procedures listed below in adopting the annual budgets for all governmental fund types that are legally required.

1. Property taxes are levied by the various taxing municipalities. The College records as revenue its share of the local tax in the year levied.
2. Public hearings are conducted on the proposed budget prior to District Board approval.
3. Prior to July 1, the budget is legally enacted through approval by the District Board.
4. 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 District's Board and require publishing a Class 1 public notice in the College's official newspaper within ten days according to Wisconsin Statutes.
5. Management exercises control over budgeted expenditures by fund and function as presented in the accompanying basic financial statements. Expenditures may not exceed funds available or appropriated unless authorized by a resolution adopted by a vote of two-thirds of the District Board. Unused appropriations lapse at the end of each fiscal year.
6. Formal budgetary integration is employed as a planning device for all funds. The College adopts an annual operating budget that is prepared on a different basis from the basic financial statements, which are prepared in accordance with GAAP. The budget differs from GAAP by recognizing encumbrances as expenditures. Also, the budget does not incorporate changes related to GASB statements Nos. 33, 34, and 35.

Use of Estimates: In preparing basic financial statements in conformity with GAAP, the College is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash includes amounts in petty cash, demand deposits, and other short-term interest-bearing deposits.

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

Fair Value Measurements: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Receivables and Credit Policies: Receivables are uncollateralized obligations which generally are due upon receipt. Accounts receivable are stated at the invoice amount. Account balances with invoices over thirty days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customers' remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific student accounts and the aging of accounts receivable. All accounts or portions thereof deemed to be uncollectible are written off to the allowance for doubtful accounts.

Prepaid Expenses: Prepaid balances are for payments made by the College for which benefits extend beyond June 30.

Inventories: The College does not maintain a significant amount of inventory and does not record inventory in its financial records.

Capital Assets: Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value at the time of donation.

The costs of maintenance and repairs are charged to operations as incurred. Equipment assets having a cost of \$5,000 or more per unit and building or remodeling projects of \$15,000 or more are capitalized. Depreciation on buildings and equipment is provided in amounts sufficient to relate the cost of the depreciable assets to operations on the straight-line basis over the estimated service lives, which range from 3 to 15 years for equipment, 20 years for site improvements, 20 years for remodeling, 40 years for buildings and infrastructures.

In 2017, the Blackhawk Technical College District Board and Wisconsin Technical College System Board approved the first phase of a water main capital project which extended the City of Janesville's municipal water main to the Central Campus and included a private main to provide hydrants around and connection to the college buildings. This water main extension was placed in service in 2017 at which time it was capitalized as a land improvement with a useful life of 40 years, and included both the public water service extension and private main installation. Due to the nature of the public water main being owned and maintained by the City of Janesville, the College has reclassified this capital asset to infrastructure (private main) and intangible asset (public water service) to better reflect the nature of the asset. The infrastructure will be depreciated over 40 years and the intangible asset will be amortized over 40 years. This change has been reflected in Note 5 – Capital Assets.

Property Taxes and Taxes Receivable: The District Board, under Section 38.16 of the Wisconsin Statutes, may levy a tax not to exceed the prior year's levy by the College's valuation factor, which is equal to the percentage change in the College's equalized value from the prior year due to net new construction for the purposes of operating and maintaining schools. The mill rate limitation is not applicable to taxes levied for the purposes of paying principal and interest on general obligation debt issued by the College that is used for capital improvements and equipment acquisitions.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The College communicates its property tax levy to city, village and town treasurers or clerks in October of the fiscal year for which the taxes are levied. The following dates are pertinent to the College's tax calendar:

| | |
|--|---|
| Levy date | October 31, or within 10 days of receipt of equalized valuation, whichever is later |
| Tax bills are mailed | Month of December |
| Lien date | January 1 |
| Payments: | |
| Taxes paid in one installment | January 31 |
| Taxes paid in two installments | |
| First installment due | January 31 |
| Second installment due | July 31 |
| Delinquent taxes purchased by Counties | October 1 |

The College's property tax is apportioned each fall, based on the equalized value as established by the Wisconsin Department of Revenue, to the municipalities located within the District. The College records its share of the property tax in the year it is levied.

The combined tax rate for the fiscal years ended June 30, 2020 and 2019, are as follows:

| | 2020 | | 2019 | |
|-------------------------|-----------|----------------------|-----------|----------------------|
| | Mill Rate | Levy Amount | Mill Rate | Levy Amount |
| Operating levy | 0.52512 | \$ 7,365,881 | 0.54260 | \$ 7,065,104 |
| Debt service levy | 0.58751 | 8,241,000 | 0.60033 | 7,816,858 |
| Total property tax levy | | <u>\$ 15,606,881</u> | | <u>\$ 14,881,962</u> |

In 2013 the Wisconsin Act 145 provided a 'dollar for dollar' reduction in the operational property tax levy and increase in state aid funding, effective for the year ending June 30, 2015. State property tax relief aid was \$9,797,362 for the years ended June 30, 2020 and 2019.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. At this time, the College has only three items that qualify for reporting in this category. The deferred outflows of resources – actuarial represent the College's proportionate share of collective deferred outflows of resources of the Wisconsin Retirement System (WRS) and the Local Retiree Life Insurance Fund (LRLIF) and the deferred outflows of the College's OPEB plan. The deferred outflows of resources – contributions represent the College's contributions to pension and OPEB plans subsequent to the measurement date of the collective net pension and OPEB liability (asset).

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources – actuarial represent the College's proportionate share of collective deferred inflows of resources of the WRS and LRLIF and the deferred inflows of resources of the College's OPEB plan.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences - College employees are granted vacation in varying amounts in accordance with the provisions of the employee handbook and College policy. Vacation earned is forfeited if not taken within the allowable time period. The expense for vacation pay is recorded on the accrual basis. The value of vested vacation pay including payroll taxes and retirement costs was approximately \$94,000 and \$144,000 as of June 30, 2020 and 2019, respectively.

Retirement Plan - The College has a retirement plan covering substantially all of its employees, which is funded through contributions to the Wisconsin Retirement System (WRS).

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 for further information on retirement plans.

Cost-Sharing OPEB Plan – The College participates in a life insurance OPEB plan that covers WRS-eligible employees. The fiduciary net position of the LRLIF has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-Employment Health, Dental and Life Insurance – The College administers a single-employer defined benefit plan that provides OPEB benefits to eligible retirees as established by College policy. The College Board manages the OPEB plan and has appointed the Directors of Finance and Human Resources of the College as trustees.

Tuition and Fees: 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 attributable to summer school programs are prorated on the basis of student class days occurring before and after the fiscal year-end.

State and Federal Revenues: The College receives funding from various federal and state contracts and grants. Some of these revenues are earned over fiscal periods different from the College and are subject to the Uniform Guidance and State Single Audit Guidelines.

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

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Scholarship Allowances and Student 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 College 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.

Net Position: Net position is classified according to restrictions or availability of assets for satisfaction of College obligations. Net investment in capital assets, represents the net value of capital assets (property, plant and equipment) less the debt incurred to acquire or construct the assets and the borrowed resources not yet expended, but restricted for capital purchases. Restricted net position for debt service can only be used to repay debt service costs (principal and interest) as they are levied for that specific purpose. Restricted net position for student financial assistance can only be used for student financial assistance activities. All remaining net position is unrestricted for legal purposes, but may be designated for specific purposes.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 2 - Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments are classified in the College's Statements of Net Position and Statements of Cash flows as follows:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Cash deposits: | | |
| Cash on hand | \$ 1,700 | \$ 1,700 |
| Demand deposits | 1,707,796 | 2,221,280 |
| Total cash deposits | 1,709,496 | 2,222,980 |
| Cash equivalents: | | |
| Wisconsin Local Government Investment Pool | 14,373,110 | 12,186,010 |
| Total cash and cash equivalents | 16,082,606 | 14,408,990 |
| Investments: | | |
| Certificates of Deposit | 35,000 | 35,000 |
| Total cash, cash equivalents, and investments | <u>\$ 16,117,606</u> | <u>\$ 14,443,990</u> |

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

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Restricted for: | | |
| Debt Service | \$ 1,067,367 | \$ 978,569 |
| Capital Projects | 2,925,528 | 2,492,329 |
| Student Financial Assistance | 634,326 | 494,976 |
| | 4,627,221 | 3,965,874 |
| Unrestricted | 11,490,385 | 10,478,116 |
| Total cash, cash equivalents, and investments | <u>\$ 16,117,606</u> | <u>\$ 14,443,990</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

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

Cash equivalents and investments are shown on the College's Statements of Fiduciary Net Position for the Blackhawk Technical College Post-Employment Benefits Trust as follows:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash equivalents: | | |
| Cash on hand | \$ 100 | \$ 100 |
| Wisconsin Local Government Investment Pool | 120,104 | 115,827 |
| US Bank Money Market | 6,687 | 19,760 |
| | <hr/> | <hr/> |
| Total cash equivalents | 126,891 | 135,687 |
| Investments | | |
| Mutual funds | 9,842,783 | 9,559,947 |
| | <hr/> | <hr/> |
| Total cash equivalents and investments | <u>\$ 9,969,674</u> | <u>\$ 9,695,634</u> |

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

- Obligations of the U.S. Treasury and U.S. Agencies.
- Obligations of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Time deposits in any bank, trust company, or savings and loan association that is authorized to transact business in this state, if the time deposits mature in not more than three years.
- The state's local government pooled investment fund.
- Any security maturing in seven years or less with either the highest or second rating category of a nationally recognized rating agency.
- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- Securities of open-end management investment companies or investment trusts, if the portfolio is limited to obligations of the U.S. Treasury and U.S. Agencies.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospitals and Clinics Authority.

The College maintains a policy over the OPEB Trust Fund with the following investment objectives:

- To invest assets of the Trust in a manner consistent with its fiduciary responsibility to (a) all transactions undertaken must be for the sole interest of Trust beneficiaries and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments.
- To provide for funding and anticipated withdrawals on a continuing basis for payment of OPEB benefits and related expenses.
- To conserve and enhance the value of Trust assets in real terms through asset appreciation and income generation, while maintaining a moderate investment risk profile.
- To minimize principal fluctuations over a 20 year investment horizon.
- To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the Trust's actuarial discount rate.

Blackhawk Technical College District

Notes to the Basic Financial Statements

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

The Wisconsin Local Government Investment Pool (LGIP) has compiled fair value information for all securities in the pool and has provided a book value to fair value conversion factor. As of June 30, 2020 and 2019, the conversion factors were 100%.

The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice.

Investments in the LGIP are covered by a surety bond issued by Financial Security Assurance, Inc. The bond insures against loss arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any Federal Deposit Insurance Corporation (FDIC) and State of Wisconsin Guarantee Fund insurance. The College is exposed to market risk through its participation in the LGIP.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that, in the event of financial institution failure, the College will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of a third party. As of June 30, 2020 and 2019, the College's carrying value of the deposits was \$1,742,796 and \$2,256,280, respectively, compared to bank balances of \$1,961,919 and \$2,622,880, respectively. No bank balances at June 30, 2020 or 2019, were uninsured and uncollateralized.

Credit Risk - Investments: Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments as listed above. The College minimizes its credit risk by requiring security of the investment as the first priority and limiting investments to financial institutions and the LGIP. The College's repurchase agreements are collateralized by U.S. Government securities which are uninsured and unregistered, held by the counterparty or its trust department, but not in the College's name. As of June 30, 2020 and 2019, the College had \$14,493,214 and \$12,301,837, respectively, invested in the LGIP, which does not carry a credit quality rating.

The US Bank Money Market held by the Blackhawk Technical College Post-Employment Trust is rated AAAM by Standard & Poors and the mutual funds do not carry a credit quality rating.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. Any investment which represents 5 percent or more of total investments is required to be disclosed. Exempt from this disclosure are investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investments pools, and other pooled investments. The College places no limit on the amount the College may invest in any one issuer.

Interest Rate Risk: Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. The College does not have a formal investment policy which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 3 – Fair Value Measurements (Assets and Liabilities Measured at Fair Value)

The College has the following recurring fair value measurements as of June 30, 2019 and 2018:

Assets at Fair Value as of June 30, 2020

| | Level 1 | Level 2 | Total |
|--------------------------------|---------------------|------------------|---------------------|
| Certificates of deposit (CD's) | \$ - | \$ 35,000 | \$ 35,000 |
| Mutual funds | 9,842,783 | - | 9,842,783 |
| Total cash and investments | <u>\$ 9,842,783</u> | <u>\$ 35,000</u> | <u>\$ 9,877,783</u> |

Assets at Fair Value as of June 30, 2019

| | Level 1 | Level 2 | Total |
|--------------------------------|---------------------|------------------|---------------------|
| Certificates of deposit (CD's) | \$ - | \$ 35,000 | \$ 35,000 |
| Mutual funds | 9,559,947 | - | 9,559,947 |
| Total cash and investments | <u>\$ 9,559,947</u> | <u>\$ 35,000</u> | <u>\$ 9,594,947</u> |

The College's assets at fair value are measured as follows:

- Mutual funds are valued using unadjusted quoted active market prices as of the date of the financial statements (Level 1 inputs).
- Certificates of deposit are valued using a matrix pricing model (Level 2 inputs).

Note 4 – Accounts and Other Receivables

Accounts and other receivables consisted of the following on June 30:

| | 2020 | 2019 |
|--|---------------------|-------------------|
| Student tuition and fees, net of allowance for doubtful accounts | \$ 805,566 | \$ 597,519 |
| Contracted services | 131,672 | 142,558 |
| Other | 220,634 | (11,044) |
| Total accounts and other receivables | <u>\$ 1,157,872</u> | <u>\$ 729,033</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 5 – Capital Assets

Following are the changes in the College's capital assets for the year ended June 30, 2020:

| | Beginning Balance | Additions | Adjustments | Deletions | Ending Balance |
|--|----------------------|---------------------|-------------|---------------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,081,036 | \$ - | \$ - | \$ - | \$ 1,081,036 |
| Construction in progress | 668,991 | 1,722,663 | - | 1,100,680 | 1,290,974 |
| Total capital assets not being depreciated or amortized | 1,750,027 | 1,722,663 | - | 1,100,680 | 2,372,010 |
| Capital assets being depreciated or amortized: | | | | | |
| Land improvements | 2,200,422 | 16,600 | - | - | 2,217,022 |
| Infrastructure | 514,152 | - | - | - | 514,152 |
| Buildings and improvements | 54,915,101 | 1,086,626 | - | - | 56,001,727 |
| Leasehold improvements | 178,997 | 360,459 | - | - | 539,456 |
| Equipment | 24,027,986 | 1,906,860 | - | 176,563 | 25,758,283 |
| Intangible assets | 2,404,974 | - | - | - | 2,404,974 |
| Total capital assets being depreciated or amortized | 84,241,632 | 3,370,545 | - | 176,563 | 87,435,614 |
| Less accumulated depreciation and amortization: | | | | | |
| Land improvements | 1,123,161 | 82,571 | - | - | 1,205,732 |
| Infrastructure | 32,135 | 12,854 | - | - | 44,989 |
| Buildings and improvements | 19,617,634 | 2,482,149 | - | - | 22,099,783 |
| Leasehold improvements | 4,474 | 17,961 | - | - | 22,435 |
| Equipment | 13,284,076 | 2,744,045 | - | 150,171 | 15,877,950 |
| Intangible asset | 87,650 | 60,124 | - | - | 147,774 |
| Total accumulated depreciation and amortization | 34,149,130 | 5,399,704 | - | 150,171 | 39,398,663 |
| Net capital assets | 51,842,529 | <u>\$ (306,496)</u> | <u>\$ -</u> | <u>\$ 1,127,072</u> | 50,408,961 |
| Less general obligation debt | (42,055,000) | | | | (39,990,000) |
| Add unspent general obligation debt | <u>1,996,780</u> | | | | <u>1,850,089</u> |
| Net investment in capital assets | <u>\$ 11,784,309</u> | | | | <u>\$ 12,269,050</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 5 – Capital Assets (continued)

Following are the changes in the College's capital assets for the year ended June 30, 2019:

| | Beginning Balance | Additions | Adjustments | Deletions | Ending Balance |
|--|-----------------------------|---------------------|-------------|---------------------|-----------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 462,500 | \$ 618,536 | \$ - | \$ - | \$ 1,081,036 |
| Construction in progress | 1,916,912 | 2,142,449 | - | 3,390,370 | 668,991 |
| Total capital assets not being depreciated or amortized | 2,379,412 | 2,760,985 | - | 3,390,370 | 1,750,027 |
| Capital assets being depreciated or amortized: | | | | | |
| Land improvements | 1,978,410 | 222,012 | - | - | 2,200,422 |
| Infrastructure | 514,152 | - | - | - | 514,152 |
| Buildings and improvements | 54,465,979 | 449,122 | - | - | 54,915,101 |
| Leasehold improvements | 1,774,566 | 178,997 | - | 1,774,566 | 178,997 |
| Equipment | 21,483,428 | 3,205,934 | - | 661,376 | 24,027,986 |
| Intangible asset | 1,151,757 | 1,253,217 | - | - | 2,404,974 |
| Total capital assets being depreciated or amortized | 81,368,292 | 5,309,282 | - | 2,435,942 | 84,241,632 |
| Less accumulated depreciation and amortization: | | | | | |
| Land improvements | 1,046,555 | 76,606 | - | - | 1,123,161 |
| Infrastructure | 19,281 | 12,854 | - | - | 32,135 |
| Buildings and improvements | 17,130,681 | 2,486,953 | - | - | 19,617,634 |
| Leasehold improvements | 660,351 | 48,839 | - | 704,716 | 4,474 |
| Equipment | 11,161,977 | 2,549,917 | - | 427,818 | 13,284,076 |
| Intangible asset | 43,191 | 44,459 | - | - | 87,650 |
| Total accumulated depreciation and amortization | 30,062,036 | 5,219,628 | - | 1,132,534 | 34,149,130 |
| Net capital assets | 53,685,668 | <u>\$ 2,850,639</u> | \$ - | <u>\$ 4,693,778</u> | 51,842,529 |
| Less general obligation debt | (45,770,000) | | | | (42,055,000) |
| Add unspent general obligation debt | <u>4,127,252</u> | | | | <u>1,996,780</u> |
| Net investment in capital assets | <u>\$ 12,042,920</u> | | | | <u>\$ 11,784,309</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 6 - Long-Term Obligations

The following is a summary of long-term obligations for the years ended June 30, 2020 and 2019:

| | Balance 07/01/19 | Increases | Decreases | Balance 06/30/20 | Due Within One Year |
|-------------------------|-----------------------------|---------------------|---------------------|-----------------------------|--------------------------------|
| General Obligation Debt | \$ 42,575,000 | \$ 4,700,000 | \$ 7,285,000 | \$ 39,990,000 | \$ 7,425,000 |
| Unamortized premium | 520,255 | 221,593 | 154,302 | 587,546 | - |
| | <u>\$ 43,095,255</u> | <u>\$ 4,921,593</u> | <u>\$ 7,439,302</u> | <u>\$ 40,577,546</u> | <u>\$ 7,425,000</u> |
| | | | | | |
| | Balance 07/01/18 | Increases | Decreases | Balance 06/30/19 | Due Within One Year |
| General Obligation Debt | \$ 46,810,000 | \$ 2,900,000 | \$ 7,135,000 | \$ 42,575,000 | \$ 7,285,000 |
| Unamortized premium | 598,347 | 85,513 | 163,605 | 520,255 | - |
| | <u>\$ 47,408,347</u> | <u>\$ 2,985,513</u> | <u>\$ 7,298,605</u> | <u>\$ 43,095,255</u> | <u>\$ 7,285,000</u> |

The College pledges full faith, credit, and resources of the College to pay all outstanding general obligation promissory notes. The College levies taxes annually to pay the amount of principal and interest due for the debt.

The obligations of the College at June 30 are as follows:

| | 2020 | 2019 |
|--|----------------|----------------|
| 2010 \$5,175,000 taxable general obligation promissory note payable to BMO Harris Bank, N.A., Milwaukee, WI, interest at 1.30%-3.55%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2020. Proceeds used for OPEB past service liability. | \$ - | \$ 520,000 |
| 2011 \$3,300,000 general obligation promissory note payable to BMO Harris Bank, N.A., Milwaukee, WI, interest at 1.85%-2.80%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2021. Proceeds used for building construction, remodeling, and equipment. | <u>200,000</u> | <u>450,000</u> |
| Subtotal | <u>200,000</u> | <u>970,000</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 6 - Long-Term Obligations (continued)

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Subtotal - carried forward | \$ 200,000 | \$ 970,000 |
| 2012 \$4,100,000 general obligation promissory note payable to UMB Bank, N.A., Kansas City, MO, interest at 1.00%-2.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2022. Proceeds used for building construction, remodeling, and equipment. | 400,000 | 700,000 |
| 2013 \$5,240,000 general obligation promissory note payable to Raymond James & Associates, Inc., St. Petersburg, FL, interest at 2.00%-2.40%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2023. Proceeds used for building construction, remodeling, and equipment. | 1,545,000 | 2,360,000 |
| 2013 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.50%-3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2020, until maturity on April 1, 2023. Proceeds used for building construction, remodeling, and equipment. | 1,175,000 | 1,500,000 |
| 2013 \$1,500,000 general obligation promissory note payable to Raymond James & Associates, Inc., St. Petersburg, FL, interest at 2.00%-2.50%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2020, until maturity on April 1, 2023. Proceeds used for building construction, remodeling, and equipment. | 1,175,000 | 1,500,000 |
| Subtotal | <u>4,495,000</u> | <u>7,030,000</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 6 - Long-Term Obligations (continued)

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Subtotal - carried forward | \$ 4,495,000 | \$ 7,030,000 |
| 2013 \$1,500,000 general obligation promissory note payable to UMB Bank, N.A., Kansas City, MO, interest at 2.40%-2.60%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2020, until maturity on April 1, 2023. Proceeds used for building construction, remodeling, and equipment. | 1,175,000 | 1,500,000 |
| 2014 \$5,000,000 general obligation promissory note payable to Hutchinson, Shockey, Erley & Co., Chicago, IL, interest at 1.50%-3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2024. Proceeds used for building construction, remodeling, and equipment. | 2,850,000 | 3,500,000 |
| 2015 \$4,500,000 general obligation promissory note payable to Hutchinson, Shockey, Erley & Co., Chicago, IL, interest at 1.50%-3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2024. Proceeds used for building construction, remodeling, and equipment. | 1,975,000 | 2,400,000 |
| 2015 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2021. Proceeds used for building construction, remodeling, and equipment. | 245,000 | 545,000 |
| Subtotal | <u>10,740,000</u> | <u>14,975,000</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 6 - Long-Term Obligations (continued)

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Subtotal - carried forward | \$ 10,740,000 | \$ 14,975,000 |
| 2015 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.00%-3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2020, until maturity on April 1, 2024. Proceeds used for building construction, remodeling, and equipment. | 1,350,000 | 1,500,000 |
| 2015 \$4,500,000 general obligation promissory note payable to UMB Bank, N.A., Kansas City, MO, interest at 1.00%-2.25%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2024. Proceeds used for building construction, remodeling, and equipment. | 2,350,000 | 2,850,000 |
| 2015 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2016, until maturity on April 1, 2021. Proceeds used for building construction, remodeling, and equipment. | 300,000 | 600,000 |
| 2015 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2016, until maturity on April 1, 2021. Proceeds used for building construction, remodeling, and equipment. | <u>300,000</u> | <u>600,000</u> |
| Subtotal | <u>15,040,000</u> | <u>20,525,000</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 6 - Long-Term Obligations (continued)

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Subtotal - carried forward | \$ 15,040,000 | \$ 20,525,000 |
| 2015 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.00%-3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2017, until maturity on April 1, 2022. Proceeds used for building construction, remodeling, and equipment. | 600,000 | 900,000 |
| 2015 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.00%-3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2021, until maturity on April 1, 2025. Proceeds used for building construction, remodeling, and equipment. | 1,500,000 | 1,500,000 |
| 2016 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2021, until maturity on April 1, 2025. Proceeds used for building remodeling and improvement projects. | 1,500,000 | 1,500,000 |
| 2016 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.00%-3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2020, until maturity on April 1, 2025. Proceeds used for building remodeling and improvement projects. | <u>1,300,000</u> | <u>1,500,000</u> |
| Subtotal | <u>19,940,000</u> | <u>25,925,000</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 6 - Long-Term Obligations (continued)

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Subtotal - carried forward | \$ 19,940,000 | \$ 25,925,000 |
| 2016 \$4,300,000 general obligation promissory note payable to Raymond James & Associates, Inc., St. Petersburg, FL, interest at 2.00%-2.25%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2016, until maturity on April 1, 2025. Proceeds used for building construction, remodeling, and equipment. | 2,150,000 | 2,500,000 |
| 2016 \$4,000,000 general obligation promissory note payable to FTN Financial Capital Markets, New York, NY, interest at 1.00%-2.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2017, until maturity on April 1, 2024. Proceeds used for the water main service extension project and equipment. | 1,700,000 | 2,200,000 |
| 2017 \$1,500,000 general obligation promissory note payable to Robert W. Baird Co., Milwaukee, WI, interest at 2.00%-3.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 commencing April 1, 2022, until maturity on April 1, 2026. Proceeds used for building remodeling and improvement projects. | 1,500,000 | 1,500,000 |
| 2017 \$3,500,000 general obligation promissory note payable to UMB Bank, N.A., Kansas City, MO, interest at 2.00%-2.55%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2026. Proceeds used for building improvements, remodeling, and to acquire equipment. | <u>2,700,000</u> | <u>2,900,000</u> |
| Subtotal | <u>27,990,000</u> | <u>35,025,000</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 6 - Long-Term Obligations (continued)

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Subtotal - carried forward | \$ 27,990,000 | \$ 35,025,000 |
| 2017 \$3,500,000 general obligation promissory note payable to UMB Bank, N.A., Kansas City, MO, interest at 2.00%-2.50%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2027. Proceeds used for building improvements and remodeling, construction, and to acquire equipment. | 2,900,000 | 3,150,000 |
| 2018 \$1,500,000 general obligation promissory note payable to BOK Financial Securities, Dallas, TX, interest at 2.50%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2027. Proceeds used for building improvements and remodeling. | 1,500,000 | 1,500,000 |
| 2018 \$2,900,000 general obligation promissory note payable to Dougherty & Company LLC, Minneapolis, MN, interest at 3.00-3.25%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2028. Proceeds used for building improvements and remodeling, and to acquire equipment. | 2,900,000 | 2,900,000 |
| 2019 \$3,200,000 general obligation promissory note payable to Northland Securities, Inc., Minneapolis, MN, interest at 2.00%-4.00%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2029. Proceeds used for building improvements and remodeling, construction, and to acquire equipment. | <u>3,200,000</u> | <u>-</u> |
| Subtotal | <u>38,490,000</u> | <u>42,575,000</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 6 - Long-Term Obligations (continued)

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Subtotal - carried forward | \$ 38,490,000 | \$ 42,575,000 |
| 2020 \$1,500,000 general obligation promissory note payable to Dougherty & Company LLC, Minneapolis, MN, interest at 1.30-3.25%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2030. Proceeds used for building improvements and remodeling, and to acquire land and construction of additional facilities. | <u>1,500,000</u> | <u>-</u> |
| Total outstanding long-term obligations | <u>\$ 39,990,000</u> | <u>\$ 42,575,000</u> |

Principal and interest are payable from irrevocable ad valorem taxes levied on all taxable property in the District. The annual requirements to amortize all outstanding general obligation debt, including interest, at June 30 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|---------------------|----------------------|
| 2021 | \$ 7,425,000 | \$ 1,000,648 | \$ 8,425,648 |
| 2022 | 7,165,000 | 835,874 | 8,000,874 |
| 2023 | 6,950,000 | 664,869 | 7,614,869 |
| 2024 | 6,000,000 | 489,031 | 6,489,031 |
| 2025 | 4,275,000 | 326,625 | 4,601,625 |
| 2026-2030 | <u>8,175,000</u> | <u>396,548</u> | <u>8,571,548</u> |
| | <u>\$ 39,990,000</u> | <u>\$ 3,713,595</u> | <u>\$ 43,703,595</u> |

Wisconsin Statutes 67.03(1) provides the aggregate amount of indebtedness of a district shall not exceed 5 percent of the value of the taxable property located in the district. The 5 percent limit at June 30, 2020 and 2019, was \$734,545,974 and \$685,086,735, respectively. The actual indebtedness of the College for 2020 and 2019 was \$39,990,000 and \$42,575,000, respectively. The indebtedness of the College, net of resources available for 2020 and 2019 was \$38,922,958 and \$42,116,686, respectively. In addition, the maximum bonded indebtedness of the College for purchasing and constructing buildings and equipment may not exceed 2 percent of the value of the taxable property within the District. The 2 percent limit at June 30, 2020 and 2019, was \$293,818,389 and \$274,034,694, respectively. The College had no bonded indebtedness for 2020 and 2019.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 7 - Retirement Plans

All eligible College employees participate in the WRS, a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. Eligibility requirements are as follows:

- Employees initially employed by a WRS employer prior to July 1, 2011 – Expected to be employed for at least one year and expected to work at least 600 hours a year (440 hours for teachers).
- Employees initially employed by a WRS employer on or after July 1, 2011 – Expected to be employed for at least one year and expected to work at least 1,200 hours a year (880 hours for teachers).

Employees who retire at or after age 65 are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service. Final average earnings is the average of the employee's three highest annual earnings periods. Creditable service includes current service and prior service for which an employee received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit

Employees may retire at age 55 and receive actuarially reduced benefits. Employees terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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 or beginning employment on or after April 24, 1998, up to and including June 30, 2011, are immediately vested. Participants initially beginning employment on or after July 1, 2011, are not eligible for a WRS retirement annuity or lump sum retirement benefit until they have five years of creditable service.

The WRS also provides death and disability benefits for employees.

Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found online at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 7 - Retirement Plans (continued)

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

| Year | Core Fund Adjustment % | Variable Fund Adjustment % |
|------|------------------------|----------------------------|
| 2010 | (1.3) | 22 |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |
| 2016 | 0.5 | (5) |
| 2017 | 2.0 | 4 |
| 2018 | 2.4 | 17 |
| 2019 | 0.0 | (10) |

Contributions: Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,026,116 in contributions from the College.

Contribution rates as of June 30, 2020 and 2019 are:

| Employee Category | 2020 | | 2019 | |
|--|----------|----------|----------|----------|
| | Employee | Employer | Employee | Employer |
| General (including teachers, executives and elected officials) | 6.75% | 6.75% | 6.55% | 6.55% |
| Protective with Social Security | 6.75% | 11.65% | 6.55% | 10.55% |
| Protective without Social Security | 6.75% | 16.25% | 6.55% | 14.95% |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 7 - Retirement Plans (continued)

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

At June 30, 2020 and 2019, the College reported an (asset) of (\$3,089,571) and a liability of \$3,496,801 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31 within the College's fiscal year, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation one year prior to and rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The College's proportion of the net pension liability (asset) was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019 and 2018, the College's proportion was 0.096% and 0.098% (a decrease of 0.002% from the prior year).

For the year ended June 30, 2020 and 2019, the College recognized pension expense of \$1,226,401 and \$2,427,316.

At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2020 | | 2019 | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$5,864,712 | (\$2,934,896) | \$2,723,478 | (\$4,814,130) |
| Changes in assumptions | 240,759 | 0 | 589,432 | 0 |
| Net differences between projected and actual earnings on pension plan investments | 0 | (\$6,316,182) | 5,106,839 | 0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 77,758 | 0 | 136,070 | 0 |
| Employer contributions subsequent to the measurement date | 516,706 | 0 | 493,825 | 0 |
| Total | \$6,699,935 | (\$9,251,078) | \$9,049,644 | (\$4,814,130) |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 7 - Retirement Plans (continued)

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| <u>Year ended June 30:</u> | <u>Net Deferred Outflows (Inflows) of Resources</u> |
|----------------------------|---|
| 2021 | (\$889,858) |
| 2022 | (675,208) |
| 2023 | 121,110 |
| 2024 | (1,623,893) |

Actuarial assumptions: The total pension liability in the December 31, 2018 and 2017, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------------------|-----------------------------------|
| Actuarial Valuation Date: | December 31, 2018 | December 31, 2017 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2019 | December 31, 2018 |
| Actuarial Cost Method: | Entry Age | Entry Age |
| Asset Valuation Method: | Fair Market Value | Fair Market Value |
| Long-Term Expected Rate of Return: | 7.0% | 7.0% |
| Discount Rate: | 7.0% | 7.0% |
| Salary Increases: | | |
| Inflation | 3.0% | 3.0% |
| Seniority/Merit | 0.1% - 5.6% | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table | Wisconsin 2018 Mortality Table |
| Post-retirement Adjustments* | 1.9% | 1.9% |

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2019 and 2018, is based upon a roll-forward of the liability calculated from the December 31, 2018 and 2017, actuarial valuations.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 7 - Retirement Plans (continued)

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

Asset Allocation Targets and Expected Returns
As of December 31, 2019

| | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return |
|----------------------------------|-------------------------------|--|---|
| <u>Core Fund Asset Class</u> | | | |
| Global equities | 49.0% | 8.0% | 5.1% |
| Fixed income | 24.5% | 4.9% | 2.1% |
| Inflation sensitive assets | 15.5% | 4.0% | 1.2% |
| Real estate | 9.0% | 6.3% | 3.5% |
| Private equity/debt | 8.0% | 10.6% | 7.6% |
| Multi-asset | 4.0% | 6.9% | 4.0% |
| Total core fund | 110.0% | 7.5% | 4.6% |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. equities | 70.0% | 7.5% | 4.6% |
| International equities | 30.0% | 8.2% | 5.3% |
| Total variable fund | 100.0% | 7.8% | 4.9% |

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

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

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 7 - Retirement Plans (continued)

Asset Allocation Targets and Expected Returns

As of December 31, 2018

| | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return |
|----------------------------------|-----------------------|---|--|
| <u>Core Fund Asset Class</u> | | | |
| Global equities | 49.0% | 8.1% | 5.5% |
| Fixed income | 24.5% | 4.0% | 1.5% |
| Inflation sensitive assets | 15.5% | 3.8% | 1.3% |
| Real estate | 9.0% | 6.5% | 3.9% |
| Private equity/debt | 8.0% | 9.4% | 6.7% |
| Multi-asset | 4.0% | 6.7% | 4.1% |
| Total core fund | 110.0% | 7.3% | 4.7% |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. equities | 70.0% | 7.6% | 5.0% |
| International equities | 30.0% | 8.5% | 5.9% |
| Total variable fund | 100.0% | 8.0% | 5.4% |

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

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

Single Discount Rate: A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 7 - Retirement Plans (continued)

Sensitivity of the College's proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents the College's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent (7.00 percent for the prior year), as well as what the College's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 2020 | | 2019 | |
|------------------------------|---------------|-------------------------------|---------------|-------------------------------|
| | Discount Rate | Net Pension Liability (Asset) | Discount Rate | Net Pension Liability (Asset) |
| 1% decrease to discount rate | 6.0% | \$7,956,198 | 6.0% | \$13,896,654 |
| Current discount rate | 7.0% | (3,089,571) | 7.0% | 3,496,801 |
| 1% increase to discount rate | 8.0% | (11,347,554) | 8.0% | (4,236,296) |

Payables to the pension plan: The College reported a payable to the pension plan for the outstanding amount of required contributions of \$263,660 at June 30, 2020 and \$256,420 at June 30, 2019.

Note 8 – Other Post-Employment Benefits – Retiree Medical

As of the June 30 actuarial valuation, members of the plan consisted of the following:

| | 2020 | 2019 |
|---|------|------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 29 | 29 |
| Inactive plan members entitled but not yet receiving benefit payments | - | - |
| Active plan members | 182 | 182 |
| Total participants | 211 | 211 |

The College provides post-retirement health care, dental and life insurance benefits to certain teachers, support staff and administrators under contractual arrangements. Retirees must be 55 years old and have completed 12, 15, or 18 years of service to receive three, four or five years of paid health insurance, respectively. Health care benefits are coordinated with Medicare after age 65. Dental coverage is available only to College Presidents. The cost method used in estimating the Actuarially Determined Contribution was the Projected Unit Credit Cost Method. The significant assumptions used in the computation include a 7.0% discount rate, a health insurance premium rate trend of 10% in year 1 and declining to 5% in year 11 and remaining at that level thereafter for those under age 65, and a health insurance premium rate of 5.0% for those over age 65.

The College established a trust (Blackhawk Technical College Post-Employment Benefits Trust) for the purpose of funding the Other Post-Employment Benefits (OPEB) liability on November 21, 2007. The plan's financial statements are prepared on the accrual basis of accounting. The College Board determines the amount contributed to the trust. Benefits are paid at the time premiums are due to the insurance carrier. Investments are reported at fair value. The plan does not issue a standalone report.

The OPEB plan investment policies are described in Notes 1 and 2. For June 30, 2020 and 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 6.62% and 6.53%, respectively. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 8 – Other Post-Employment Benefits – Retiree Medical (continued)

The components of the net OPEB liability (asset) of the College at June 30, is as follows:

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------|-----------------------|
| Total OPEB liability | \$ 4,283,691 | \$ 4,128,971 |
| Plan fiduciary net position | <u>9,969,673</u> | <u>9,666,147</u> |
| Net OPEB liability (asset) | <u>\$ (5,685,982)</u> | <u>\$ (5,537,176)</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>232.74%</u> | <u>234.11%</u> |

The net OPEB liability (asset) was measured as of June 30, 2020 and 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and 2019.

The long term expected rate of return on OPEB plan investments was 7.0%. The rate was determined based on a review of the current portfolio and the long-term expectation that amounts will be invested in a higher interest rate environment.

Mortality rates were based on the RP-2014 Total Data Set Mortality adjusted to 2006 base mortality year and then projected forward using MP-2018 generational future mortality improvement scale.

Healthcare Cost Trend Rates: Pre-65 medical costs were trended at 10.0% in the first year, graded down to 5.0% over 11 years; post-65 medical costs were trended at a flat 5.0% per year.

The Discount Rate used to measure the Total OPEB Liability was 7.00%. Because the Plan's Fiduciary Net Position is projected to be available to make all projected OPEB payments for current active and inactive employees, the plan's long-term investment rate of return was applied to all periods.

Changes in the Net OPEB Liability (Asset) for the year ended June 30, 2020 and 2019 are as follows:

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 8 – Other Post-Employment Benefits – Retiree Medical (continued)

| Changes in Net OPEB Liability Year Ended June 30, 2020 | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|--|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (Asset) (a) - (b) |
| Balances at July 1, 2019 | \$ 4,128,971 | \$ 9,666,147 | \$ (5,537,176) |
| Changes for the year: | | | |
| Service cost | 232,511 | - | 232,511 |
| Interest | 291,097 | - | 291,097 |
| Differences between expected and actual experience | (30,981) | - | (30,981) |
| Changes in assumptions | - | - | - |
| Contributions - Employer | - | 55,000 | (55,000) |
| Net investment income | - | 630,896 | (630,896) |
| Benefit payments, including refunds of employee contributions | (337,907) | (337,907) | - |
| Administrative expense | - | (44,463) | 44,463 |
| Net changes | 154,720 | 303,526 | (148,806) |
| Balances as of June 30, 2020 | \$ 4,283,691 | \$ 9,969,673 | \$ (5,685,982) |

| Changes in Net OPEB Liability Year Ended June 30, 2019 | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|--|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (Asset) (a) - (b) |
| Balances at July 1, 2018 | \$ 4,716,550 | \$ 9,388,673 | \$ (4,672,123) |
| Changes for the year: | | | |
| Service cost | 214,630 | - | 214,630 |
| Interest | 331,386 | - | 331,386 |
| Differences between expected and actual experience | (992,208) | - | (992,208) |
| Changes in assumptions | 195,401 | - | 195,401 |
| Contributions - Employer | - | 55,000 | (55,000) |
| Net investment income | - | 603,489 | (603,489) |
| Benefit payments, including refunds of employee contributions | (336,788) | (336,788) | - |
| Administrative expense | - | (44,227) | 44,227 |
| Net changes | (587,579) | 277,474 | (865,053) |
| Balances as of June 30, 2019 | \$ 4,128,971 | \$ 9,666,147 | \$ (5,537,176) |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 8 – Other Post-Employment Benefits – Retiree Medical (continued)

The following presents the net OPEB liability (asset), calculated using a discount rate of 7.0 percent, as well as what the net OPEB liability(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current discount rate:

Sensitivity of the Net OPEB Liability (Asset) to the Changes in the Discount Rate

| | June 30, 2020 | | |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 1% Decrease | Current | 1% Increase |
| Total OPEB Liability | \$ 4,647,477 | \$ 4,283,691 | \$ 3,959,115 |
| Plan Fiduciary Net Position | 9,969,673 | 9,969,673 | 9,969,673 |
| Net OPEB Liability (Asset) | <u>\$ (5,322,196)</u> | <u>\$ (5,685,982)</u> | <u>\$ (6,010,558)</u> |

| | June 30, 2019 | | |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 1% Decrease | Current | 1% Increase |
| Total OPEB Liability | \$ 4,431,471 | \$ 4,128,971 | \$ 3,857,431 |
| Plan Fiduciary Net Position | 9,666,147 | 9,666,147 | 9,666,147 |
| Net OPEB Liability (Asset) | <u>\$ (5,234,676)</u> | <u>\$ (5,537,176)</u> | <u>\$ (5,808,716)</u> |

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

Sensitivity of the Net OPEB Liability (Asset) to the Changes in the Healthcare Cost Trend Rates

| | June 30, 2020 | | |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 1% Decrease | Current | 1% Increase |
| Total OPEB Liability | \$ 3,891,418 | \$ 4,283,691 | \$ 4,736,680 |
| Plan Fiduciary Net Position | 9,969,673 | 9,969,673 | 9,969,673 |
| Net OPEB Liability (Asset) | <u>\$ (6,078,255)</u> | <u>\$ (5,685,982)</u> | <u>\$ (5,232,993)</u> |

| | June 30, 2019 | | |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 1% Decrease | Current | 1% Increase |
| Total OPEB Liability | \$ 3,795,630 | \$ 4,128,971 | \$ 4,512,337 |
| Plan Fiduciary Net Position | 9,666,147 | 9,666,147 | 9,666,147 |
| Net OPEB Liability (Asset) | <u>\$ (5,870,517)</u> | <u>\$ (5,537,176)</u> | <u>\$ (5,153,810)</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 8 – Other Post-Employment Benefits – Retiree Medical (continued)

For the year ended June 30, 2020 and 2019, the College recognized OPEB expense of (\$216,647) and (\$177,533), respectively. At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2020 | | 2019 | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 197,071 | \$ (778,617) | \$ 245,972 | \$ (872,916) |
| Changes in assumptions | 147,859 | | 171,630 | |
| Net difference between projected and actual earnings on OPEB plan investments | - | (52,681) | - | (153,895) |
| Total | \$ 344,930 | \$ (831,298) | \$ 417,602 | \$ (1,026,811) |

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|---------------------|--------------|
| 2021 | \$ (119,958) |
| 2022 | (59,854) |
| 2023 | (37,468) |
| 2024 | (45,835) |
| 2025 | (99,764) |
| Thereafter | (123,489) |

Note 9 – Other Post-Employment Benefits – Local Retiree Life Insurance Fund

The Local Retiree Life Insurance Fund (LRLIF) is a cost-sharing multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Additionally, EFT issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 9 – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (continued)

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2020 are:

| Coverage Type | Employer Contribution |
|------------------------------|------------------------------|
| 25% Post Retirement Coverage | 20% of employee contribution |

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the years ended June 30, 2020 and 2019, are as listed below:

| Life Insurance Employee Contribution Rates* For the years ended June 30, 2020 and 2019 | | |
|--|--------|--------------|
| Attained Age | Basic | Supplemental |
| Under 30 | \$0.05 | \$0.05 |
| 30-34 | 0.06 | 0.06 |
| 35-39 | 0.07 | 0.07 |
| 40-44 | 0.08 | 0.08 |
| 45-49 | 0.12 | 0.12 |
| 50-54 | 0.22 | 0.22 |
| 55-59 | 0.39 | 0.39 |
| 60-64 | 0.49 | 0.49 |
| 65-69 | 0.57 | 0.57 |
| *Disabled members under age 70 receive a waiver-of-premium benefit. | | |

During the reporting period, the LRLIF recognized \$7,069 in contributions from the College.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2020 and 2019, the College reported a liability of \$1,576,292 and \$1,001,299 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The College's proportion of the net OPEB liability was based on the College's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019 and 2018, the College's proportion was 0.370 % and 0.388%, (a decrease of 0.018% from the prior year).

For the year ended June 30, 2020 and 2019, the College recognized OPEB expense of \$99,887 and \$87,199.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 9 – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (continued)

At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | 2020 | | 2019 | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$0 | (\$70,616) | \$0 | (\$50,795) |
| Changes in assumptions | 581,500 | (173,380) | 95,539 | (217,042) |
| Net differences between projected and actual earnings on pension plan investments | 29,734 | 0 | 23,929 | 0 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 0 | (103,649) | 0 | (70,471) |
| Employer contributions subsequent to the measurement date | 3,509 | 0 | 3,765 | 0 |
| Total | <u>\$614,743</u> | <u>(\$347,645)</u> | <u>\$123,233</u> | <u>(\$338,308)</u> |

Deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | Net Deferred Outflows (Inflows) of Resources |
|---------------------|--|
| 2021 | \$43,039 |
| 2022 | 43,039 |
| 2023 | 39,833 |
| 2024 | 36,531 |
| 2025 | 30,489 |
| Thereafter | 70,658 |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 9 – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (continued)

Actuarial assumptions: The total OPEB liability in the January 1, 2019 and 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | 2020 | 2019 |
|--|-----------------------------------|-----------------------------------|
| Actuarial Valuation Date: | January 1, 2019 | January 1, 2018 |
| Measurement Date of Net OPEB Liability | December 31, 2019 | December 31, 2018 |
| Actuarial Cost Method: | Entry Age Normal | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield: | 2.74% | 4.10% |
| Long-Term Expected Rate of Return: | 4.25% | 5.00% |
| Discount Rate: | 2.87% | 4.22% |
| Salary Increases: | | |
| Inflation | 3.0% | 3.0% |
| Seniority/Merit | 0.1% - 5.6% | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The total OPEB liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Long-term expected Return on Plan Assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Allocation Targets and Expected Returns

As of December 31, 2019

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation %</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|-----------------------------------|----------------------|--------------------------------|---|
| US Credit Bonds | Barclays Credit | 45.0% | 2.12% |
| US Long Credit Bonds | Barclays Long Credit | 5.0% | 2.90% |
| US Mortgages | Barclays MBS | 50.0% | 1.53% |
| Inflation | | | 2.20% |
| Long-Term Expected Rate of Return | | | 4.25% |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 9 – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (continued)

Asset Allocation Targets and Expected Returns As of December 31, 2018

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation %</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|-----------------------------------|-------------------------|----------------------------|---|
| US Government Bonds | Barclays Government | 1.0% | 1.44% |
| US Credit Bonds | Barclays Credit | 40.0% | 2.69% |
| US Long Credit Bonds | Barclays Long Credit | 4.0% | 3.01% |
| US Mortgages | Barclays MBS | 54.0% | 2.25% |
| US Municipal Bonds | Bloomberg Barclays Muni | 1.0% | 1.68% |
| Inflation | | | 2.30% |
| Long-Term Expected Rate of Return | | | 5.00% |

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate: A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 2.87 percent (4.22 percent for the prior year), as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 2020 | | 2019 | |
|------------------------------|----------------------|---------------------------|----------------------|---------------------------|
| | <u>Discount Rate</u> | <u>Net OPEB Liability</u> | <u>Discount Rate</u> | <u>Net OPEB Liability</u> |
| 1% decrease to discount rate | 1.87% | \$1,119,577 | 3.22% | \$1,424,412 |
| Current discount rate | 2.87% | 1,576,290 | 4.22% | 1,001,299 |
| 1% increase to discount rate | 3.87% | 1,119,577 | 5.22% | 674,961 |

Payables to the OPEB plan: There were no outstanding required contributions at June 30, 2020 and 2019.

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 10 - Expenses Classification

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

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Salaries and wages | \$ 17,357,504 | \$ 17,122,574 |
| Employee benefits | 5,436,234 | 6,745,566 |
| Travel, memberships, and subscriptions | 248,982 | 283,606 |
| Supplies | 2,522,830 | 3,600,211 |
| Contract services | 5,178,332 | 3,868,572 |
| Rentals | 410,584 | 467,207 |
| Credit | 212,387 | 215,371 |
| Insurance | 235,385 | 220,014 |
| Utilities | 669,321 | 793,664 |
| Depreciation | 5,399,704 | 4,087,094 |
| Student aid | 3,351,334 | 2,474,459 |
| | <u>\$ 41,022,597</u> | <u>\$ 39,878,338</u> |
| Total operating expenses | | |

Note 11 - Commitments and Contingencies

The College receives regular program aids from the WTCS Board based on aidable expenditures. This amount is subject to adjustment based on a state audit of the full-time equivalent students and cost allocation reports of the College and other districts of the state. The audit for the year ended June 30, 2020, has not been completed. It is the belief of management of the College audit adjustments, if any, will not materially affect the College's financial position.

From time to time, the College becomes party to claims and legal proceedings. A former student filed a claim for tuition cost reimbursement, lost wages compensation and attorney fees. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of legal counsel and our insurer that this claim falls under our educators' legal liability policy which has a maximum exposure of \$100,000. This amount has been recorded as a reserve in the financial statements.

As of June 30, 2020, the College had approximately \$774,000 in project commitments related to projects-in-progress at year-end.

Note 12 – Operating Leases

The College's operating leases are month-to-month and year-to-year for institutional facilities and office equipment. Total expense for all operating leases for the years ended June 30, 2020 and 2019, was approximately \$369,611 and \$410,664, respectively. Total future minimum lease payments under operating leases at June 30 are estimated as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2021 | \$ 371,375 |
| 2022 | 378,202 |
| 2023 | 324,988 |
| 2024 | 30,000 |
| 2025 | 30,000 |
| | <u>\$ 1,134,565</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 13 - Insurance

Districts Mutual Insurance: In July 2004, all sixteen WTCS technical colleges created Districts Mutual Insurance Company (DMI). DMI is a fully assessable mutual company authorized under Wisconsin Statute Chapter 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$500,225,000 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 College's exposure in its layer of insurance is limited to \$5,000 to \$100,000 per occurrence depending on the type of coverage, and DMI purchases reinsurance for losses in excess of its retained layer of coverage.

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

At the start of operations, each member college was assessed a charge for a capitalization component to establish reserves for the Company. For the years ended June 30, 2020 and 2019, the College paid premiums of approximately \$200,152 and \$183,106, respectively, to DMI. Future premiums will be based on relevant rating exposure bases as well as the historical loss experience by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the Company. The audited DMI financial statements can be obtained through Districts Mutual Insurance Co., 212 West Pinehurst Trail, Dakota Dunes, SD 57049.

Supplemental Insurance: In July 1997, the WTCS technical colleges formed the WTCS Insurance Trust to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. The trust is organized under Wisconsin Statutes 66.0301 and is governed by a board of trustees consisting of one trustee from each member college. Member entities include all sixteen WTCS districts.

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

- *Liability:* \$5,000,000 aggregate general; \$1,000,000 auto per accident; \$1,000,000 employee benefits; includes benefit for accidental death and dismemberment, repatriation, and medical expenses; \$1,000 deductible for employee benefits.
- *Crime:* \$750,000 coverage for employee dishonesty, forgery, computer fraud and funds transfer fraud; \$750,000 coverage for theft, robbery, burglary, disappearance and destruction of money and securities; \$25,000 coverage for investigation expenses; \$2,500 deductible for investigation, \$15,000 deductible for employee dishonesty, forgery and fraud.

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

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 14 – Transactions with Component Unit

The College paid Foundation expense of approximately \$58,340 and \$61,458 for the years ended June 30, 2020 and 2019, respectively. These expenses covered the costs of salaries, benefits, office space, computer usage, and office supplies. In December 2016, the College entered into a ten year lease with option terms of up to four (4) additional periods of five (5) years each. Total rental income paid to the Foundation for the years ended June 30, 2020 and 2019 was \$334,681 and \$328,119, respectively. The College also received donated equipment in the amounts of \$302,490 and \$7,720 from the Foundation for the years ended June 30, 2020 and 2019, respectively. In addition, the Foundation disbursed scholarships and awards of \$119,927 and \$63,486 on behalf of the College during the fiscal years ended June 30, 2020 and 2019, respectively.

Note 15 - Component Unit

This report contains the Blackhawk Technical College Foundation, Inc., which is included as a component unit. Financial information is presented as a discrete column in the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows.

In addition to the basic financial statements, the following disclosures are considered necessary for a fair presentation.

Cash and Investments: The Foundation considers all cash and investments with an original maturity of three months or less to be cash equivalents.

Investment securities are carried at market value.

Cash and investments at June 30, 2020 and 2019 are as follows:

| | Cost | Fair Value | Unrealized Gains |
|----------------------------|---------------------|---------------------|-------------------------|
| June 30, 2020 | | | |
| Certificates of Deposit | \$ 427,545 | \$ 427,545 | \$ - |
| Equity | 1,324,926 | 1,258,263 | (66,663) |
| Fixed Income | 733,520 | 766,586 | 33,066 |
| Total Investments | <u>\$ 2,485,991</u> | <u>\$ 2,452,394</u> | <u>\$ (33,597)</u> |
| Cash & Cash Equivalents | | 314,065 | |
| Total Cash and Investments | | <u>\$ 2,766,459</u> | |
| June 30, 2019 | | | |
| Certificates of Deposit | \$ 176,071 | \$ 176,071 | \$ - |
| Equity | 1,043,190 | 1,142,528 | 99,338 |
| Fixed Income | 619,990 | 634,718 | 14,728 |
| Total Investments | <u>\$ 1,839,251</u> | <u>\$ 1,953,317</u> | <u>\$ 114,066</u> |
| Cash & Cash Equivalents | | 359,883 | |
| Total Cash and Investments | | <u>\$ 2,313,200</u> | |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 15 – Component Unit (continued)

Investment income reported in the statement of revenues, expenses and changes in net position totaled \$72,196 and \$88,453 respectively for the years ended June 30, 2019 and 2018 and consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|------------------------|------------------|------------------|
| Interest and dividends | \$ 66,662 | \$ 77,918 |
| Net realized gains | 167,106 | 19,012 |
| Net unrealized gains | (147,663) | 1,569 |
| Investment fees | (13,909) | (10,046) |
| | <u>\$ 72,196</u> | <u>\$ 88,453</u> |

Contributions: Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, the Foundation recorded the following unconditional promises:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Restricted for manufacturing training center | \$ 5,000 | \$ 10,000 |
| Restricted for student support | 522,940 | 421,325 |
| Without donor restriction | 5,452 | 1,900 |
| Less discounts to net present value | (26,256) | (18,925) |
| | <u>\$ 507,136</u> | <u>\$ 414,300</u> |

Buildings and Equipment: In December 2016, the Foundation purchased a building in Milton, Wisconsin, for \$2,042,267. In December 2019, the Foundation purchased additional interest in the building for \$954,265 and land for \$113,058. The building is leased to the College under a ten (10) year lease with option terms of up to four (4) additional periods of five (5) years each. Depreciation is computed using the straight-line method over an estimated useful life of 40 years and depreciation expense of \$62,984 and \$51,056 was recorded as of June 30, 2020 and 2019, respectively.

Debt: On December 13, 2019, the Foundation entered into a loan agreement for \$2,450,000. The loan proceeds were used to purchase land and refinance an existing loan for the building purchase the building in Milton, Wisconsin. The loan is for 8 years and carries a fixed rate of 4.29%. Principal and interest are paid monthly utilizing an amortization schedule over 15 years. Outstanding loan balances were \$2,391,548 and \$1,083,299, respectively as of June 30, 2020 and 2019.

Net Position: Temporarily restricted net assets included assets set aside in accordance with donor restrictions as to time or use. Temporarily restricted net assets are available for future payment of scholarships, grants, and educational programming opportunities for students and staff.

Permanently restricted net assets have been restricted by donors to be maintained in perpetuity, the income of which is expendable to support scholarship programs of the Foundation.

Net position classified at June 30 are as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------|---------------------|---------------------|
| Restricted | \$ 3,142,977 | \$ 2,623,728 |
| Unrestricted | 958,765 | 891,359 |
| | <u>\$ 4,101,742</u> | <u>\$ 3,515,087</u> |

Blackhawk Technical College District

Notes to the Basic Financial Statements

Note 15 – Component Unit (continued)

Related Party Transactions: The Foundation received donated services from the College for salaries, benefits, office space, and computer usage. The value of these donated services was \$58,340 and \$61,458, respectively for the years ended June 30, 2020 and 2019. The Foundation received facility rental income from the College in the amounts of \$334,681 and \$328,119, respectively for the years ended June 30, 2020 and 2019. The Foundation also transferred donated equipment to the College in the amounts of \$302,490 and \$7,720, respectively for the years ended June 30, 2020 and 2019.

Note 16 - Subsequent Events

On August 6, 2020, the College issued general obligation promissory notes in the amount of \$3,500,000. The proceeds are to be used for costs related to building remodeling and improvement projects and for the acquisition of movable equipment. The interest rate varies from 1.0% to 1.15% with the first principal payment due April 1, 2022.

On November 3, 2020, a referendum in the amount of \$32 million was approved for the College. These funds will be used to build a new public safety and transportation training center, designed for use by students in nine areas of study as well as training for community police officers, firefighters, first responders, and others. The project is expected to be completed over the next three years. Multiple bonds will be issued to finance this project over the next three years with estimated interest rates ranging from 3% to 4%.

Subsequent events have been evaluated through December 16, 2020, which is the date the financial statements were available to be issued.

Required Supplementary Information

Blackhawk Technical College District

Schedule of Changes in Net OPEB Liability and Related Ratios

Year Ended June 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Measurement Date | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u> | <u>6/30/2017</u> |
| Total OPEB Liability | | | | |
| Service Cost | \$ 232,511 | \$ 214,630 | \$ 214,630 | \$ 199,624 |
| Interest | 291,097 | 331,386 | 321,454 | 274,928 |
| Difference between Expected and Actual Experience | (30,981) | (992,208) | (1,979) | 392,675 |
| Changes in Assumptions | - | 195,401 | - | - |
| Benefit Payments | (337,907) | (336,788) | (392,222) | (388,352) |
| Net Change in Total OPEB Liability | 154,720 | (587,579) | 141,883 | 478,875 |
| Beginning Balance | 4,128,971 | 4,716,550 | 4,574,667 | 4,095,792 |
| Ending Balance | <u>\$ 4,283,691</u> | <u>\$ 4,128,971</u> | <u>\$ 4,716,550</u> | <u>\$ 4,574,667</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions | \$ 55,000 | \$ 55,000 | \$ - | \$ 130,000 |
| Net Investment Income | 630,896 | 603,489 | 734,433 | 885,302 |
| Benefit Payments | (337,907) | (336,788) | (392,222) | (388,352) |
| Administrative Expense | (44,463) | (44,227) | (43,456) | (40,239) |
| Net Change in Plan Fiduciary Net Position | 303,526 | 277,474 | 298,755 | 586,711 |
| Beginning Balance | 9,666,147 | 9,388,673 | 9,089,918 | 8,503,207 |
| Ending Balance | <u>\$ 9,969,673</u> | <u>\$ 9,666,147</u> | <u>\$ 9,388,673</u> | <u>\$ 9,089,918</u> |
| Net OPEB Liability (Asset) | <u>\$ (5,685,982)</u> | <u>\$ (5,537,176)</u> | <u>\$ (4,672,123)</u> | <u>\$ (4,515,251)</u> |
| Plan Fiduciary Net Position as a % of the Total OPEB Liability | 232.74% | 234.11% | 199.06% | 198.70% |
| Covered Employee Payroll | \$ 12,265,057 | \$ 12,265,057 | \$ 12,348,508 | \$ 12,348,508 |
| Net OPEB Liability (Asset) as a % of Covered Employee Payroll | -46.36% | -45.15% | -37.84% | -36.57% |

See Independent Auditor's Report.

Blackhawk Technical College District

Schedule of Employer Contributions - OPEB

Last 10 Fiscal Years, As Available

Schedule of Employer Contributions Last 10 Fiscal Years, As Available

| | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially Determined Contribution | \$ 237,421 | \$ 239,628 | \$ 223,951 | \$ 213,677 | \$ 239,832 |
| Actual Employer Contributions | 55,000 | 55,000 | - | 130,000 | - |
| Contribution Deficiency (Excess) | \$ 182,421 | \$ 184,628 | \$ 223,951 | \$ 83,677 | \$ 239,832 |
| Covered Employee Payroll | \$ 12,265,057 | \$ 12,265,057 | \$ 12,348,508 | \$ 12,348,508 | \$ 11,915,830 |
| Contributions as a % of Covered Employee Payroll | 0.45% | 0.45% | 0.00% | 1.05% | 0.00% |

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of June 30 in the year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|------------------------------|---|
| Actuarial Cost Method: | Projected Unit Credit |
| Amortization Method: | Level Dollar, Open |
| Amortization Period: | 30 years |
| Asset Valuation Method: | Fair Market Value |
| Healthcare Cost Trend Rates: | Pre-65 medical costs were trended at 10.0% in the first year, graded down to 5.0% over 11 years; post-65 medical costs were trended at a flat 5.0% per year. |
| Investment Rate of Return: | 7.0% per annum |
| Participation Rate: | 100% of eligible employees are assumed to be covered in the plan at retirement. |
| Mortality: | RP-2014 Total Data Set Mortality adjusted to 2006 base mortality year and then projected forward using MP-2018 generational future mortality improvement scale. |

Retirement Rates:

| Select Rates | | Ultimate Rates (after first year of retirement eligibility) | | | |
|--------------|------|---|------|-------|------|
| Age | Rate | Age | Rate | Age | Rate |
| 55-64 | 30% | 55 | 30% | 62 | 20% |
| 65+ | 100% | 56-59 | 2% | 63-64 | 10% |
| | | 60-61 | 3% | 65+ | 100% |

Per Capita Claim Costs (Medical):

Per Capita Claim Costs (Medical)

| Age | Single | Spouse |
|----------|---------|---------|
| Under 65 | \$6,948 | \$9,984 |
| 65+ | \$4,780 | \$4,569 |

See Independent Auditor's Report.

Blackhawk Technical College District

Schedule of Investment Returns

Year Ended June 30, 2020

Schedule of Investment Returns Year Ended June 30, 2020

Annual Rate of Return on Fair Market Value of Assets
(Net of investment expenses)

| 2020 | 2019 | 2018 | 2017 |
|-------------|-------------|-------------|-------------|
| 6.62% | 6.53% | 8.26% | 10.60% |

See Independent Auditor's Report.

Blackhawk Technical College District

Schedules of Employer's Proportionate Share of the Net Pension Liability (Asset)

Year Ended June 30, 2020

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)

Wisconsin Retirement System
Last 10 Calendar Years*

| | 2019 | 2018 | 2017 | 2016 |
|--|---------------|--------------|---------------|--------------|
| Proportion of the net pension liability (asset) | 0.096% | 0.098% | 0.103% | 0.110% |
| Proportionate share of the net pension liability (asset) | (\$3,089,571) | \$3,496,801 | (\$3,065,235) | \$905,791 |
| Covered payroll | \$15,316,986 | \$14,821,564 | \$14,149,856 | \$14,955,390 |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 102.96% | 96.45% | 102.93% | 99.12% |
| Net pension liability (asset) as a percentage of covered payroll | (20.17%) | 23.59% | (21.66%) | 6.06% |

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) – (continued)

Wisconsin Retirement System
Last 10 Calendar Years*

| | 2015 | 2014 |
|--|--------------|---------------|
| Proportion of the net pension liability (asset) | 0.116% | 0.119% |
| Proportionate share of the net pension liability (asset) | \$1,876,948 | (\$2,921,424) |
| Covered payroll | \$15,814,940 | \$16,059,648 |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 98.20% | 102.74% |
| Net pension liability (asset) as a percentage of covered payroll | 11.87% | (18.19%) |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

See Independent Auditor's Report.

Blackhawk Technical College District

Schedules of Employer Contributions

Year Ended June 30, 2020

Schedule of Employer Contributions

Wisconsin Retirement System
Last 10 Fiscal Years

| | 2020 | 2019 | 2018 | 2017 |
|---|--------------|--------------|--------------|--------------|
| Contractually required contributions-fiscal year | \$1,026,116 | \$993,314 | \$965,816 | \$960,668 |
| Contributions in relation to the contractually required contributions | \$1,026,116 | \$993,314 | \$965,816 | \$960,668 |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| Covered payroll | \$15,432,154 | \$15,197,510 | \$14,308,525 | \$14,343,307 |
| Contributions as a percentage of covered payroll | 6.50% | 6.54% | 6.75% | 6.70% |

Schedule of Employer Contributions

Wisconsin Retirement System
Last 10 Fiscal Years

| | 2016 | 2015 |
|---|--------------|--------------|
| Contractually required contributions-fiscal year | \$1,043,635 | \$1,089,991 |
| Contributions in relation to the contractually required contributions | \$1,043,635 | \$1,089,991 |
| Contribution deficiency (excess) | \$0 | \$0 |
| Covered payroll | \$15,561,083 | \$15,790,401 |
| Contributions as a percentage of covered payroll | 6.71% | 6.90% |

Note 1

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

Changes of assumptions: No significant change in assumptions were noted from the prior year.

See Independent Auditor's Report.

Blackhawk Technical College District

Schedules of Employer's Proportionate Share of the Net OPEB Liability

Year Ended June 30, 2020

Schedule of Employer's Proportionate Share of the Net OPEB Liability Local Retiree Life Insurance Fund Last 10 Fiscal Years*

| | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|
| Proportion of the net OPEB liability | 0.370% | 0.388% | 0.398% |
| Proportionate share of the net OPEB liability | \$1,576,292 | \$1,001,297 | \$1,198,582 |
| Covered payroll | \$13,650,000 | \$12,956,000 | \$13,141,589 |
| Net OPEB liability as a percentage of covered payroll | 11.55% | 7.73% | 9.12% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 37.58% | 48.69% | 44.81% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

Schedule of Employer Contributions Local Retiree Life Insurance Fund Last 10 Fiscal Years

| | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|
| Contractually required contributions-fiscal year | \$7,069 | \$7,483 | \$7,586 |
| Contributions in relation to the contractually required contributions | \$7,069 | \$7,483 | \$7,586 |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 |
| Covered payroll | \$13,650,000 | \$12,956,000 | \$13,175,864 |
| Contributions as a percentage of covered payroll | 0.05% | 0.06% | 0.06% |

Note 1

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

Changes of assumptions: Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return, and expected inflation. Please refer to the actuarial assumptions section in Note 9 for additional details.

See Independent Auditor's Report.

Supplementary Financial Information

Blackhawk Technical College District

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

Year Ended June 30, 2020

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget- Favorable (Unfavorable) |
|---|----------------------|----------------------|-----------------------------------|--|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Local government | \$ 6,519,213 | \$ 6,822,688 | \$ 6,822,478 | \$ (210) |
| Intergovernmental revenue: | | | | |
| State aids | 12,755,337 | 13,211,831 | 13,194,031 | (17,800) |
| Federal aids | 11,000 | 11,650 | 12,870 | 1,220 |
| Tuition and fees: | | | | |
| Statutory program fees | 5,712,200 | 5,449,200 | 5,448,323 | (877) |
| Material fees | 390,884 | 382,884 | 381,853 | (1,031) |
| Other student fees | 545,025 | 556,925 | 544,140 | (12,785) |
| Miscellaneous - institutional revenue | 2,032,341 | 3,397,341 | 3,374,725 | (22,616) |
| Total revenues | 27,966,000 | 29,832,519 | 29,778,420 | (54,099) |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | 16,389,147 | 17,270,767 | 17,269,598 | 1,169 |
| Instructional resources | 1,218,274 | 1,127,774 | 1,127,411 | 363 |
| Student services | 2,256,638 | 2,064,059 | 2,063,013 | 1,046 |
| General institutional | 5,293,039 | 5,218,378 | 5,212,211 | 6,167 |
| Physical plant | 2,558,902 | 2,527,318 | 2,510,934 | 16,384 |
| Total expenditures | 27,716,000 | 28,208,296 | 28,183,167 | 25,129 |
| Revenues over (under) expenditures | 250,000 | 1,624,223 | 1,595,253 | (28,970) |
| <u>Other financing sources</u> | | | | |
| Operating transfers in | 42,000 | 42,000 | 42,000 | - |
| Total other financing sources | 42,000 | 42,000 | 42,000 | - |
| <u>Other financing uses</u> | | | | |
| Operating transfers out | (40,000) | (1,640,000) | (1,624,507) | 15,493 |
| Total other financing uses | (40,000) | (1,640,000) | (1,624,507) | 15,493 |
| Revenues and other financing sources over (under) expenditures and other financing uses | 252,000 | 26,223 | 12,746 | (13,477) |
| <u>Fund balance</u> | | | | |
| Beginning of year | 11,135,798 | 11,135,798 | 11,135,798 | - |
| End of year | \$ 11,387,798 | \$ 11,162,021 | \$ 11,148,544 | \$ (13,477) |

See Independent Auditor's Report.

Blackhawk Technical College District

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

Year Ended June 30, 2020

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget- Favorable (Unfavorable) |
|---|-------------------|-------------------|-----------------------------------|--|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Local government | \$ 693,787 | \$ 686,587 | \$ 686,787 | \$ 200 |
| Intergovernmental revenue: | | | | |
| State aids | 1,782,290 | 1,740,097 | 1,318,772 | (421,325) |
| Federal | 674,906 | 2,251,410 | 683,937 | (1,567,473) |
| Tuition and fees: | | | | |
| Material fees | 1,946 | 1,695 | 637 | (1,058) |
| Other student fees | 36,980 | 32,211 | 12,543 | (19,668) |
| Miscellaneous - institutional revenue | - | 91,775 | 30,000 | (61,775) |
| Total revenues | 3,189,909 | 4,803,775 | 2,732,676 | (2,071,099) |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | 2,109,067 | 2,854,672 | 1,580,989 | 1,273,683 |
| Instructional resources | 75,090 | 780,116 | 102,100 | 678,016 |
| Student services | 1,041,752 | 1,093,365 | 977,996 | 115,369 |
| General institutional | - | 91,628 | 20,072 | 71,556 |
| Physical Plant | - | 20,968 | 8,147 | 12,821 |
| Total expenditures | 3,225,909 | 4,840,749 | 2,689,304 | 2,151,445 |
| Revenues over (under) expenditures | (36,000) | (36,974) | 43,372 | 80,346 |
| <u>Other financing sources</u> | | | | |
| Operating transfers in | - | - | 7,588 | 7,588 |
| Total other financing sources | - | - | 7,588 | 7,588 |
| Revenues over (under) expenditures and other financing uses | (36,000) | (36,974) | 50,960 | 87,934 |
| <u>Fund balance</u> | | | | |
| Beginning of year | 777,531 | 777,531 | 777,531 | - |
| End of year | \$ 741,531 | \$ 740,557 | \$ 828,491 | \$ 87,934 |

See Independent Auditor's Report.

Blackhawk Technical College District

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

Year Ended June 30, 2020

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget- Favorable (Unfavorable) |
|---|----------------|------------|-----------------------------------|--|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Intergovernmental revenue: | | | | |
| State aids | \$ 953,930 | \$ 953,930 | \$ 801,171 | \$ (152,759) |
| Federal | 7,826,000 | 8,926,944 | 8,201,285 | (725,659) |
| Miscellaneous - institutional revenue | 158,000 | 175,860 | 172,269 | (3,591) |
| Total revenues | 8,937,930 | 10,056,734 | 9,174,725 | (882,009) |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Student services | 8,840,180 | 9,941,124 | 9,044,719 | 896,405 |
| General institutional | 140,000 | 149,925 | 143,538 | 6,387 |
| Total expenditures | 8,980,180 | 10,091,049 | 9,188,257 | 902,792 |
| Revenues over (under) expenditures | (42,250) | (34,315) | (13,532) | 20,783 |
| <u>Other financing sources</u> | | | | |
| Operating transfers in | 42,250 | 40,000 | 24,507 | (15,493) |
| Revenues and other financing sources over (under) expenditures and other financing uses | - | 5,685 | 10,975 | 5,290 |
| <u>Fund balance</u> | | | | |
| Beginning of year | 123,397 | 123,397 | 123,397 | - |
| End of year | \$ 123,397 | \$ 129,082 | \$ 134,372 | \$ 5,290 |

See Independent Auditor's Report.

Blackhawk Technical College District

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

Year Ended June 30, 2020

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget- Favorable (Unfavorable) |
|---|----------------|--------------|-----------------------------------|--|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Intergovernmental revenue: | | | | |
| State aids | \$ 9,000 | \$ 54,845 | \$ 7,667 | \$ (47,178) |
| Federal | - | 85,104 | 125,759 | 40,655 |
| Miscellaneous - institutional revenue | 50,000 | 219,031 | 214,221 | (4,810) |
| Total revenues | 59,000 | 358,980 | 347,647 | (11,333) |
| <u>Expenditures</u> | | | | |
| Capital outlay: | | | | |
| Instruction | 838,593 | 932,309 | 706,997 | 225,312 |
| Instructional resources | 802,010 | 1,034,286 | 823,139 | 211,147 |
| Student services | 140,000 | 215,045 | 189,034 | 26,011 |
| General institutional | 603,884 | 936,306 | 671,099 | 265,207 |
| Physical plant | 2,306,513 | 2,943,006 | 2,706,825 | 236,181 |
| Total expenditures | 4,691,000 | 6,060,952 | 5,097,094 | 963,858 |
| Revenues over (under) expenditures | (4,632,000) | (5,701,972) | (4,749,447) | 952,525 |
| <u>Other financing sources</u> | | | | |
| Proceeds of general obligation debt | 4,700,000 | 4,700,000 | 4,700,000 | - |
| Operating transfers in | - | 1,600,000 | 1,600,000 | - |
| Total other financing sources | 4,700,000 | 6,300,000 | 6,300,000 | - |
| <u>Other financing uses</u> | | | | |
| Operating transfers out | (68,000) | (68,000) | (75,588) | (7,588) |
| Total other financing uses | (68,000) | (68,000) | (75,588) | (7,588) |
| Revenues and other financing sources over (under) expenditures and other financing uses | - | 530,028 | 1,474,965 | 944,937 |
| <u>Fund balance</u> | | | | |
| Beginning of year | 2,354,319 | 2,354,319 | 2,354,319 | - |
| End of year | \$ 2,354,319 | \$ 2,884,347 | \$ 3,829,284 | \$ 944,937 |

See Independent Auditor's Report.

Blackhawk Technical College District

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

Year Ended June 30, 2020

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget-Favorable (Unfavorable) |
|--|----------------|--------------|-----------------------------|--|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Local government | \$ 8,241,000 | \$ 8,241,000 | \$ 8,241,000 | \$ - |
| Miscellaneous - institutional revenue | 30,000 | 30,000 | 10,099 | (19,901) |
| Total revenues | 8,271,000 | 8,271,000 | 8,251,099 | (19,901) |
| <u>Expenditures</u> | | | | |
| Physical plant | 8,309,274 | 8,461,511 | 8,452,219 | 9,292 |
| Total expenditures | 8,309,274 | 8,461,511 | 8,452,219 | 9,292 |
| Revenues over (under) expenditures | (38,274) | (190,511) | (201,120) | (10,609) |
| <u>Other financing sources</u> | | | | |
| Proceeds from long-term debt | - | 221,594 | 221,593 | (1) |
| Operating transfers in | 68,000 | 68,000 | 68,000 | - |
| Total other financing sources | 68,000 | 289,594 | 289,593 | (1) |
| Revenues and other financing sources over (under) expenditures | 29,726 | 99,083 | 88,473 | (10,610) |
| <u>Fund balance</u> | | | | |
| Beginning of year | 978,569 | 978,569 | 978,569 | - |
| End of year | \$ 1,008,295 | \$ 1,077,652 | \$ 1,067,042 | \$ (10,610) |

See Independent Auditor's Report.

Blackhawk Technical College District

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

Year Ended June 30, 2020

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget- Favorable (Unfavorable) |
|---|----------------|------------|-----------------------------------|--|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Miscellaneous - institutional revenue | \$ 144,000 | \$ 144,000 | \$ 122,432 | \$ (21,568) |
| Total revenues | 144,000 | 144,000 | 122,432 | (21,568) |
| <u>Expenditures</u> | | | | |
| Auxiliary services | 92,050 | 125,050 | 92,633 | 32,417 |
| Total expenditures | 92,050 | 125,050 | 92,633 | 32,417 |
| Revenues over (under) expenditures | 51,950 | 18,950 | 29,799 | 10,849 |
| <u>Other financing uses</u> | | | | |
| Operating transfers out | (42,000) | (42,000) | (42,000) | - |
| Total other financing uses | (42,000) | (42,000) | (42,000) | - |
| Revenues and other financing sources over (under) expenditures and other financing uses | 9,950 | (23,050) | (12,201) | 10,849 |
| <u>Net position</u> | | | | |
| Beginning of year | 565,903 | 565,903 | 565,903 | - |
| End of year | \$ 575,853 | \$ 542,853 | \$ 553,702 | \$ 10,849 |

See Independent Auditor's Report.

Blackhawk Technical College District

Internal Service Funds - Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual (Non-GAAP Budgetary Basis)

Year Ended June 30, 2020

| | Budget Amounts | | Actual on a Budgetary Basis | Variance with Final Budget- Favorable (Unfavorable) |
|---------------------------------------|----------------|------------|-----------------------------------|--|
| | Original | Final | | |
| <u>Revenues</u> | | | | |
| Miscellaneous - institutional revenue | \$ 210,000 | \$ 210,000 | \$ 210,000 | \$ - |
| Total revenues | 210,000 | 210,000 | 210,000 | - |
| <u>Expenditures</u> | | | | |
| Auxiliary services | 210,000 | 210,000 | 207,869 | 2,131 |
| Total expenditures | 210,000 | 210,000 | 207,869 | 2,131 |
| Revenues over (under) expenditures | - | - | 2,131 | 2,131 |
| <u>Net position</u> | | | | |
| Beginning of year | 216,000 | 216,000 | 216,000 | - |
| End of year | \$ 216,000 | \$ 216,000 | \$ 218,131 | \$ 2,131 |

See Independent Auditor's Report.

Blackhawk Technical College District

Schedule to Reconcile the Non-GAAP Budgetary Combined Balance Sheet - All Fund Types to the Statement of Net Position

June 30, 2020

| <u>ASSETS AND OTHER DEBITS</u> | General | Special Revenue Fund | | Capital | Debt |
|---|----------------------|----------------------|---------------------|---------------------|---------------------|
| | Fund | Operating | Non - Aidable | Projects Fund | Service Fund |
| <u>Assets</u> | | | | | |
| Cash and cash equivalents | \$ 7,493,392 | \$ 735,924 | \$ 100,822 | \$ 5,406,992 | \$ 1,067,367 |
| Investments | - | - | 35,000 | - | - |
| Receivables: | | | | | |
| Taxes | 4,166,504 | - | - | - | - |
| Federal and state | 90,535 | 298,224 | 1,431,507 | 69,771 | - |
| Accounts | 1,025,107 | - | 18,974 | - | - |
| Due from other funds | 1,461,071 | - | - | - | - |
| Prepaid items | 32,519 | 1,507 | - | 87,256 | - |
| Post-employment benefits | - | - | - | - | - |
| Net pension asset | - | - | - | - | - |
| Deferred outflow of resources - actuarial - WRS | - | - | - | - | - |
| Deferred outflow of resources - actuarial - OPEB | - | - | - | - | - |
| Deferred outflow of resources - actuarial - LRLIF | - | - | - | - | - |
| Deferred outflow of resources - contributions - WRS | - | - | - | - | - |
| Deferred outflow of resources - contributions - LRLIF | - | - | - | - | - |
| Capital assets | - | - | - | - | - |
| Less: accumulated depreciation | - | - | - | - | - |
| Total assets and other debits | <u>\$ 14,269,128</u> | <u>\$ 1,035,655</u> | <u>\$ 1,586,303</u> | <u>\$ 5,564,019</u> | <u>\$ 1,067,367</u> |
| <u>LIABILITIES AND FUND BALANCE/NET POSITION</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Accounts payable | \$ 990,354 | \$ 61,969 | \$ - | \$ 1,232,466 | \$ 325 |
| Accrued liabilities | 1,770,709 | 83,420 | - | - | - |
| Accrued interest | - | - | - | - | - |
| Due to other funds | - | - | 1,451,931 | - | - |
| Unearned revenue - student fees | 306,264 | 61,775 | - | - | - |
| Due to student organizations | - | - | - | - | - |
| General obligation debt payable | - | - | - | - | - |
| Net OPEB liability - LRLIF | - | - | - | - | - |
| Deferred inflow of resources - actuarial WRS | - | - | - | - | - |
| Deferred inflow of resources - actuarial OPEB | - | - | - | - | - |
| Deferred inflow of resources - actuarial LRLIF | - | - | - | - | - |
| Unamortized premium on general obligation debt | - | - | - | - | - |
| Total liabilities | <u>3,067,327</u> | <u>207,164</u> | <u>1,451,931</u> | <u>1,232,466</u> | <u>325</u> |
| <u>Fund balance/Net position</u> | | | | | |
| Net investment in capital assets | - | - | - | - | - |
| Net position | - | - | - | - | - |
| Fund balances: | | | | | |
| Restricted for debt service | - | - | - | - | 1,067,042 |
| Restricted for capital projects | - | - | - | 1,260,564 | - |
| Restricted for pension | - | - | - | - | - |
| Restricted for OPEB | - | - | - | - | - |
| Restricted for student financial assistance | - | - | 134,372 | - | - |
| Nonspendable for prepaid items | 32,519 | 1,507 | - | 87,256 | - |
| Assigned - Designated for operations | 6,867,000 | 789,453 | - | - | - |
| Assigned - Designated for capital projects | - | - | - | 2,481,464 | - |
| Assigned - Designated for State aid fluctuations | 350,000 | - | - | - | - |
| Assigned - Designated for subsequent years | 500,000 | 37,531 | - | - | - |
| Assigned - Designated for subsequent year | 3,399,025 | - | - | - | - |
| Budgetary basis fund balance/net position | <u>11,148,544</u> | <u>828,491</u> | <u>134,372</u> | <u>3,829,284</u> | <u>1,067,042</u> |
| Reserve for encumbrances | 53,257 | - | - | 502,269 | - |
| Total fund balance/net position | <u>11,201,801</u> | <u>828,491</u> | <u>134,372</u> | <u>4,331,553</u> | <u>1,067,042</u> |
| Total liabilities and fund balance/net position | <u>\$ 14,269,128</u> | <u>\$ 1,035,655</u> | <u>\$ 1,586,303</u> | <u>\$ 5,564,019</u> | <u>\$ 1,067,367</u> |

| Enterprise Fund | Internal Service Fund | Agency Funds | Total | Reconciling Items | Statement of Net Position |
|-------------------|-----------------------|-------------------|----------------------|----------------------|---------------------------|
| \$ 561,474 | \$ 218,131 | \$ 498,504 | \$ 16,082,606 | \$ - | \$ 16,082,606 |
| - | - | - | 35,000 | - | 35,000 |
| - | - | - | 4,166,504 | - | 4,166,504 |
| - | - | - | 1,890,037 | - | 1,890,037 |
| 4,099 | - | 109,692 | 1,157,872 | - | 1,157,872 |
| - | - | - | 1,461,071 | (1,461,071) | - |
| - | - | - | 121,282 | - | 121,282 |
| - | - | - | - | 5,685,982 | 5,685,982 |
| - | - | - | - | 3,089,571 | 3,089,571 |
| - | - | - | - | 6,183,229 | 6,183,229 |
| - | - | - | - | 344,930 | 344,930 |
| - | - | - | - | 611,234 | 611,234 |
| - | - | - | - | 516,706 | 516,706 |
| - | - | - | - | 3,510 | 3,510 |
| - | - | - | - | 89,807,624 | 89,807,624 |
| - | - | - | - | 39,398,663 | 39,398,663 |
| <u>\$ 565,573</u> | <u>\$ 218,131</u> | <u>\$ 608,196</u> | <u>\$ 24,914,372</u> | <u>\$ 65,383,052</u> | <u>\$ 90,297,424</u> |
| \$ 11,451 | \$ - | \$ - | \$ 2,296,565 | \$ - | \$ 2,296,565 |
| 420 | - | 1,232 | 1,855,781 | - | 1,855,781 |
| - | - | - | - | 250,162 | 250,162 |
| - | - | 9,140 | 1,461,071 | (1,461,071) | - |
| - | - | - | 368,039 | - | 368,039 |
| - | - | 597,824 | 597,824 | - | 597,824 |
| - | - | - | - | 39,990,000 | 39,990,000 |
| - | - | - | - | 1,576,292 | 1,576,292 |
| - | - | - | - | 9,251,078 | 9,251,078 |
| - | - | - | - | 831,298 | 831,298 |
| - | - | - | - | 347,645 | 347,645 |
| - | - | - | - | 587,546 | 587,546 |
| <u>11,871</u> | <u>-</u> | <u>608,196</u> | <u>6,579,280</u> | <u>51,372,950</u> | <u>57,952,230</u> |
| - | - | - | - | 12,269,050 | 12,269,050 |
| 553,702 | 218,131 | - | 771,833 | 10,165,052 | 10,936,885 |
| - | - | - | 1,067,042 | (837,708) | 229,334 |
| - | - | - | 1,260,564 | (1,260,564) | - |
| - | - | - | - | 3,089,571 | 3,089,571 |
| - | - | - | - | 5,685,982 | 5,685,982 |
| - | - | - | 134,372 | - | 134,372 |
| - | - | - | 121,282 | (121,282) | - |
| - | - | - | 7,656,453 | (7,656,453) | - |
| - | - | - | 2,481,464 | (2,481,464) | - |
| - | - | - | 350,000 | (350,000) | - |
| - | - | - | 537,531 | (537,531) | - |
| - | - | - | 3,399,025 | (3,399,025) | - |
| <u>553,702</u> | <u>218,131</u> | <u>-</u> | <u>17,779,566</u> | <u>14,565,628</u> | <u>32,345,194</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>555,526</u> | <u>(555,526)</u> | <u>-</u> |
| <u>553,702</u> | <u>218,131</u> | <u>-</u> | <u>18,335,092</u> | <u>14,010,102</u> | <u>32,345,194</u> |
| <u>\$ 565,573</u> | <u>\$ 218,131</u> | <u>\$ 608,196</u> | <u>\$ 24,914,372</u> | <u>\$ 65,383,052</u> | <u>\$ 90,297,424</u> |

See Independent Auditor's Report.

Blackhawk Technical College District

Schedule to Reconcile the Non-GAAP Budgetary Basis Financial Statements to the Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2020

| | General Fund | Special Revenue Fund | | Capital Projects Fund |
|---|----------------------|----------------------|-------------------|--------------------------|
| | | Operating | Non - Aidable | |
| <u>Revenues</u> | | | | |
| Local government - tax levy | \$ 6,822,478 | \$ 686,787 | \$ - | \$ - |
| Intergovernmental revenue: | | | | |
| State aids | 13,194,031 | 1,318,772 | 801,171 | 7,667 |
| Federal aids | 12,870 | 683,937 | 8,201,285 | 125,759 |
| Tuition and fees: | | | | |
| Statutory program fees | 5,448,323 | - | - | - |
| Material fees | 381,853 | 637 | - | - |
| Other student fees | 544,140 | 12,543 | - | - |
| Miscellaneous - institutional revenue | 3,374,725 | 30,000 | 172,269 | 214,221 |
| Total revenues | 29,778,420 | 2,732,676 | 9,174,725 | 347,647 |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | 17,269,598 | 1,580,989 | - | 706,997 |
| Instructional resources | 1,127,411 | 102,100 | - | 823,139 |
| Student services | 2,063,013 | 977,996 | 9,044,719 | 189,034 |
| General institutional | 5,212,211 | 20,072 | 143,538 | 671,099 |
| Physical plant | 2,510,934 | 8,147 | - | 2,706,825 |
| Student aid | - | - | - | - |
| Auxiliary | - | - | - | - |
| Depreciation | - | - | - | - |
| Loss on disposition of fixed assets | - | - | - | - |
| Debt service | | | | |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | 28,183,167 | 2,689,304 | 9,188,257 | 5,097,094 |
| Excess (deficiency) of revenues over expenditures | 1,595,253 | 43,372 | (13,532) | (4,749,447) |
| <u>Other financing sources (uses)</u> | | | | |
| Operating transfers in | 42,000 | 7,588 | 24,507 | 1,600,000 |
| Operating transfers out | (1,624,507) | - | - | (75,588) |
| Proceeds from long-term debt | - | - | - | 4,700,000 |
| Total other financing sources (uses) | (1,582,507) | 7,588 | 24,507 | 6,224,412 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 12,746 | 50,960 | 10,975 | 1,474,965 |
| <u>Fund balances/Net position:</u> | | | | |
| Beginning of year | 11,135,798 | 777,531 | 123,397 | 2,354,319 |
| End of year | \$ 11,148,544 | \$ 828,491 | \$ 134,372 | \$ 3,829,284 |

| Debt Service Fund | Enterprise Fund | Internal Service Fund | Total | Reconciling Items | Statement of Revenues, Expenses and Changes in Net Position |
|----------------------|--------------------|--------------------------|---------------|----------------------|--|
| \$ 8,241,000 | \$ - | \$ - | \$ 15,750,265 | \$ - | \$ 15,750,265 |
| - | - | - | 15,321,641 | (801,171) | 14,520,470 |
| - | - | - | 9,023,851 | (3,110,055) | 5,913,796 |
| - | - | - | 5,448,323 | (1,460,679) | 3,987,644 |
| - | - | - | 382,490 | (102,744) | 279,746 |
| - | - | - | 556,683 | (148,979) | 407,704 |
| 10,099 | 122,432 | 210,000 | 4,133,746 | (210,000) | 3,923,746 |
| 8,251,099 | 122,432 | 210,000 | 50,616,999 | (5,833,628) | 44,783,371 |
| - | - | - | 19,557,584 | (554,975) | 19,002,609 |
| - | - | - | 2,052,650 | (323,232) | 1,729,418 |
| - | - | - | 12,274,762 | (7,995,404) | 4,279,358 |
| - | - | - | 6,046,920 | (463,505) | 5,583,415 |
| 8,452,219 | - | - | 13,678,125 | (10,979,632) | 2,698,493 |
| - | - | - | - | 2,236,967 | 2,236,967 |
| - | 92,633 | 207,869 | 300,502 | (207,869) | 92,633 |
| - | - | - | - | 5,399,704 | 5,399,704 |
| - | - | - | - | 26,392 | 26,392 |
| - | - | - | - | 1,003,680 | 1,003,680 |
| 8,452,219 | 92,633 | 207,869 | 53,910,543 | (11,857,874) | 42,052,669 |
| (201,120) | 29,799 | 2,131 | (3,293,544) | 6,024,246 | 2,730,702 |
| 68,000 | - | - | 1,742,095 | (1,742,095) | - |
| - | (42,000) | - | (1,742,095) | 1,742,095 | - |
| 221,593 | - | - | 4,921,593 | (4,921,593) | - |
| 289,593 | (42,000) | - | 4,921,593 | (4,921,593) | - |
| 88,473 | (12,201) | 2,131 | 1,628,049 | 1,102,653 | 2,730,702 |
| 978,569 | 565,903 | 216,000 | 16,151,517 | 13,462,975 | 29,614,492 |
| \$ 1,067,042 | \$ 553,702 | \$ 218,131 | \$ 17,779,566 | \$ 14,565,628 | \$ 32,345,194 |

See Independent Auditor's Report.

Blackhawk Technical College District

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

Year Ended June 30, 2020

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

| | |
|---------------|----------------------|
| Operating | \$ 1,326,439 |
| Non-operating | 13,194,031 |
| | <hr/> |
| Total | <u>\$ 14,520,470</u> |

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

| | |
|-------------------------------|---------------------|
| Auxiliary enterprise revenues | \$ 122,432 |
| Contract revenues | 2,806,588 |
| Miscellaneous income | 778,074 |
| Investment income | 216,652 |
| | <hr/> |
| Total | <u>\$ 3,923,746</u> |

(3) Reconciliation of budgetary basis fund balance and net position as presented on the Statement of Revenue, Expenses, and Changes in Net Position as follows:

| | |
|---|----------------------|
| | <u>2020</u> |
| Budgetary basis fund equity | \$ 17,779,566 |
| Capital assets - cost | 89,807,624 |
| Accumulated depreciation on capital assets | (39,398,663) |
| Net OPEB Asset | 5,685,982 |
| Net pension asset - WRS | 3,089,571 |
| Net OPEB liability - LRLIF | (1,576,292) |
| General obligation debt | (39,990,000) |
| Unamortized premium | (587,546) |
| Accrued interest on long-term debt | (250,162) |
| Deferred outflows of resources | 7,659,609 |
| Deferred inflows of resources | (10,430,021) |
| Encumbrances | 555,526 |
| | <hr/> |
| Net position per basic financial statements | <u>\$ 32,345,194</u> |

See Independent Auditor's Report.

Blackhawk Technical College District

Schedule to Reconcile the Non-GAAP Budgetary Combined Balance Sheet - All Fund Types to the Statement of Net Position June 30, 2019

| ASSETS AND OTHER DEBITS | General | Special Revenue Fund | | Capital | Debt | Enterprise | Internal | Agency | Total | Reconciling | Statement of |
|--|----------------------|----------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| | Fund | Operating | Non - Aidable | Projects Fund | Service Fund | Fund | Service Fund | Funds | | Items | Net Position |
| Assets | | | | | | | | | | | |
| Cash and cash equivalents | \$ 8,114,293 | \$ 702,558 | \$ 71,397 | \$ 3,373,793 | \$ 978,569 | \$ 563,801 | \$ 216,000 | \$ 388,579 | \$ 14,408,990 | \$ - | \$ 14,408,990 |
| Investments | - | - | 35,000 | - | - | - | - | - | 35,000 | - | 35,000 |
| Receivables: | | | | | | | | | | | |
| Taxes | 4,043,519 | - | - | - | - | - | - | - | 4,043,519 | - | 4,043,519 |
| Federal and state | 119,535 | 205,873 | 608,344 | - | - | - | - | 500 | 934,252 | - | 934,252 |
| Accounts | 564,243 | - | 26,031 | - | - | 3,110 | - | 135,649 | 729,033 | - | 729,033 |
| Due from other funds | 626,450 | - | - | - | - | - | - | - | 626,450 | (626,450) | - |
| Prepaid items | 98,758 | 4,247 | - | 71,384 | - | - | - | - | 174,389 | - | 174,389 |
| Post-employment benefits | - | - | - | - | - | - | - | - | - | 5,537,176 | 5,537,176 |
| Deferred outflow of resources - actuarial - WRS | - | - | - | - | - | - | - | - | - | 8,555,819 | 8,555,819 |
| Deferred outflow of resources - actuarial - OPEB | - | - | - | - | - | - | - | - | - | 417,602 | 417,602 |
| Deferred outflow of resources - actuarial - LRLIF | - | - | - | - | - | - | - | - | - | 119,468 | 119,468 |
| Deferred outflow of resources - contributions - WRS | - | - | - | - | - | - | - | - | - | 493,825 | 493,825 |
| Deferred outflow of resources - contributions - LRLIF | - | - | - | - | - | - | - | - | - | 3,765 | 3,765 |
| Capital assets | - | - | - | - | - | - | - | - | - | 85,991,659 | 85,991,659 |
| Less: accumulated depreciation | - | - | - | - | - | - | - | - | - | 34,149,130 | 34,149,130 |
| Total assets and other debits | \$ 13,566,798 | \$ 912,678 | \$ 740,772 | \$ 3,445,177 | \$ 978,569 | \$ 566,911 | \$ 216,000 | \$ 524,728 | \$ 20,951,633 | \$ 66,343,734 | \$ 87,295,367 |
| LIABILITIES AND FUND BALANCE/NET POSITION | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | |
| Accounts payable | \$ 308,129 | \$ 14,799 | \$ 100 | \$ 566,933 | \$ - | \$ 1,008 | \$ - | \$ 618 | \$ 891,587 | \$ - | \$ 891,587 |
| Accrued liabilities | 1,812,141 | 90,348 | 1,126 | - | - | - | - | 2,224 | 1,905,839 | - | 1,905,839 |
| Accrued interest | - | - | - | - | - | - | - | - | - | 259,399 | 259,399 |
| Due to other funds | - | - | 616,149 | - | - | - | - | 10,301 | 626,450 | (626,450) | - |
| Unearned revenue - student fees | 309,861 | 30,000 | - | - | - | - | - | 18,893 | 358,754 | - | 358,754 |
| Due to student organizations | - | - | - | - | - | - | - | 492,692 | 492,692 | - | 492,692 |
| General obligation debt payable | - | - | - | - | - | - | - | - | - | 42,575,000 | 42,575,000 |
| Net pension liability | - | - | - | - | - | - | - | - | - | 3,496,801 | 3,496,801 |
| Net OPEB liability - LRLIF | - | - | - | - | - | - | - | - | - | 1,001,299 | 1,001,299 |
| Deferred inflow of resources - actuarial WRS | - | - | - | - | - | - | - | - | - | 4,814,130 | 4,814,130 |
| Deferred inflow of resources - actuarial OPEB | - | - | - | - | - | - | - | - | - | 1,026,811 | 1,026,811 |
| Deferred inflow of resources - actuarial LRLIF | - | - | - | - | - | - | - | - | - | 338,308 | 338,308 |
| Unamortized premium on general obligation debt | - | - | - | - | - | - | - | - | - | 520,255 | 520,255 |
| Total liabilities | 2,430,131 | 135,147 | 617,375 | 566,933 | - | 1,008 | - | 524,728 | 4,275,322 | 53,405,553 | 57,680,875 |
| Fund balance/Net position | | | | | | | | | | | |
| Net investment in capital assets | - | - | - | - | - | - | - | - | - | 11,784,309 | 11,784,309 |
| Net position | - | - | - | - | - | 565,903 | 216,000 | - | 781,903 | 11,708,792 | 12,490,695 |
| Fund balances: | | | | | | | | | | | |
| Nonspendable for prepaid items | 98,758 | 4,247 | - | 71,384 | - | - | - | - | 174,389 | (174,389) | - |
| Restricted for debt service | - | - | - | - | 978,569 | - | - | - | 978,569 | (779,654) | 198,915 |
| Restricted for capital projects | - | - | - | 1,401,471 | - | - | - | - | 1,401,471 | (1,401,471) | - |
| Restricted for OPEB | - | - | - | - | - | - | - | - | - | 5,017,176 | 5,017,176 |
| Restricted for student financial assistance | - | - | 123,397 | - | - | - | - | - | 123,397 | - | 123,397 |
| Assigned - Designated for operations | 6,967,000 | 773,071 | - | - | - | - | - | - | 7,740,071 | (7,740,071) | - |
| Assigned - Designated for capital projects | - | - | - | 881,464 | - | - | - | - | 881,464 | (881,464) | - |
| Assigned - Designated for State aid fluctuations | 275,000 | - | - | - | - | - | - | - | 275,000 | (275,000) | - |
| Assigned - Designated for subsequent years | 400,000 | 213 | - | - | - | - | - | - | 400,213 | (400,213) | - |
| Assigned - Designated for subsequent year | 3,395,040 | - | - | - | - | - | - | - | 3,395,040 | (3,395,040) | - |
| Budgetary basis fund balance | 11,135,798 | 777,531 | 123,397 | 2,354,319 | 978,569 | 565,903 | 216,000 | - | 16,151,517 | 13,462,975 | 29,614,492 |
| Reserve for encumbrances | 869 | - | - | 523,925 | - | - | - | - | 524,794 | (524,794) | - |
| Total fund balance/net position | 11,136,667 | 777,531 | 123,397 | 2,878,244 | 978,569 | 565,903 | 216,000 | - | 16,676,311 | 12,938,181 | 29,614,492 |
| Total liabilities and fund balance/net position | \$ 13,566,798 | \$ 912,678 | \$ 740,772 | \$ 3,445,177 | \$ 978,569 | \$ 566,911 | \$ 216,000 | \$ 524,728 | \$ 20,951,633 | \$ 66,343,734 | \$ 87,295,367 |

Blackhawk Technical College District

Schedule to Reconcile the Non-GAAP Budgetary Basis Financial Statements to the Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2019

| | General Fund | Special Revenue Fund Operating | Non - Aidable | Capital Projects Fund | Debt Service Fund | Enterprise Fund | Internal Service Fund | Total | Reconciling Items | Statement of Revenues, Expenses and Changes in Net Position |
|--|-------------------|-----------------------------------|------------------|--------------------------|----------------------|--------------------|--------------------------|-------------------|----------------------|--|
| Revenues | | | | | | | | | | |
| Local government - tax levy | \$ 6,362,198 | \$ 701,394 | \$ - | \$ - | \$ 7,816,858 | \$ - | \$ - | \$ 14,880,450 | \$ - | \$ 14,880,450 |
| Intergovernmental revenue: | | | | | | | | | | |
| State aids | 12,710,032 | 1,375,455 | 910,121 | 59,566 | - | - | - | 15,055,174 | (910,121) | 14,145,053 |
| Federal aids | 12,965 | 645,022 | 7,751,868 | 12,891 | - | - | - | 8,422,746 | (3,362,883) | 5,059,863 |
| Tuition and fees: | | | | | | | | | | |
| Statutory program fees | 5,676,106 | - | - | - | - | - | - | 5,676,106 | (1,643,079) | 4,033,027 |
| Material fees | 371,637 | 727 | - | - | - | - | - | 372,364 | (107,491) | 264,873 |
| Other student fees | 568,381 | 14,996 | - | - | - | - | - | 583,377 | (168,915) | 414,462 |
| Miscellaneous - institutional revenue | 2,231,692 | 916 | 144,686 | 88,961 | 42,192 | 126,147 | 210,000 | 2,844,594 | (210,000) | 2,634,594 |
| Total revenues | 27,933,011 | 2,738,510 | 8,806,675 | 161,418 | 7,859,050 | 126,147 | 210,000 | 47,834,811 | (6,402,489) | 41,432,322 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Instruction | 16,105,467 | 1,725,758 | - | 1,275,900 | - | - | - | 19,107,125 | (162,997) | 18,944,128 |
| Instructional resources | 1,014,874 | 67,295 | - | 1,109,504 | - | - | - | 2,191,673 | (491,206) | 1,700,467 |
| Student services | 2,078,134 | 920,238 | 8,711,669 | 159,066 | - | - | - | 11,869,107 | (8,586,828) | 3,282,279 |
| General institutional | 5,168,202 | - | 142,683 | 348,552 | - | - | - | 5,659,437 | (136,420) | 5,523,017 |
| Physical plant | 2,435,566 | 30,901 | - | 3,175,831 | 8,157,767 | - | - | 13,800,065 | (11,072,060) | 2,728,005 |
| Student aid | - | - | - | - | - | - | - | - | 2,398,529 | 2,398,529 |
| Auxiliary | - | - | - | - | - | 94,161 | 188,243 | 282,404 | (200,119) | 82,285 |
| Depreciation | - | - | - | - | - | - | - | - | 5,219,628 | 5,219,628 |
| Loss on disposition of fixed assets | - | - | - | - | - | - | - | - | 1,303,408 | 1,303,408 |
| Debt service | | | | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | 1,006,961 | 1,006,961 |
| Total expenditures | 26,802,243 | 2,744,192 | 8,854,352 | 6,068,853 | 8,157,767 | 94,161 | 188,243 | 52,909,811 | (10,721,104) | 42,188,707 |
| Excess (deficiency) of revenues over expenditures | 1,130,768 | (5,682) | (47,677) | (5,907,435) | (298,717) | 31,986 | 21,757 | (5,075,000) | 4,318,615 | (756,385) |
| Other financing sources (uses) | | | | | | | | | | |
| Operating transfers in | 49,300 | 11,171 | 36,600 | 750,000 | 32,000 | - | - | 879,071 | (879,071) | - |
| Operating transfers out | (786,600) | (11,171) | - | (32,000) | - | (49,300) | - | (879,071) | 879,071 | - |
| Proceeds from long-term debt | - | - | - | 2,900,000 | - | - | - | 2,900,000 | (2,900,000) | - |
| Total other financing sources (uses) | (737,300) | - | 36,600 | 3,618,000 | 32,000 | (49,300) | - | 2,900,000 | (2,900,000) | - |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | 393,468 | (5,682) | (11,077) | (2,289,435) | (266,717) | (17,314) | 21,757 | (2,175,000) | 1,418,615 | (756,385) |
| Fund balances/Net position: | | | | | | | | | | |
| Beginning of year | 10,742,330 | 783,213 | 134,474 | 4,643,754 | 1,245,286 | 583,217 | 194,243 | 18,326,517 | 12,044,360 | 30,370,877 |
| End of year | \$ 11,135,798 | \$ 777,531 | \$ 123,397 | \$ 2,354,319 | \$ 978,569 | \$ 565,903 | \$ 216,000 | \$ 16,151,517 | \$ 13,462,975 | \$ 29,614,492 |

See Independent Auditor's Report.

Other Report

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
Blackhawk Technical College District
Janesville, Wisconsin

We have audited the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Blackhawk Technical College District (the "College"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 16, 2020. 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. The financial statements of the Blackhawk Technical College Foundation, Inc. (the "Foundation"), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

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

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

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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

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

Wipfli LLP

December 16, 2020
Eau Claire, Wisconsin

Statistical Section

Blackhawk Technical College District

Financial Trends – Net Position by Component Last Ten Fiscal Years

| | 2020 | 2019 | (Reclassified) 2018 | 2017 | 2016 | (Restated) 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net investment in capital assets | \$ 12,269,050 | \$ 11,784,309 | \$ 12,042,920 | \$ 11,539,741 | \$ 12,194,425 | \$ 13,888,849 | \$ 15,754,490 | \$ 14,630,406 | \$ 13,773,483 | \$ 12,995,897 |
| Restricted for: | | | | | | | | | | |
| Debt service | 229,334 | 198,915 | 449,826 | 356,084 | 778,427 | 553,401 | 278,829 | 477,794 | 546,942 | 458,951 |
| Pensions | 3,089,571 | | | | | 2,921,424 | | | | |
| OPEB | 5,685,982 | 5,017,176 | 4,400,561 | 4,274,829 | | | | | | |
| Student financial assistance | 134,372 | 123,397 | 134,474 | 104,776 | 48,259 | 52,887 | 63,847 | 98,479 | 112,813 | 139,077 |
| Unrestricted | 10,936,885 | 12,490,695 | 13,343,096 | 12,949,549 | 15,763,540 | 13,605,148 | 11,564,931 | 12,086,643 | 13,079,279 | 13,308,342 |
| Total Net Position | \$ 32,345,194 | \$ 29,614,492 | \$ 30,370,877 | \$ 29,224,979 | \$ 28,784,651 | \$ 31,021,709 | \$ 27,662,097 | \$ 27,293,322 | \$ 27,512,517 | \$ 26,902,267 |

Blackhawk Technical College District

Financial Trends – Changes in Net Position Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | (Revised) 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Revenues | | | | | | | | | | |
| Tuition and fees, net of scholarship allowances | \$ 4,675,094 | \$ 4,712,362 | \$ 4,621,905 | \$ 4,627,487 | \$ 4,779,121 | \$ 3,801,758 | \$ 4,000,881 | \$ 4,411,123 | \$ 5,221,994 | \$ 6,456,293 |
| State aids | 1,326,439 | 2,345,142 | 2,045,642 | 1,798,962 | 1,619,248 | 1,525,993 | 1,607,691 | 1,654,800 | 1,750,700 | 1,419,869 |
| Federal grants | 5,913,796 | 4,149,742 | 4,733,230 | 5,127,300 | 5,811,872 | 6,825,882 | 6,822,481 | 7,764,081 | 8,135,545 | 8,469,065 |
| Contract revenue | 2,806,588 | 1,576,283 | 1,407,542 | 1,457,254 | 1,092,002 | 675,424 | 703,095 | 664,953 | 594,867 | 697,487 |
| Auxiliary revenues | 122,432 | 126,147 | 153,672 | 145,930 | 127,444 | 107,828 | 148,520 | 155,266 | 282,914 | 247,241 |
| Miscellaneous - institutional revenue | 778,074 | 599,576 | 636,342 | 1,146,896 | 737,132 | 650,942 | 1,868,606 | 606,285 | 662,183 | 641,816 |
| Total program revenues | 15,622,423 | 13,509,252 | 13,598,333 | 14,303,829 | 14,166,819 | 13,587,827 | 15,151,274 | 15,256,508 | 16,648,203 | 17,931,771 |
| Operating Expenses | | | | | | | | | | |
| Instruction | 19,002,609 | 18,944,128 | 17,652,913 | 18,002,019 | 18,268,116 | 20,128,563 | 18,605,256 | 19,270,434 | 19,169,314 | 20,279,840 |
| Instructional Resources | 1,729,418 | 1,700,467 | 1,578,082 | 1,797,801 | 2,111,723 | 2,754,984 | 2,968,691 | 2,699,442 | 2,704,827 | 2,600,517 |
| Student Services | 4,279,358 | 3,282,279 | 3,518,363 | 3,741,244 | 4,011,244 | 3,810,176 | 4,053,329 | 4,048,582 | 4,032,577 | 4,184,598 |
| General Institutional | 5,583,415 | 5,523,017 | 5,017,942 | 5,454,728 | 4,975,086 | 5,626,818 | 4,997,754 | 5,295,520 | 5,412,688 | 5,546,868 |
| Physical Plant | 2,698,493 | 2,728,005 | 2,743,556 | 3,042,192 | 3,913,173 | 2,034,944 | 2,325,343 | 2,021,663 | 2,170,602 | 2,333,691 |
| Student Aid | 2,236,967 | 2,398,529 | 2,369,950 | 2,525,524 | 2,981,290 | 2,297,505 | 2,688,798 | 3,228,572 | 3,807,513 | 4,531,422 |
| Auxiliary Services | 92,633 | 82,285 | 69,453 | 111,718 | 64,812 | 103,271 | 143,487 | 161,289 | 247,789 | 324,500 |
| Depreciation | 5,399,704 | 5,219,628 | 5,087,354 | 4,941,665 | 4,921,570 | 2,286,750 | 1,698,292 | 1,391,807 | 1,229,306 | 1,215,457 |
| Total operating expenses | 41,022,597 | 39,878,338 | 38,037,613 | 39,616,891 | 41,247,014 | 39,043,011 | 37,480,950 | 38,117,309 | 38,774,616 | 41,016,893 |
| Operating loss | (25,400,174) | (26,369,086) | (24,439,280) | (25,313,062) | (27,080,195) | (25,455,184) | (22,329,676) | (22,860,801) | (22,126,413) | (23,085,122) |
| Non-operating Revenues (Expenses) | | | | | | | | | | |
| Property taxes | 15,750,265 | 14,880,450 | 14,833,466 | 14,219,152 | 13,673,247 | 12,441,582 | 20,749,382 | 20,520,514 | 20,105,061 | 20,060,889 |
| State operating appropriations | 13,194,031 | 12,710,032 | 12,650,361 | 12,673,742 | 12,727,832 | 12,835,623 | 2,967,380 | 2,839,940 | 3,463,383 | 4,739,837 |
| Investment income | 216,652 | 332,588 | 184,395 | 59,580 | 19,563 | 19,563 | 15,382 | 26,150 | 48,891 | 81,072 |
| Loss on disposal of property and equipment | (26,392) | (1,303,408) | (9,741) | (1,443,504) | (428,062) | (111,876) | (156,241) | (45,851) | (104,598) | (20,050) |
| Interest expense | (1,003,680) | (1,006,961) | (1,046,918) | (1,112,294) | (1,149,444) | (1,115,944) | (877,452) | (699,147) | (776,074) | (840,552) |
| Total non-operating revenues (expenses) | 28,130,876 | 25,612,701 | 26,611,563 | 24,396,676 | 24,843,136 | 24,068,948 | 22,698,451 | 22,641,606 | 22,736,663 | 24,021,196 |
| Change in Net Position | \$ 2,730,702 | \$ (756,385) | \$ 2,172,283 | \$ (916,386) | \$ (2,237,059) | \$ (1,386,236) | \$ 368,775 | \$ (219,195) | \$ 610,250 | \$ 936,074 |

Blackhawk Technical College District

Revenue Capacity – Equalized Value of Taxable Property (in Thousands) Last Ten Fiscal Years

| Calendar Year | Residential | Commercial | Manufacturing | Other | Personal Property | Tax Incremental Districts ^(a) | Total Value ^(b) | Total District Value ^(c) | Tax Rate ^(d) |
|---------------|-------------|------------|---------------|---------|-------------------|--|----------------------------|-------------------------------------|-------------------------|
| 2010 | 8,856,866 | 2,260,519 | 426,033 | 859,021 | 364,471 | (520,476) | 12,246,434 | 11,501,174 | 1.72928 |
| 2011 | 8,582,442 | 2,252,419 | 425,730 | 868,838 | 357,674 | (540,399) | 11,946,704 | 11,229,424 | 1.78438 |
| 2012 | 8,305,730 | 2,244,981 | 452,825 | 879,130 | 367,461 | (494,570) | 11,755,557 | 11,048,411 | 1.84839 |
| 2013 | 8,170,396 | 2,114,126 | 457,484 | 860,779 | 356,915 | (483,863) | 11,475,837 | 10,779,159 | 1.92482 |
| 2014 | 8,475,434 | 2,214,135 | 469,081 | 871,764 | 375,301 | (511,649) | 11,894,066 | 11,192,318 | 1.11126 |
| 2015 | 8,636,578 | 2,234,500 | 494,021 | 884,501 | 398,203 | (512,148) | 12,135,655 | 11,400,609 | 1.19909 |
| 2016 | 8,991,446 | 2,355,016 | 500,075 | 869,610 | 398,276 | (623,541) | 12,490,882 | 11,717,073 | 1.21275 |
| 2017 | 9,610,802 | 2,448,071 | 525,607 | 831,594 | 416,659 | (704,926) | 13,127,807 | 12,329,756 | 1.20275 |
| 2018 | 10,292,414 | 2,574,739 | 569,594 | 846,494 | 303,426 | (683,826) | 13,902,841 | 13,020,910 | 1.14293 |
| 2019 | 11,133,018 | 2,726,169 | 595,186 | 859,051 | 314,335 | (940,363) | 14,687,396 | 14,026,990 | 1.11263 |

Source: Wisconsin Department of Revenue, Bureau of Property Tax

Notes:

- (a) The TID's (Tax Incremental District) amount does not include the value of exempt computers.
- (b) Equalized value information for Rock and Green Counties.
- (c) Small portions of Rock and Green Counties are not in BTC's district.
- (d) Tax rates are per \$1,000 of BTC's equalized value.

Blackhawk Technical College District

Revenue Capacity – Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

| Fiscal Year | BTC Direct Rate | | | Overlapping Rates ^(a) | | | | Gross Total | State Tax Relief | Net Tax Rate |
|-------------|----------------------------|--------------|-------|----------------------------------|----------------------|------------------------|-------|-------------|------------------|--------------|
| | Operational ^(b) | Debt Service | Total | County | Local ^(c) | Other School Districts | State | | | |
| 2011 | 1.38 | 0.35 | 1.73 | 5.99 | 5.76 | 10.03 | 1.29 | 24.80 | (1.60) | 23.20 |
| 2012 | 1.41 | 0.37 | 1.78 | 6.27 | 6.02 | 10.19 | 1.41 | 25.67 | (1.63) | 24.04 |
| 2013 | 1.44 | 0.41 | 1.85 | 6.47 | 6.19 | 10.39 | 1.38 | 26.28 | (1.65) | 24.63 |
| 2014 | 1.48 | 0.44 | 1.92 | 6.75 | 6.55 | 10.69 | 1.43 | 27.34 | (1.70) | 25.64 |
| 2015 | 0.57 | 0.55 | 1.11 | 6.57 | 6.57 | 10.45 | 1.39 | 26.09 | (1.64) | 24.45 |
| 2016 | 0.57 | 0.63 | 1.20 | 6.51 | 6.58 | 10.39 | 1.39 | 26.07 | (1.83) | 24.24 |
| 2017 | 0.57 | 0.64 | 1.21 | 6.46 | 6.62 | 10.32 | 1.59 | 26.20 | (1.78) | 24.42 |
| 2018 | 0.56 | 0.64 | 1.20 | 6.32 | 6.51 | 10.05 | 1.48 | 25.56 | (1.88) | 23.68 |
| 2019 | 0.54 | 0.60 | 1.14 | 6.06 | 6.40 | 9.74 | 1.31 | 24.65 | (1.78) | 22.87 |
| 2020 | 0.53 | 0.59 | 1.11 | 5.89 | 6.15 | 9.62 | 1.16 | 23.93 | (1.68) | 22.25 |

Source: Wisconsin Department of Revenue, Division of State and Local Finance, Bureau of Local Government Services

Notes:

- (a) Overlapping rates are those of local and county governments that apply to property owners within the District. Not all overlapping rates apply to all property owners within the District. For example, the county rate is made up of the rates for most of Rock and Green Counties. The individual county rates apply only to the property owners within each of those counties. These overlapping tax rates are an average of the rates for each municipality making up the detail in this column since each government can have a different rate.
- (b) The operational property tax levies for all funds except the Debt Service Fund. This rate may not exceed \$1.50 per s.38.16 of Wisconsin State Statutes. 2013 WI Statute 145 provided a 'dollar for dollar' reduction in the operational property tax levy and increase in state aid funding, effective in FY 2014-15.
- (c) Cities, towns, villages and other special taxing districts (e.g. water districts, utility districts).

Blackhawk Technical College District

Revenue Capacity – Property Tax Levies and Collections

Last Ten Fiscal Years

| Fiscal Year | Total Tax Levy | Collected within the Fiscal Year of the Levy | | Total Collections to Date ^(b) | |
|-------------|----------------|--|--------------------|--|--------------------|
| | | Amount | Percentage of Levy | Amount | Percentage of Levy |
| 2011 | 19,888,750 | 13,690,044 | 68.83% | 19,888,750 | 100.00% |
| 2012 | 20,037,522 | 13,963,864 | 69.69% | 20,037,522 | 100.00% |
| 2013 | 20,421,757 | 14,258,686 | 69.82% | 20,421,757 | 100.00% |
| 2014 | 20,747,840 | 14,701,265 | 70.86% | 20,747,840 | 100.00% |
| 2015 | 12,437,599 | 8,905,566 | 71.60% | 12,437,599 | 100.00% |
| 2016 | 13,670,386 | 9,807,438 | 71.74% | 13,670,386 | 100.00% |
| 2017 | 14,209,843 | 10,330,415 | 72.70% | 14,209,843 | 100.00% |
| 2018 | 14,829,670 | 10,903,713 | 73.53% | 14,829,670 | 100.00% |
| 2019 | 14,881,962 | 9,136,317 | 61.39% | 14,881,962 | 100.00% |
| 2020 | 15,606,881 | 11,440,377 | 73.30% | 11,440,377 | 73.30% |

Notes:

- (a) Under Wisconsin law, personal property taxes and certain installment real estate taxes are collected by city, village, and town treasurers or clerks, who then settle with other taxing units, such as counties, technical colleges and local school districts. Settlements are due from the municipality by the 15th of the month following the due date based on the municipality's payment plan. Certain installment real estate taxes and delinquent taxes are collected by the county treasurers, who then settle with the city, village, and town treasurers and other taxing units before retaining any for county purposes. In practice, any delinquent real estate taxes are withheld from the county's share. Therefore, the District receives 100% of its levy upon receipt of settlement from the county treasurers, although the taxes collected as a percentage of total tax levy will vary in any given fiscal year due to timing of payments received from municipalities.
- (b) Full levy is typically collected in mid-August. For 2020, \$15,606,881 or 100% was collected by the end of August 2020.

Blackhawk Technical College District

Revenue Capacity – Principal Property Taxpayers Current Year and Ten Years Ago

| Taxpayer Name | 2019 | | | 2009 | | |
|---|--------------------------|------|---|--------------------------|------|---|
| | Equalized Valuation | Rank | Percentage of Total Equalized Valuation | Equalized Valuation | Rank | Percentage of Total Equalized Valuation |
| ABC Supply | \$ 91,527,238 | 1 | 0.70% | \$ 69,053,665 | 1 | 0.58% |
| Mercy Health System | 56,473,724 | 2 | 0.43% | | | |
| Dollar General | 57,629,846 | 3 | 0.44% | | | |
| Kerry Ingredients | 43,016,228 | 4 | 0.33% | 48,487,590 | 2 | 0.40% |
| Dean/St. Mary's/Riverview Clinic | 31,131,060 | 5 | 0.24% | 23,168,242 | 9 | 0.19% |
| Blain Supply Farm & Fleet | 26,885,826 | 6 | 0.21% | 30,608,891 | 5 | 0.26% |
| Stag Janesville LLC | 25,507,311 | 7 | 0.20% | | | |
| Frito-Lay | 24,352,099 | 8 | 0.19% | 23,153,135 | 10 | 0.19% |
| GHC Specialty Brands LLC | 23,100,578 | 9 | 0.18% | | | |
| Woodsvew LLC | 21,699,469 | 10 | 0.17% | | | |
| Janesville Mall | | | | 40,234,063 | 3 | 0.34% |
| Staples Contract & Commercial LLC | | | | 34,549,742 | 4 | 0.29% |
| Lab Safety (LSS Inc.) | | | | 27,595,953 | 6 | 0.23% |
| General Motors | | | | 24,764,493 | 7 | 0.21% |
| Helgensen Family Partnership | | | | 23,865,645 | 8 | 0.20% |
| Total | \$ 401,323,379 | | 3.08% | \$ 345,481,419 | | 2.88% |
| Total Equalized Valuation for the District | \$ 13,020,909,894 | | | \$ 11,998,810,726 | | |

Source: Employer contacts, Rock and Green Counties and municipality official statements. Provided by R.W. Baird & Co., Inc.

Blackhawk Technical College District

Revenue Capacity – Enrollment Statistics – Historical Comparisons Current Year and Ten Years Ago

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Students Served ⁽¹⁾ | | | | | | | | | | |
| Associate Degree | 2,685 | 2,673 | 2,494 | 2,488 | 2,606 | 3,002 | 3,165 | 4,548 | 3,987 | 4,060 |
| Technical Diploma | 585 | 791 | 720 | 695 | 784 | 748 | 879 | 1,117 | 1,028 | 1,492 |
| Apprentices | 139 | 127 | 108 | 92 | 81 | 63 | 49 | 66 | 72 | 83 |
| Vocational Adult | 2,188 | 2,523 | 2,773 | 2,458 | 2,461 | 3,041 | 4,208 | 3,860 | 5,751 | 6,279 |
| Community Service ⁽⁴⁾ | 71 | 180 | 197 | 175 | 247 | 220 | 243 | 294 | 361 | 201 |
| Basic Skills | 879 | 875 | 888 | 859 | 886 | 1,025 | 1,592 | 1,609 | 1,556 | 1,880 |
| Total | 6,547 | 7,169 | 7,180 | 6,767 | 7,065 | 8,099 | 10,136 | 11,494 | 12,755 | 13,995 |
| Full-time Equivalent Enrollment ⁽²⁾ | | | | | | | | | | |
| Associate Degree | 1,171 | 1,134 | 1,052 | 1,078 | 1,195 | 1,355 | 1,415 | 1,645 | 1,909 | 1,953 |
| Technical Diploma | 143 | 264 | 293 | 276 | 270 | 282 | 317 | 395 | 373 | 537 |
| Apprentices | 24 | 23 | 15 | 15 | 12 | 10 | 8 | 5 | 11 | 11 |
| Vocational Adult | 36 | 40 | 36 | 39 | 46 | 41 | 58 | 60 | 81 | 89 |
| Community Service | 1 | 4 | 4 | 4 | 5 | 6 | 8 | 10 | 3 | 2 |
| Basic Skills | 80 | 96 | 102 | 106 | 114 | 134 | 155 | 171 | 188 | 238 |
| Total | 1,455 | 1,561 | 1,502 | 1,518 | 1,642 | 1,828 | 1,961 | 2,286 | 2,565 | 2,830 |
| Total Expenditures⁽⁵⁾ | \$ 30,872,471 | \$ 29,546,435 | \$ 27,972,760 | \$ 28,582,125 | \$ 29,187,694 | \$ 29,987,881 | \$ 30,507,322 | \$ 30,446,100 | \$ 30,120,133 | \$ 31,731,560 |
| Cost per full-time equivalent student | \$ 21,218 | \$ 18,928 | \$ 18,624 | \$ 18,829 | \$ 17,776 | \$ 16,405 | \$ 15,557 | \$ 13,319 | \$ 11,743 | \$ 11,213 |
| Graduate Follow-up statistics ⁽³⁾ | | | | | | | | | | |
| Number of Graduates | 587 | 647 | 431 | 529 | 730 | 639 | 728 | 887 | 923 | 1,082 |
| Number of Respondents | N/A | 394 | 163 | 248 | 323 | 324 | 522 | 614 | 494 | 679 |
| Percent in workforce employed | N/A | 97% | 95% | 94% | 94% | 95% | 93% | 94% | 89% | 87% |
| Percent employed in related occupations | N/A | 86% | 88% | 83% | 81% | 73% | 84% | 79% | 78% | 73% |
| Median monthly salary | N/A | \$ 3,404 | \$ 3,715 | \$ 2,659 | \$ 3,452 | \$ 2,623 | \$ 2,773 | \$ 2,655 | \$ 2,408 | \$ 2,600 |
| Percent employed in district | N/A | 40% | 50% | 59% | 54% | 53% | 61% | 61% | 62% | 49% |
| Percent employed elsewhere in Wisconsin | N/A | 26% | 27% | 19% | 23% | 16% | 25% | 30% | 25% | 29% |
| Average Age of students | 27.0 | 28.0 | 26.9 | 27.0 | 32.3 | 32.9 | 34.0 | 35.0 | 34.4 | 33.8 |
| Age range of students | 15-79 | 9-93 | 12-106 | 11-90 | 10-94 | 15-95 | 12-94 | 13-93 | 6-92 | 11-91 |

Source: Institution Advancement Department and basic financial statements.

(1) Students served represents the unduplicated count of citizens enrolled in BTC courses.

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

(3) Survey is conducted approximately six months after graduation, therefore, 2018 statistics are not available.

(4) Community Service classes are non-credit hobby-type classes

(5) For purposes of this calculation, expenditures are based upon the budgetary expenditures from the districts' General and Special Revenue-Aidable funds as reported to the Wisconsin Technical College System.

Blackhawk Technical College District

Debt Capacity – Ratio of Net Debt to Equalized Valuation and Debt Per Capita Current Year and Ten Years Ago

| Fiscal Year | Population ^(a) | Equalized Valuation ^(b) | Outstanding Debt ^(c) | Less Amounts Available ^(d) | Net Debt Outstanding | Percent of Net Debt to Equalized Valuation | Debt per Capita |
|-------------|---------------------------|------------------------------------|---------------------------------|---------------------------------------|----------------------|--|-----------------|
| 2011 | 190,365 | 11,501,174,128 | 20,805,000 | 638,986 | 20,166,014 | 0.18% | 105.93 |
| 2012 | 190,404 | 11,229,423,995 | 20,165,000 | 712,536 | 19,452,464 | 0.17% | 102.16 |
| 2013 | 189,865 | 11,048,410,839 | 20,335,000 | 630,076 | 19,704,924 | 0.18% | 103.78 |
| 2014 | 186,801 | 10,779,158,932 | 30,885,000 | 431,106 | 30,453,894 | 0.28% | 163.03 |
| 2015 | 186,747 | 11,192,317,904 | 45,435,000 | 819,388 | 44,615,612 | 0.40% | 238.91 |
| 2016 | 186,715 | 11,400,609,427 | 50,775,000 | 1,071,826 | 49,703,174 | 0.44% | 266.20 |
| 2017 | 186,442 | 11,717,072,877 | 48,875,000 | 640,385 | 48,234,615 | 0.41% | 258.71 |
| 2018 | 185,739 | 12,329,756,115 | 46,810,000 | 725,031 | 46,084,969 | 0.37% | 248.12 |
| 2019 | 186,516 | 13,020,909,894 | 42,575,000 | 458,314 | 42,116,686 | 0.32% | 225.81 |
| 2020 | 186,838 | 14,026,990,474 | 39,990,000 | 1,067,042 | 38,922,958 | 0.28% | 208.32 |

Notes:

- (a) Source - Wisconsin Technical College System
- (b) TID (Tax Incremental District) Out, excluding value of exempt computer equipment. Equalized valuations are shown on a calendar year basis for the prior year (i.e. 2019 fiscal year would be 2018 calendar year information).
- (c) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- (d) Equals the amount of funds available in the Debt Service Fund restricted for the payment of debt obligations.

Blackhawk Technical College District

Debt Capacity – Direct and Overlapping Debt

As of June 30, 2020

| Governmental Unit | Debt Outstanding | Percentage Applicable to the District | Amount Applicable to the District |
|---------------------------|---------------------|--|--|
| Overlapping debt | | | |
| County of | | | |
| Green | \$ 32,320,000 | 79.5% | \$ 25,694,400 |
| Rock | 48,730,000 | 99.8% | 48,632,540 |
| Total All Counties | <u>81,050,000</u> | <u>91.7%</u> | <u>74,326,940</u> |
| City of | | | |
| Beloit | \$ 79,094,973 | 100.0% | 79,094,973 |
| Brodhead | 1,697,320 | 100.0% | 1,697,320 |
| Edgerton | 2,719,331 | 92.6% | 2,518,101 |
| Evansville | 18,531,096 | 100.0% | 18,531,096 |
| Janesville | 80,971,229 | 100.0% | 80,971,229 |
| Milton | 13,637,100 | 100.0% | 13,637,100 |
| Monroe | 17,879,881 | 100.0% | 17,879,881 |
| Total All Cities | <u>214,530,930</u> | <u>99.9%</u> | <u>214,329,700</u> |
| Village of | | | |
| Albany | \$ 1,441,606 | 100.0% | 1,441,606 |
| Browntown | 75,000 | 100.0% | 75,000 |
| Clinton | 3,344,163 | 100.0% | 3,344,163 |
| Footville | 2,000,402 | 100.0% | 2,000,402 |
| Monticello | 1,349,817 | 100.0% | 1,349,817 |
| Orfordville | 1,142,083 | 100.0% | 1,142,083 |
| Total All Villages | <u>9,353,071</u> | <u>100.0%</u> | <u>9,353,071</u> |

Blackhawk Technical College District

Debt Capacity – Direct and Overlapping Debt (Continued)

As of June 30, 2020

| Governmental Unit | Debt Outstanding | Percentage Applicable to the District | Amount Applicable to the District |
|-------------------------------------|---------------------|--|--|
| Overlapping debt (continued) | | | |
| Town of | | | |
| Adams | \$ 23,954 | 96.2% | \$ 23,044 |
| Albany | 102,897 | 100.0% | 102,897 |
| Avon | - | 100.0% | - |
| Beloit | 19,526,891 | 100.0% | 19,526,891 |
| Bradford | - | 100.0% | - |
| Brooklyn | 176,460 | 43.4% | 76,584 |
| Cadiz | 63,653 | 57.1% | 36,346 |
| Center | 162,858 | 100.0% | 162,858 |
| Clarno | - | 100.0% | - |
| Clinton | 113,349 | 100.0% | 113,349 |
| Decatur | - | 100.0% | - |
| Exeter | - | 6.9% | - |
| Fulton | 317,316 | 100.0% | 317,316 |
| Harmony | - | 100.0% | - |
| Janesville | 300,000 | 100.0% | 300,000 |
| Jefferson | 44,510 | 100.0% | 44,510 |
| Johnstown | - | 100.0% | - |
| Jordan | - | 91.1% | - |
| La Prairie | - | 100.0% | - |
| Lima | - | 100.0% | - |
| Magnolia | - | 100.0% | - |
| Milton | - | 100.0% | - |
| Monroe | - | 100.0% | - |
| Mount Pleasant | 35,657 | 100.0% | 35,657 |
| New Glarus | 1,963,267 | 0.5% | 9,816 |
| Newark | 70,000 | 100.0% | 70,000 |
| Plymouth | - | 100.0% | - |
| Porter | - | 86.0% | - |
| Rock | - | 100.0% | - |
| Spring Grove | - | 100.0% | - |
| Spring Valley | - | 100.0% | - |
| Sylvester | - | 100.0% | - |
| Turtle | 79,257 | 100.0% | 79,257 |
| Union | 1,496,647 | 96.1% | 1,438,278 |
| Washington | 313,161 | 96.8% | 303,140 |
| York | 40,000 | 0.9% | 360 |
| Total All Towns | 24,829,877 | 91.2% | 22,640,303 |

Blackhawk Technical College District

Debt Capacity – Direct and Overlapping Debt (Continued)

As of June 30, 2020

| Governmental Unit | Debt Outstanding | Percentage Applicable to the District | Amount Applicable to the District |
|---|-----------------------|--|--|
| Overlapping debt (continued) | | | |
| School District of | | | |
| Albany | \$ 2,458,000 | 100.0% | \$ 2,458,000 |
| Argyle | 7,383,548 | 32.7% | 2,414,420 |
| Beloit | 48,800,615 | 100.0% | 48,800,615 |
| Beloit Turner | 21,886,994 | 100.0% | 21,886,994 |
| Brodhead | - | 100.0% | - |
| Clinton | 1,090,000 | 99.6% | 1,085,640 |
| Delavan-Darien | 17,335,000 | 0.3% | 52,005 |
| Edgerton | 42,025,000 | 72.9% | 30,636,225 |
| Evansville | 35,855,000 | 99.9% | 35,819,145 |
| Fort Atkinson | 4,680,000 | 0.2% | 9,360 |
| Janesville | 42,240,000 | 100.0% | 42,240,000 |
| Juda | 5,296,637 | 100.0% | 5,296,637 |
| Milton | 56,180,000 | 98.7% | 55,449,660 |
| Monroe | 2,630,000 | 100.0% | 2,630,000 |
| Monticello | 516,091 | 100.0% | 516,091 |
| Parkview (Orfordville) | 14,465,000 | 100.0% | 14,465,000 |
| Whitewater | 22,910,000 | 6.1% | 1,397,510 |
| Total All School Districts | 325,751,885 | 81.4% | 265,157,302 |
| Special Districts | | | |
| Consolidated Koshkonong Sanitary District | \$ 8,387,076 | 72.4% | 6,072,243 |
| Juda Sanitary District #1 | - | 100.0% | - |
| Plymouth Sanitary District #1 | 25,726 | 100.0% | 25,726 |
| Rock-Koshkonong Lake District | - | 53.9% | - |
| Total All Special Districts | 8,412,802 | 72.5% | 6,097,969 |
| Subtotal Overlapping Debt | 663,928,565 | 89.2% | 591,905,285 |
| District Direct Debt | | | |
| General Obligation Bond | \$ - | 100.0% | \$ - |
| General Obligation Notes | 39,990,000 | 100.0% | 39,990,000 |
| Subtotal Direct Debt | 39,990,000 | 100.0% | 39,990,000 |
| Total Direct and Overlapping Debt | \$ 703,918,565 | 89.8% | \$ 631,895,285 |

Blackhawk Technical College District

Debt Capacity – Direct and Overlapping Debt (Continued) As of June 30, 2020

| Governmental Unit | Debt Outstanding | Percentage Applicable to the District | Amount Applicable to the District |
|---|---------------------|--|--|
| Statistical Summary | | | |
| 2020 Equalized Valuation - TID In | | | \$ 14,690,919,474 |
| Total Direct and Overlapping Debt | | | \$ 631,895,285 |
| Direct and Overlapping Debt as a Percentage of Equalized Valuation | | | 4.3% |
| Population of District | | | 186,838 |
| Direct and Overlapping Indebtedness - Per Capita | | | \$ 3,382 |

Source: Survey of each government unit with the District's boundaries, June 30, 2020

Notes:

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

The percentage of overlapping debt applicable to the District is the equalized property value of the overlapping government located within the District's boundaries as a percentage of total equalized value of all property for the overlapping government.

Blackhawk Technical College District

Debt Capacity – Legal Debt Margin Information Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Equalized valuation - TID In | \$ 14,690,919,474 | \$ 13,701,734,694 | \$ 13,008,450,305 | \$ 12,329,520,367 | \$ 11,901,034,517 | \$ 11,683,539,794 | \$ 11,245,141,222 | \$ 11,525,644,826 | \$ 11,752,283,785 | \$ 12,004,455,318 |
| Debt limit - 5% of equalized valuation ^(a) | 734,545,974 | 685,086,735 | 650,422,515 | 616,476,018 | 595,051,726 | 584,176,990 | 562,257,061 | 576,282,241 | 587,614,189 | 600,222,766 |
| Aggregate Indebtedness | | | | | | | | | | |
| General obligation promissory notes | 39,990,000 | 42,575,000 | 46,810,000 | 48,875,000 | 50,775,000 | 45,435,000 | 30,885,000 | 13,790,000 | 12,480,000 | 11,705,000 |
| General obligation bonds | - | - | - | - | - | - | - | 6,545,000 | 7,685,000 | 9,100,000 |
| Less resources available to fund principal and interest payments ^(b) | (1,067,042) | (458,314) | (725,031) | (640,385) | (1,071,826) | (819,388) | (461,790) | (630,076) | (712,706) | (665,421) |
| Total net debt applicable to limit | 38,922,958 | 42,116,686 | 46,084,969 | 48,234,615 | 49,703,174 | 44,615,612 | 30,423,210 | 19,704,924 | 19,452,294 | 20,139,579 |
| Legal debt margin | 695,623,016 | 642,970,049 | 604,337,546 | 568,241,403 | 545,348,552 | 539,561,378 | 531,833,851 | 556,577,317 | 568,161,895 | 580,083,187 |
| Total net debt applicable to the limit as a percentage of debt limit | 5.30% | 6.15% | 7.09% | 7.82% | 8.35% | 7.64% | 5.41% | 3.42% | 3.31% | 3.36% |
| Debt limit - 2% of equalized valuation ^(a) | 293,818,389 | 274,034,694 | 260,169,006 | 246,590,407 | 238,020,690 | 233,670,796 | 224,902,824 | 230,512,897 | 235,045,676 | 240,089,106 |
| Bonded Indebtedness | | | | | | | | | | |
| General obligation bonds | - | - | - | - | - | - | - | 6,545,000 | 7,685,000 | 9,100,000 |
| Less resources available to fund principal and interest payments ^(b) | - | - | - | - | - | - | - | (202,796) | (271,616) | (291,052) |
| Total net debt applicable to limit | - | - | - | - | - | - | - | 6,342,204 | 7,413,384 | 8,808,948 |
| Legal debt margin | 293,818,389 | 274,034,694 | 260,169,006 | 246,590,407 | 238,020,690 | 233,670,796 | 224,902,824 | 224,170,693 | 227,632,292 | 231,280,158 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 2.75% | 3.15% | 3.67% |

Notes:

Detail regarding the District's debt can be found in the Notes to Financial Statements.

(a) Wisconsin State Statutes chapter 67.03 provides: 1) the aggregate amount of indebtedness of any municipality shall not exceed 5% of the value of the taxable property located in the municipality as equalized for state purposes and 2) for any technical college district, the bonded indebtedness for the purpose of purchasing school sites and the construction and equipping of school buildings may not exceed 2% of the value of its taxable property as equalized for state purposes.

(b) Equals the ending fund balance in the Debt Service Fund - Schedule of Revenues, Expenditures, and changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis).

Blackhawk Technical College District

Demographic and Economic Information – Demographic and Economic Statistics Last Ten Calendar Years

| Calendar Year | Population ^(a) | Personal Income (000's) ^(a) | Per Capita Personal Income ^(a) | Number of Households ^(b) | Median Household Income ^(b) | Public School Enrollment ^(c) | Annual Public and Private High School Graduates ^(d) | Unemployment Rate ^(e) |
|---------------|---------------------------|--|---|-------------------------------------|--|---|--|----------------------------------|
| 2011 | 196,983 | 6,745,628 | 34,245 | 84,368 | 48,835 | 33,560 | 2,426 | 9.63% |
| 2012 | 197,327 | 7,216,392 | 36,571 | 84,046 | 48,475 | 33,529 | 2,432 | 8.47% |
| 2013 | 197,829 | 7,679,635 | 38,820 | 83,942 | 50,395 | 33,641 | 2,373 | 7.86% |
| 2014 | 198,251 | 7,843,269 | 39,562 | 84,154 | 51,631 | 33,657 | 2,512 | 6.92% |
| 2015 | 198,634 | 8,186,379 | 41,213 | 84,164 | 55,058 | 33,520 | 2,456 | 5.29% |
| 2016 | 198,695 | 8,274,428 | 41,644 | 84,414 | 53,318 | 33,305 | 2,614 | 4.65% |
| 2017 | 199,160 | 8,615,323 | 43,258 | 84,976 | 54,767 | 33,219 | 2,267 | 3.98% |
| 2018 | 200,058 | 9,095,229 | 45,463 | 85,302 | 56,673 | 32,884 | 2,231 | 3.09% |
| 2019 | N/A | N/A | N/A | 85,581 | N/A | 32,563 | 2,245 | 3.07% |
| 2020 | N/A | N/A | N/A | N/A | N/A | 32,232 | N/A | 5.84% |

Notes:

- (a) Source - US Department of Commerce, Bureau of Economic Analysis, for all of Green and Rock counties
 - (b) Source - US Census Bureau, American Community Survey, for all of Green and Rock counties
 - (c) Source - Wisconsin Department of Public Instruction, for all of Green and Rock counties
 - (d) Source - Wisconsin Technical College System School to Work reports for public graduates and Wisconsin Department of Public Instruction for private graduates
 - (e) Source - Bureau of Labor Statistics
- N/A Not available

Blackhawk Technical College District

Demographic and Economic Information – Principal Employers Last Ten Fiscal Years

| | | 2020 | | 2010 | |
|---------------------------------------|---|-----------|------|-----------|------|
| | | Employees | Rank | Employees | Rank |
| Mercy Health Systems | Health care | 2,969 | 1 | 2,755 | 1 |
| Hndricks Holdings | Various companies/real estate development | 1,686 | 2 | | |
| Beloit Health Systems | Medical services | 1,553 | 3 | 898 | 7 |
| School District of Janesville | Education | 1,377 | 4 | 1,512 | 2 |
| Rock County | Government | 1,227 | 5 | 1,174 | 3 |
| Grainger Brands | Wholesale safety equipment | 1,212 | 6 | 900 | 6 |
| Monroe Clinic | Medical facility | 1,173 | 7 | 917 | 5 |
| Kerry Ingredients & Flavours | Dehydrated food products | 971 | 8 | | |
| School District of Beloit | Education | 938 | 9 | 941 | 4 |
| St Mary's Hospital/Dean Health System | Health care | 855 | 9 | | |
| Lear Seating Corporation | Seating for motor vehicles | | | 870 | 8 |
| City of Janesville | Government | | | 938 | 9 |
| The Swiss Colony | Mfg/mail order food and gifts | | | 600 | 10 |

Source: Green and Rock counties and official statements of municipalities within Rock and Green counties. Provided by R.W. Baird & Co., Inc.

Blackhawk Technical College District

Operating Information – Full-Time Equivalent College Employees by Employee Group Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| By Pay Groups: | | | | | | | | | | |
| Full-time instructors | 88 | 88 | 90 | 91 | 96 | 98 | 99 | 112 | 111 | 114 |
| Part-time instructors | 18 | 21 | 23 | 25 | 28 | 31 | 27 | 29 | 38 | 43 |
| Administration | 86 | 85 | 80 | 75 | 79 | 82 | 82 | 75 | 75 | 74 |
| Part-time support personnel | 21 | 22 | 20 | 21 | 23 | 22 | 26 | 29 | 27 | 30 |
| Full-time clerical and custodial | 31 | 39 | 38 | 35 | 39 | 41 | 42 | 42 | 43 | 42 |
| Total | 244 | 255 | 251 | 247 | 265 | 274 | 276 | 287 | 294 | 303 |

Source: Human Resources Department - employee FTE count as of June 30 of each year.

Blackhawk Technical College District

Operating Information – Operational Expenditures per FTE Student Last Ten Fiscal Years

| Year | Operational Expenditures ⁽³⁾ (General and Special Revenue-Aidable Funds) | | Student Enrollments | | BTC Operational Expenditure per Student | | Statewide Operational Expenditure per Student | | Rank ⁽¹⁾ |
|------|---|---------------------|-------------------------------------|------------------------------------|--|------------------------------------|--|-----|---------------------|
| | Amount (in 000's) | Percent Increase | Full-time Equivalent Students | Percent Increase/ (Decrease) | Per FTE Students | Percent Increase/ (Decrease) | Per FTE Students | | |
| 2011 | \$ 31,732 | 3.3% | 2,830 | -2.9% | \$ 11,213 | 6.4% | \$ 13,172 | 1 | |
| 2012 | 30,120 | -5.1% | 2,565 | -9.4% | 11,743 | 4.7% | 13,519 | 2 | |
| 2013 | 30,446 | 1.1% | 2,286 | -10.9% | 13,318 | 13.4% | 14,272 | 6 | |
| 2014 | 30,507 | 0.2% | 1,961 | -14.2% | 15,557 | 16.8% | 15,563 | 11 | |
| 2015 | 29,988 | -1.7% | 1,828 | -6.8% | 16,405 | 5.5% | 15,951 | 10 | |
| 2016 | 29,188 | -2.7% | 1,642 | -10.2% | 17,776 | 8.4% | 17,907 | 12 | |
| 2017 | 28,582 | -2.1% | 1,522 | -7.3% | 18,779 | 5.6% | 19,029 | 12 | |
| 2018 | 27,973 | -2.1% | 1,502 | -1.3% | 18,624 | -0.8% | 18,624 | 10 | |
| 2019 | 29,546 | 5.6% | 1,561 | 3.9% | 18,928 | 1.6% | 18,928 | 8 | |
| 2020 | 30,872 | 4.5% | 1,455 | -6.8% | 21,218 | 12.1% | (2) | (2) | |

Notes: (1) Rank among 16 WTCS districts. (1 is the lowest 16 is the highest)

(2) Not yet available

(3) For purposes of this calculation, operational expenditures is based upon the budgetary expenditures from the districts' General and Special Revenue-Aidable funds as reported to the Wisconsin Technical College System.

Blackhawk Technical College District

Operating Information – Campus Statistics Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Square Footage | | | | | | | | | | |
| Campuses | | | | | | | | | | |
| Main Campus - Janesville | 291,452 | 291,452 | 291,452 | 291,452 | 291,452 | 291,452 | 291,452 | 291,452 | 291,452 | 291,452 |
| Advanced Manufacturing Training Center | 110,939 | 110,939 | 110,939 | 110,939 | 110,939 | 110,939 | 50,000 | - | - | - |
| Aviation Center | - | - | - | - | 25,210 | 25,210 | 25,210 | 25,210 | 25,210 | 25,210 |
| Beloit Campus | - | 18,068 | 18,068 | 18,068 | 29,068 | 29,068 | 29,068 | 29,068 | 29,068 | 15,000 |
| Center for Transportation Studies | 30,846 | 30,846 | 30,846 | 30,846 | 30,846 | 30,846 | 30,846 | 30,846 | 30,846 | 30,846 |
| Monroe Campus | 24,203 | 24,203 | 24,203 | 24,203 | 24,203 | 24,203 | 24,203 | 24,203 | 24,203 | 24,203 |
| Total for campuses | 475,508 | 475,508 | 475,508 | 475,508 | 511,718 | 511,718 | 450,779 | 400,779 | 400,779 | 386,711 |
| Facilities | | | | | | | | | | |
| Administration Building | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Storage Building - Central Campus | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 | 3,750 |
| Storage Building - Admin | 1,650 | 1,650 | 1,650 | 1,650 | 1,650 | 1,650 | 1,650 | 1,650 | 1,650 | 1,650 |
| Total for facilities | 11,400 | 11,400 | 11,400 | 11,400 | 11,400 | 11,400 | 11,400 | 11,400 | 11,400 | 11,400 |
| Grand Total⁽¹⁾ | 486,908 | 486,908 | 486,908 | 486,908 | 523,118 | 523,118 | 462,179 | 412,179 | 412,179 | 398,111 |

(1) The regional centers are not included in this schedule. The regional centers are not a significant part of the college operations.

Source: Facilities Department