



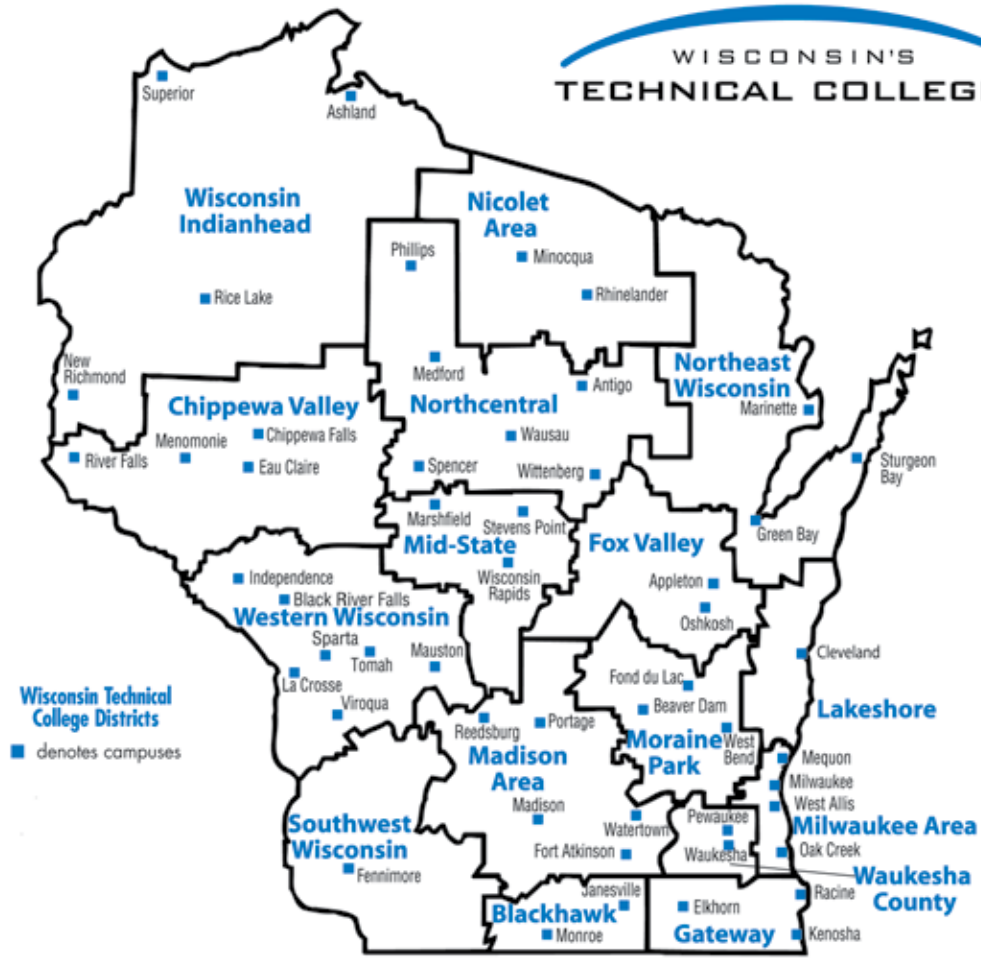
2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

(WITH INDEPENDENT AUDITORS REPORT)
FOR FISCAL YEAR ENDED JUNE 30, 2008

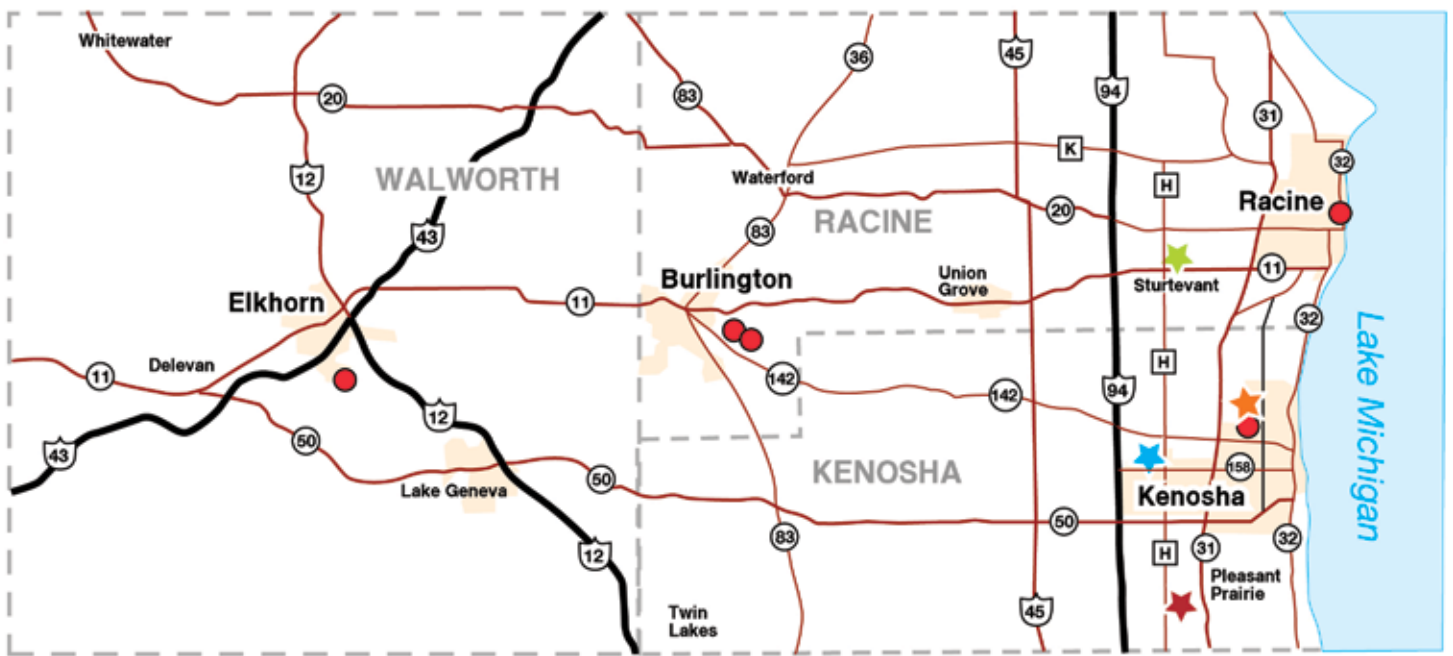


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Gateway Technical College





GATEWAY TECHNICAL COLLEGE DISTRICT

Racine/Kenosha/Elkhorn, Wisconsin

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008
(With Independent Auditors' Report)

Official Issuing Report:

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Chief Financial Officer/Vice President of Administration

Report Prepared By:

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Controller

Assisted By:

Finance Office Staff
Marketing Department
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GATEWAY TECHNICAL COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008

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Introductory Section



Bryan D. Albrecht
President

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www.gtc.edu

November 1, 2008

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

The Comprehensive Annual Financial Report (CAFR) of Gateway Technical College District (the District or Gateway) for the fiscal year ended June 30, 2008, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

Gateway Services and Environment – your community resource

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

Southeastern Wisconsin's communities turn to Gateway first to ensure economic growth and viability by providing education, training, leadership, and technological resources. Gateway represents Kenosha, Racine, and Walworth counties and has an economic impact of over \$401 million annually. Gateway successfully connects with its students and partners with area businesses and economic development organizations, to not only respond with programming to meet current needs, but to anticipate where job growth is likely to take place. Each year, Gateway serves approximately 25,000 residents, involves more than 400 business and industry representatives in our programs and supports more than 50 businesses through customized training. Gateway graduates serve our communities in areas of skilled trades, and technical and professional occupations, as well as community service careers.

Each year Gateway surveys graduates to obtain information about employment status, salary levels, job location, and satisfaction with training. Highlights of the 2007 Graduate Follow-Up survey are:

- The average full-time wage is \$16.04 per hour
- 95% are satisfied with their Gateway training
- 92% have jobs within six months of graduation
- 67% are employed in their field of training

With programs in critical community growth areas such as safety and protective services health and wellness, business and manufacturing, entrepreneurship and quality, it is hard not to find a connection to the community life. Gateway offers associate of applied science degree programs, technical diploma programs, advanced technical certificates, apprenticeship programs, and other adult education services. Gateway is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. Our next reaccreditation evaluation will be in Fall 2009. A year ago Gateway began a self-study process in preparation for the commission's visit. Since then, we met with community leaders as well as Gateway employees, in each of our three counties, engaging in conversation sessions about the strengths and challenges of our college. The conversations focused on five key subject areas which relate to our accreditation criteria:

- Passionate, student-focused teaching, diverse life long learning that makes all students better than they thought they would be.
- Planning that positively impacts students and creates value for the student's and community's future.
- Commitment to creative partnering that serves our diverse community.
- Gateway's responsive, dynamic and collaborative relationship with the community and its changing needs.
- Collaborative inquiry that produces broad and deep knowledge.

We are engaging with our community to explore ways to improve Gateway as your community resource.

Service Efforts and Accomplishments

Gateway's Vision 2012, established under the leadership of President Bryan D. Albrecht, has been the strategic direction that has guided Gateway Technical College faculty, staff, and administration to accomplish many activities over the past year. The following is a list representative of some of those service efforts and accomplishments:

Community Leadership-

- This summer Bryan Albrecht, Gateway's president, began his one-year term as president of the Association for Career & Technical Education (ACTE) the nation's largest not-for-profit education association dedicated to the advancement of career preparation education. In that capacity, he has become a much sought-after expert speaker on Career and Technical Education and promoter of Gateway Technical College.
- Ron Jandura, then Gateway District Board chairperson, served on a Ad Hoc Committee on Technical College funding to provide recommendations and report on the Wisconsin Technical College System (WTCS) funding including state-level investment in WTCS, creating a culture of innovation, promoting new revenue opportunities and efficiencies for productivity and savings at Wisconsin's technical colleges and creating an expanded culture of advocacy for the colleges.
- Zina Haywood, Executive VP/Provost, became a member of the Advisory Board for the Wisconsin Educational Opportunity Program, operated by the Wisconsin Department of Public Instruction.
- Jim Buck, instructor, was selected as IBM's Innovation iSeries educator of the year and was also invited to teach at IBM's training center in South Africa for a few weeks. Jim has also since co-authored and authored IBM text books.
- Gateway hosted the Wisconsin Business Incubator Associations (WBIA) quarterly meeting in April. With more than 60 members it is the fourth largest state incubation organization in the nation. Gateway's Business Development Director was appointed to the board of the WBIA.
- Gateway is recognized as a "place of innovation" as other community colleges, including Gulf Coast Community College (FL), toured Gateway's Advanced Technology centers and our hospitality academy program to learn more about the ATC models.
- Gateway is one of six technical colleges involved in a national Adult Career Pathways study which will work to identify, enroll, educate and prepare underemployed adults for high-demand careers.
- The Horizon Center began offering exclusive Snap-On Diagnostics Certification training to instructors at schools and colleges throughout the country both for certification and in a train-the-trainer capacity. A national consortium of transportation training institutions is being formed.
- Gateway Apprenticeship website: www.gtc.edu/apprenticeship was highlighted as a Best Practices model at a WTCS Board meeting.
- Gateway was recognized as a new HAAS Technical Education Center (HTEC) by HAAS Automation.
- Faculty from Automotive Technology, Motorcycle Safety, and Criminal Justice are writing a bi-weekly automotive column for the Kenosha News called Gear Heads
- Bryan Albrecht served as the president of the United Way Board of Kenosha and for the Mary Lou Mahone Foundation.
- Gateway was awarded the Literacy Leader Award by the Kenosha County Literacy Council.
- The Racine Campus sponsored its first Marrow Donor Drive.

- Several Gateway nursing students volunteered their time and skills at a free community medical clinic event, "Twice Touched". This is the fourth year faculty and students volunteered for this event.
- Several Gateway staff participated in mentoring fifth-grade students from an elementary school in Kenosha and others are involved in the Kenosha Area Business Alliance mentoring program.
- Gateway is actively participating in the Green Kenosha and Green Racine organizations in promoting sustainability within our communities. Projects currently underway include promoting recycling, geothermal, and green building concepts.

Community Partnerships-

- Gateway serves as a model in its community partnerships. Dane County school district administrators want to model their "Global Academy", a hybrid of high school and college courses, after Gateway's partnership with area school districts. (As reported in the Wisconsin State Journal 7/21/08)
- Gateway has partnered with several local high schools in Kenosha, Racine, and Walworth counties in raising awareness of Project Lead the Way (pre-engineering courses for middle and high school students). Gateway staff created a PLTW Resource Blackboard Site and support courses to provide support to all PLTW instructors across Wisconsin.
- In March a summit meeting was held between the stakeholders involved with Adult Basic Education and English as a Second Language. The goal was to establish communications so that the agencies can work together better and reduce duplication of services.
- A partnership with the Business Procurement Assistance Center has resulted in a dramatic increase in the amount of Federal contracts awarded to Gateway area businesses. In 2007-08 the value of the contracts awarded was \$30,200,000 as compared to \$8,000,000 in the first year 1999-2000.
- An articulation agreement with Penn State will allow Gateway IT programmer analysts associate degree grads to complete a bachelor's degree in technology management. The courses through Penn State would be entirely online.
- An articulation agreement with George Williams College Aurora University was signed in April, which provides a seamless opportunity for Gateway graduates to continue their education and complete a bachelor's degree in business and nursing science.
- The Walworth County Job Fair, a partnership between Gateway and the Wisconsin Job Center was a big success hosting 485 job seekers and 39 employers. 60% of the employers have reported they have hired Gateway graduates with the last three years.
- In June the Milwaukee 7 hosted their meeting at the CATI advanced technology center. It included over 80 individuals from the seven county area including individuals from the business community, workforce development boards, educational institutions and government officials.

New Curriculum Offerings-

- A full-length summer term was added to provide increased scheduling flexibility and opportunities to take classes toward graduation. Gateway is the first Wisconsin Technical College to implement three terms.
- Biomedical Engineering Technology (BMET), a top growth job area, is now offered as an alternative path through our Electrical Engineering Technology program. Graduates could transfer into Marquette University's Biomedical Engineering bachelor's degree program with only 2.5 years to graduate.
- Gateway launched its first 13-week, 520-Hour Basic Training - Law Enforcement Academy. This makes the program more accessible to students and reduces costs to our communities' agencies.

- Accounting On-Demand program is our first program giving students the flexibility to determine when they start a course, and if they finish before the 15 weeks allotted time they can start the next course right away.
- In I.T. a new gaming advanced technical certificate is generating a great deal of student excitement. The I.T. program is researching a gaming degree and an I.T. Data Convergence degree. Data Convergence covers telecommunications, networking and GIS areas and makes for a more marketable general I.T. student.
- A new Accounting Capstone course prepares students to take the Accredited Business Accountant (ABA) exam. The ABA is a national certification program supported by the National Society of Accountants.
- A Diabetes Education Program advanced training program for professionals was developed to train registered nurses at Aurora.
- Resulting from a task force to identifying how to better serve the educational needs of Walworth County: A Community Pharmacy Technician program was developed and the first courses are being offered in Fall 2008, a Building Trades-Carpentry one-year technical diploma program is slated to begin in Elkhorn in Spring 2009, and more.
- Gateway received accreditation from the Higher Learning Commission for four online programs, which provides assurance that the coursework is the same high quality as traditional educational delivery. They are associate degree programs in accounting, instructional assistant, supervisory management, and technical communication.

Student Success-

- The first graduating class of the Radiography Tech program passed their board exams at 100%.
- As part of the ongoing foreign exchange program, six students from Hanau, Germany participated in Gateway learning opportunities and job shadowing at several local businesses. Gateway Interior Design Students traveled to Germany to work with our sister technical college and gain an understanding of European design trends.
- Interior design students took home state honors at the Wisconsin Technical College System Interior Design Competition.
- Three students from the Business Professionals of America club brought home fifteen awards from the state Leadership event held in Madison.
- The Gateway Marketing and Management Association (GMMA)—Kenosha Campus won first place as the Wisconsin Marketing and Management Association's Outstanding Chapter for the third straight year. GMMA was also awarded First Place in the Diamond Chapter Award. At international competition, GMMA also won 12 honors as they competed against 1,200 two-year and four-year college/university students in twenty events.
- The Association of Information Technology (AITP) Kenosha and Racine chapters brought home first place honors in four categories from the national collegiate convention.
- Gateway Adult Basic Education program students are among only three Wisconsin Technical Colleges to exceed the National Reporting System (NRS) target levels. These goals are given to colleges to show how many of its students move through levels within a set time frame.
- Boot Camp Graduates - Of the 116 graduates from 8 CNC bootcamps, 85-90% are employed. 60% of the 41 completers of the 3 Welding bootcamps are employed.

Facilities/Campus Environment- The “Gateway Experience”

- The Horizon Center, a modern, state-of-the-art transportation technology center, opened September 2007. As a result of partnerships and community connections, auto technicians will be much more competitive locally and nationally in today's changing technological automobile service workplace.
- The Horizon Center has been awarded the Economic Impact Award by the Kenosha Area Business Alliance and the Kenosha Area Chamber of Commerce, for demonstrating a commitment to the community, its customers, and its employees. The Center also received the Silver Citation award from College and University Facilities magazine.
- The Racine campus opened its new Health Career Lab, which simulates a clinic and offer labs for hands-on training in several health career programs.
- Science labs at the Racine campus were remodeled to provide even more opportunities for students to receive hands-on training. The lab includes physics, chemistry, anatomy-physiology, and biology classrooms with new equipment.
- An Emergency Response plan covering Staff Safety Behavior, Emergency Duties, Exterior Safety, Classroom Preparation, Communications and Common Safety Areas was instituted. AlertMe, a cell phone text-based warning system was introduced to students.
- Implemented green initiatives to decrease negative environmental impacts, including using guidelines by Energy Star, Green Electronics Council, and Climate Saves Computer Initiative. Gateway received its first incentive reimbursement from the Wisconsin Focus on Energy program for installing energy efficient lighting.
- Hosted community Earth Day celebration in April and held a groundbreaking ceremony for the new Gateway Prairie.
- Hosted the first Sustainability Conference seminar in conjunction with the Association for Career and Technical Education (ACTE) and Siemens Building Technologies, Inc. It shared "green" initiatives being instituted by educators and facility managers to use in their learning environments.
- The Racine Campus is collaborating with the Root-Pike Watershed Initiative Network to establish a Rain Garden on the campus.
- WGTD now has signal expansion to the western Racine and Kenosha counties after the installation of a new state-of-the-art panel antenna mounted on the 300 foot tower on the Kenosha campus. Translators are up and running in Walworth County extending the signal more broadly in Elkhorn and Lake Geneva.
- Employees are improving their customer service skills by participating in "Service: A Degree Above", a customer service training program that began in 2007/08 and will continue over the next two years. All employees will participate in the program.
- A yearlong new-employee orientation program will expose staff to all functions and locations of the college and build connections between employees.
- The Gateway Conversation, associated with the College's accreditation process, has engaged employees in discussing their best experiences with Gateway and what they want to see more of in the future. Increased conversation and planning among staff members is encouraged.

Technology Initiatives-

- Supported both academic and student service initiatives to extend Gateway's accessibility to students including additional online courses and online registration, financial aid, and other services. A new website aids in access to these services and improved information organization.
- Implemented an automated payment plan and drop process as well as an automated cancelled class notification.
- Instituted the college's first paperless educational program by issuing laptops to the auto technology students at the Horizon Center.

- Designed and implemented an expanded wireless infrastructure as facilities are remodeled.
- Implemented an energy management initiative by installing Energy star servers, as well as moving to a virtualized server environment which saves energy.
- Faculty-prepared Bioscience virtual modules which have attracted over 43,000 hits on the www.advancingbiotech.org website. Gateway staff presented at the Conference on Information Technology in Nashville, "Improving Online Course Quality: Partnering with Experts", explaining the development of the Virtual Modules.

Special Funding/Grants-

- Health Careers Division received a \$25,000 grant in partnership with WDC and Society's Assets to train family caregivers.
- A \$100,000 grant was received from the U.S. Department of Transportation, in conjunction with Kenosha Unified School District, to support our automotive instructors in working with area high schools to connect math and science with the automotive industry.
- The automotive technician program is receiving a total of \$100,000 in funds to help train instructors, as well as students, to become certified automotive diagnostic technicians. \$25,000 comes from the Wisconsin Department of Workforce Development as a Grow Wisconsin grant. Snap-On Incorporated, Kenosha County, and Gateway will each contribute \$25,000 to the program.
- An Emerging Industries Skills Partnership grant of \$100,000 was received by Gateway and the Southeast Wisconsin Workforce Development for the Future is Now project. It will train at least 50 workers in the CNC operation and set-up through the boot camps.
- A \$210,000 grant was awarded Gateway by the U.S. Department of Health and Human Services—Health Resources and Services Administration to provide scholarships for disadvantaged students enrolled in Gateway's health occupations programs.
- A \$10,000 AT&T Foundation grant helped equip the new telecommunications lab at the Center for Advanced Technology and Innovation. AT&T Wisconsin says the lab provides the necessary technical training for those working for that company and the industry.
- The WEDD division received over \$78,000 in Workforce Advancement Training Grants from the Wisconsin Technical College System to assist with training companies.

Gateway Technical College Governance

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

Mission We collaborate to ensure economic growth and viability by providing education, training, leadership, and technological resources to meet the changing needs of students, employers, and communities.

Values At Gateway Technical College, we value:

- Diversity of individuals and perspectives
- Positive climate for working and learning
- Innovation and risk-taking
- Honest and ethical behavior
- Quality and excellence in education

Vision and Strategic Direction – Vision 2012

Gateway's efforts are focused in terms of strategic planning, linking to the budgetary process, through Vision 2012. Introduced in early 2007, Vision 2012 urges each employee to contribute the critical degree of difference that will take Gateway from its status of a terrific education and training organization to the exceptional.

Vision 2012 lays out clear overall goals, measurements of success, and challenges staff to develop the strategic plans within their workgroups to achieve these goals for our students and the communities.

Our Vision: Gateway will be the community technical college of choice for academic achievement, occupational advancement, and personal development.

By 2012, Gateway Technical College will serve 36,000 citizens totaling 6,000 full-time equivalent students. The number of career training programs Gateway offers will remain close to 70. Staff and faculty will share nine key areas of development for the college with clear measures of success.

Departments and divisions are implementing plans for 2008/09 that were developed last year. They continue to track and monitor their progress towards the goals and objectives they set based on the college's strategic direction. Information from the planning process is integrated into the budgeting process, ensuring that the college's resources are focused on moving the college towards its vision.

Nine key areas were identified for special attention by staff

- Model a positive and collaborative work environment that embraces risk and responsibility.
- Position our college for program, staff and facility growth.
- Demonstrate fiscal responsibility and program integrity.
- Provide facilities and grounds that reflect the "Gateway Experience."
- Increase access to programs and services embracing technology and innovation.
- Provide precollege opportunities for *all* learners.
- Offer college-to-college general studies transfer opportunities.
- Embrace "Collegiate High School" opportunities for all learners.
- Lead our community in education, training and economic development.

The link being made between a unified strategic planning effort and the budgetary process is key to both this initiative's and Gateway's ultimate success.

Economic Condition Outlook

The Gateway District consists of Kenosha, Racine and Walworth counties. Its location in Southeastern Wisconsin between Milwaukee and Chicago provides for a growing population base and a diverse economy. Key economic information is as follows:

Kenosha County

Total Population (estimated)	162,094
Total Labor Force	84,270
Number Employed	79,310
Number Unemployed	4,960

Unemployment Rate	5.9%
WI Unemployment Rate	4.7%

The majority of employers are manufacturers (16%), healthcare (14%) and retail trade (12%).

Racine County

Total Population (estimated)	196,321
Total Labor Force	98,150
Number Employed	92,397
Number Unemployed	5,753
Unemployment Rate	5.9%
WI Unemployment Rate	4.7%

The majority of employers are manufacturers (25%), healthcare (14%) and retail trade (12%).

Walworth County

Total Population (estimated)	101,315
Total Labor Force	57,080
Number Employed	54,569
Number Unemployed	2,511
Unemployment Rate	4.4%
WI Unemployment Rate	4.7%

The majority of employers are manufacturers (23%), accommodations and food services (14%) and retail trade (11%).

District property values increased by 3.1% from 2007 to 2008. The breakdown by county is as follows:

Kenosha	1.7%
Racine	1.9%
Walworth	<u>5.7%</u>
Total District	<u>3.1%</u>

The 2008 increase in property values of 3.1% reflects the overall economic climate for the entire Midwest region and national trends.

Although the 2008 increase in property values is significantly less than prior years, the District has the capacity to raise tax revenues to provide services. The tax rate for operations of \$1.07715 per \$1,000 of valuation is well below the \$1.5 tax rate maximum.

Gateway Technical College will focus its efforts and programming to improve the economy of the region.

Management Systems and Controls

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

We believe Gateway's internal accounting controls, policies, and procedures adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As demonstrated by the statements and schedules included in the Financial Section of the report, Gateway continues to meet its responsibility for sound financial management

Single Audit

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

Budgeting Controls

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

Gateway's site-based management model requires each department to be responsible for the development and management of its budget. Starting in December and ending in May, the departments prepare, present and modify budget plans for the coming year. The budget is consolidated and reviewed by the Business Office and the Executive Leadership Council. In May, the District Board of Trustees reviews the preliminary budget and refers it to public hearing. Following the hearing, the Board considers the public input when adopting the budget at the June board meeting.

The District Budget Council, comprised of 19 members of District staff, meets regularly to monitor the actual operating results, compared to the budget, and is proactive in resolving issues. Revenue and expenditure actual results versus budget are presented to the District Board monthly. Revenue and expenditure forecasts are prepared and presented to the District Board on a quarterly basis. If modifications or changes of the approved budget are required, then approval by a two-thirds vote of the District Board is needed.

Cash Management

In keeping with existing District policy, all investments of excess funds are made in a prudent, conservative and secure manner. Cash temporarily idle during the year is invested in overnight repurchase agreements, the State of Wisconsin Local Government Investment Pool, and overnight repurchase agreements.

Risk Management

Since July 2004, the District maintains a comprehensive risk management program through

Districts Mutual Insurance Company (DMI). DMI is an insurance company jointly created by all sixteen Wisconsin technical colleges. Its risk management services include insurance for property, casualty and liability, an active safety committee, risk management training and specialized services to assist in the District's risk management efforts.

Other Information

Independent Audit

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

Certificates

Gateway has been awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) for Gateway's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007.

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

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

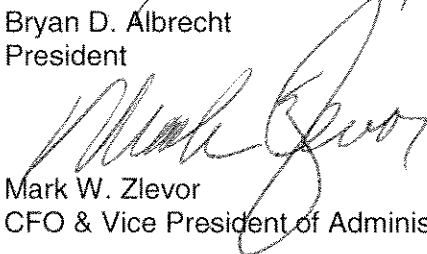
Acknowledgment

The preparation of this report was accomplished by the Finance Department with the cooperative efforts of the Marketing Department, the Research and Planning Department, and with the professional services of Schenck SC. We convey our appreciation to the Gateway Board of Trustees for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Bryan D. Albrecht
President



Mark W. Zlevor
CFO & Vice President of Administration

GATEWAY TECHNICAL COLLEGE

DISTRICT BOARD AND PRINCIPAL OFFICIALS

As of the year ended June 30, 2008

District Board

Chairperson	Ron Jandura	School District Administrator
Vice Chairperson	Roger Zacharias	Additional Member
Secretary	Patricia M. Johnson	Additional Member
Treasurer	Rebecca Vail	Employer Member
Member	Ram Bhatia	Additional Member
Member	Fred Burkhardt	Employer Member
Member	Suzanne Deans	Employee Member
Member	Ronald J. Frederick	Employee Member
Member	Pamela Zenner-Richards	Elected Official

Principal Officials

President	Bryan D. Albrecht
Executive Vice President / Provost for Academic and Campus Affairs	Zina Haywood
Chief Financial Officer / Vice President Administration	Mark W. Zlevor
Vice President Human Resources	William Whyte
Vice President Student Success	Terry Simmons
Vice President Learning Innovation / Chief Information Officer	Jeff Robshaw
Vice President Community and Government Relations	Stephanie Sklba
Vice President Workforce & Economic Development	Debbie Davidson
Associate Vice President Student Learning	John Thibodeau
Associate Vice President Research, Planning and Development	Anne Whynott



Gateway Technical College Board of Trustees 2007 - 2008

The Gateway Technical College District is governed by a nine-member board of trustees representing the communities served by the three-county district, which is comprised of two employer members, two employee members, one elected official, one school district administrator, and three additional members. Members are appointed by the chairpersons of the Kenosha, Racine, and Walworth County Boards of Supervisors, and serve staggered three-year terms.



Ron Jandura
Chairperson



Roger Zacharias
Vice Chairperson



Rebecca J. Vail
Treasurer



Patricia Johnson
Secretary



Ram Bhatia



Fred Burkhardt



Suzanne Deans



Ronald J. Frederick



Pamela Zenner-Richards

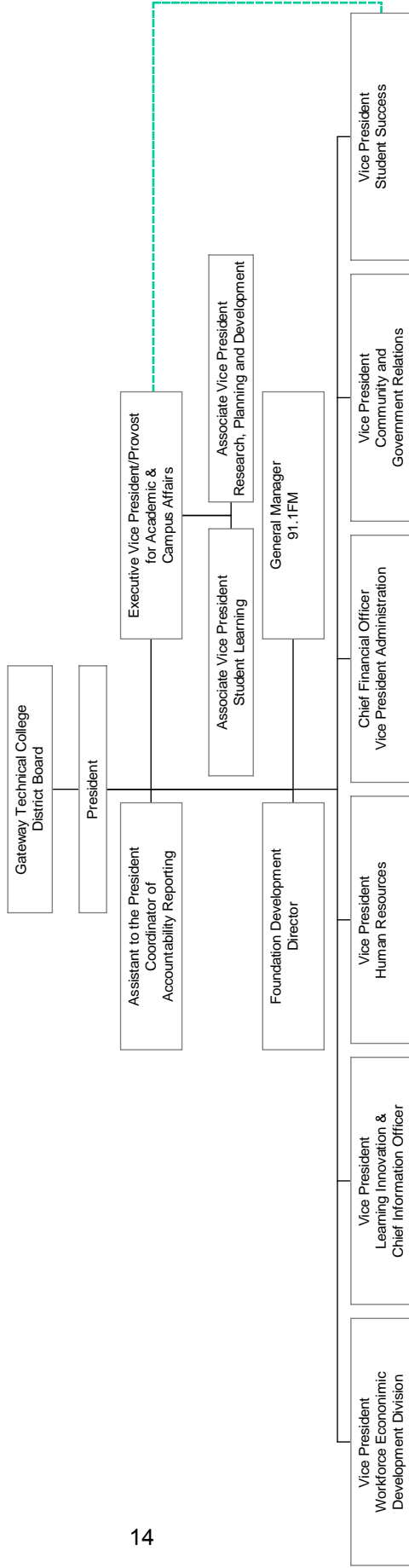


Bryan D. Albrecht
President
Gateway Technical College

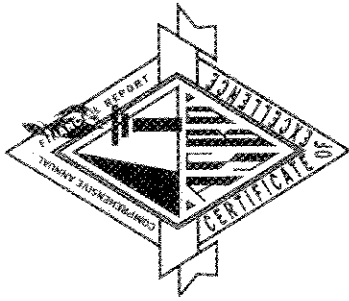
Gateway Technical College

Organizational Chart

as of June 30, 2008



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



This Certificate of Excellence in Financial Reporting

is presented to

Gateway Technical College District

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence Program

James E. Brundel

President

John D. Masaro

Executive Director

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Financial Section

INDEPENDENT AUDITORS' REPORT

To the District Board
Gateway Technical College District

We have audited the accompanying basic financial statements of the Gateway Technical College District as of and for the years ended June 30, 2008 and 2007 as listed in the table of contents. These financial statements are the responsibility of Gateway Technical College District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gateway Technical College District as of June 30, 2008 and 2007, and the change in financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2008, on our consideration of Gateway Technical College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2008 and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The "Introductory Section" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Certified Public Accountants

Fond du Lac, Wisconsin

October 15, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gateway Technical College District (the District or Gateway) Management's Discussion and Analysis (MD&A) provides an overview of its financial activity, identifies changes in financial position and assists the reader of these financial statements in focusing on significant financial observations and issues for the fiscal year ended June 30, 2008.

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

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

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

Statement of Net Assets

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

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

Stated in Thousands (\$000)

	<u>2008</u>	<u>2007</u>	<u>Incr (Decr)</u> <u>2008-2007</u>	<u>2006</u>	<u>Incr (Decr)</u> <u>2007-2006</u>
<u>Assets</u>					
<u>Current Assets</u>					
Cash and investments	\$ 10,311	\$ 12,490	\$ (2,179)	\$ 14,504	\$ (2,014)
Other	<u>19,005</u>	<u>17,844</u>	<u>1,161</u>	<u>15,936</u>	<u>1,908</u>
Total Current Assets	29,316	30,334	(1,018)	30,440	(106)
<u>Non-Current Assets</u>					
Capital Assets - Net of Depreciation	<u>40,632</u>	<u>37,576</u>	<u>3,056</u>	<u>35,393</u>	<u>2,183</u>
Total Assets	<u>69,948</u>	<u>67,910</u>	<u>2,038</u>	<u>65,833</u>	<u>2,077</u>
<u>Liabilities</u>					
Current	10,682	12,082	(1,400)	11,354	728
Non-Current	<u>24,369</u>	<u>23,151</u>	<u>1,218</u>	<u>23,217</u>	<u>(66)</u>
Total Liabilities	<u>35,051</u>	<u>35,233</u>	<u>(182)</u>	<u>34,571</u>	<u>662</u>
<u>Net Assets</u>					
Invested in Capital Assets, Net of Related Debt	16,228	14,109	2,119	13,303	806
Restricted	1,636	1,401	235	1,725	(324)
Unrestricted	<u>17,033</u>	<u>17,167</u>	<u>(134)</u>	<u>16,234</u>	<u>933</u>
Total Net Assets	<u>\$ 34,897</u>	<u>\$ 32,677</u>	<u>\$ 2,220</u>	<u>\$ 31,262</u>	<u>\$ 1,415</u>

Fiscal Year 2008 Compared to Fiscal Year 2007

During FY 2008, total assets increased by \$2.0 million or 3.0% for the fiscal year.

- Cash and investments decreased by \$2.1 million primarily as a result of eliminating the deferred faculty pay accrual, by paying all wages by the fiscal year end of 6/30/08 instead of deferring payments over the summer. Cash also decreased as result of payments for planned capital remodeling projects and equipment purchases.
- Other current assets increased by \$1.2 million due to an increase in the property tax receivable by \$1.1 million and student fee based receivables by \$417,000.
- Capital assets increased by \$3.1 million. Major projects included the completion of the Horizon Center for Transportation Technology in Kenosha and the Allied Health Remodel and construction in progress of the Science lab remodel at the Racine campus.

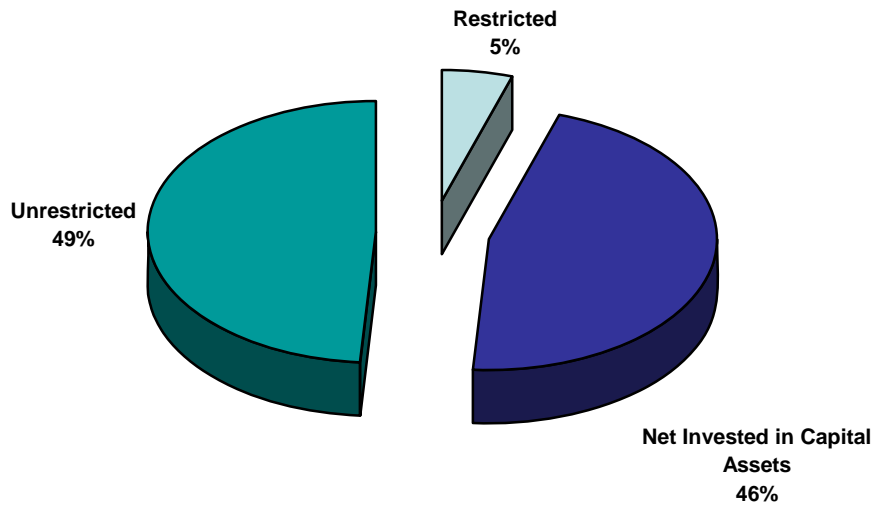
Overall, total liabilities decreased by \$182,000 or .5% which is comprised of a \$1.4 million or 11.6% decrease in current liabilities, but offset by a \$1.2 million or 5.3% increase in long-term liabilities.

- Accounts payable and accrued liabilities increased by \$720,000 or 45% as a result of construction projects and equipment payables as of June 30, 2008. It also increased as a result of accruing for a liability for an expected reduction of over \$300,000 in state aid relating to the 2007/08 fiscal year. By accruing for this liability the District is being fiscally conservative.
- The accrual for payroll and benefits experienced a significant reduction of over \$2.3 million or 57% as compared to 2007. Effective with the 2008 fiscal year end there was no longer a deferral for faculty pay and fringes. Wages normally deferred to July and August was entirely paid by 6/30/08. This change in policy is a result of the District switching to a three term academic year effective with the new fiscal year 2008/09. Faculty will be paid on the same fiscal year basis (July – June) as all other district staff.
- Accruals for interest expense, student liabilities, deferred revenue and the current portion of long term debt remained relatively stable with an average 3% increase.
- Long-term debt increased by almost \$1.3 million or 5.8% as the District has increased its borrowing to fund the necessary remodeling and upgrading of its facilities and equipment as part of its three year capital improvement plans.

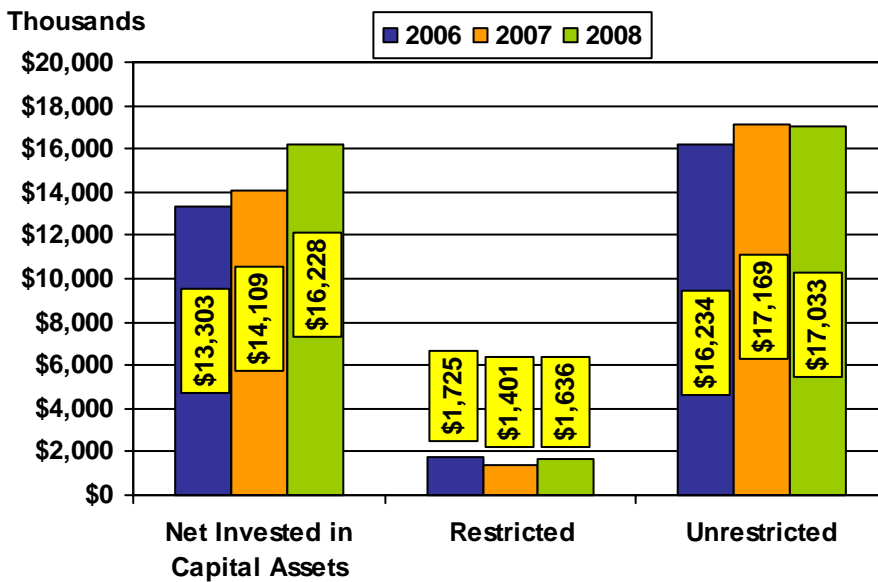
Overall net assets increased by \$2.2 million in FY 2008 or 6.8% for the fiscal year:

- Invested in capital assets net of related debt made up the majority of the increase by \$2.1 million as compared to 2007. This is due to the additional investments in facilities remodeling at all of the District's campuses.
- Restricted net assets increased by \$234,000 or 16.7% mainly due to the increase in funds restricted for debt service.

**Net Assets
June 30, 2008**



**Comparative Net Assets
Fiscal Years 2008, 2007 and 2006**



Statement of Revenues, Expenses and Changes in Net Assets

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

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

	Stated in Thousands (\$000)				
	<u>2008</u>	<u>2007</u>	<u>Incr (Decr)</u> <u>2008-2007</u>	<u>2006</u>	<u>Incr (Decr)</u> <u>2007-2006</u>
<u>Operating Revenues</u>					
Student Fees	\$ 9,210	\$ 9,204	\$ 6	\$ 8,541	\$ 663
Federal Grants	13,093	12,792	301	13,584	(792)
State Grants	2,693	2,707	(14)	2,554	153
Contract Revenues	2,526	2,162	364	2,189	(27)
Auxiliary Revenues	853	558	295	463	95
Miscellaneous	838	885	(47)	801	84
Total Operating Revenues	\$ 29,213	\$ 28,308	\$ 905	\$ 28,132	\$ 176
<u>Operating Expenses</u>					
Instruction	\$ 48,269	\$ 47,588	\$ 681	\$ 45,932	\$ 1,656
Instructional Resources	1,018	1,225	(207)	1,227	(2)
Student Services	8,521	8,776	(255)	7,657	1,119
General Institutional	6,575	6,893	(318)	7,116	(223)
Physical Plant	6,472	6,237	235	5,911	326
Student Aid	9,152	8,919	233	9,784	(865)
Public Services	335	318	17	301	17
Auxiliary Services	1,298	994	304	892	102
Depreciation	2,898	2,583	315	2,501	82
Total Operating Expenses	\$ 84,538	\$ 83,533	\$ 1,005	\$ 81,321	\$ 2,212
<u>Non-operating Revenues (Expenses)</u>					
Property Taxes	\$ 51,080	\$ 49,101	\$ 1,979	\$ 47,291	\$ 1,810
State Appropriations	6,628	7,132	(504)	7,465	(333)
State Capital Grants	-	-	-	1	(1)
Federal Capital Grants	19	8	11	2	6
Other Grants	16	-	16	143	(143)
Donated Capital Assets	265	-	265	-	-
Gain on Sale of Capital Assets	54	536	(482)	-	536
Investment Income	617	911	(294)	715	196
Interest Expense	(1,134)	(1,048)	(86)	(1,085)	37
Total Non-operating Revenues (Expenses)	\$ 57,545	\$ 56,640	\$ 905	\$ 54,532	\$ 2,108

Fiscal Year 2008 Compared to Fiscal Year 2007

- Operating revenues represent the charges for services offered by the District. These revenues increased by \$905,000 or 3.2%.
- Student fee revenues remained relatively flat as a result of a 3.4% decline in FTE's offset by a 5.8% increase in tuition rates.
- Federal grants reflect a net increase of \$301,000 mainly due to a \$517,000 or 5% increase in funds received for student financial aid, but offset by a reduction in grant funding in the special revenue fund.
- State grants remained relatively flat due to the combination of a 5% increase in student financial aid assistance from the state, while state funds decreased by approximately 11% in grant funding in the special revenue fund.
- Contract revenues grew by approximately 17% or \$365,000 due to the increase in revenue generated by our Workforce & Development Division (WEDD), which provides customized instruction and technical assistance to business and industry customers.
- Auxiliary revenues increased by almost \$295,000 or 53% mainly due to new initiatives in the auto program at the Horizon Center for Transportation Technology as well as a 5% increase in revenues for the Early Childhood Lab at the Racine campus. The new revenue sources include leasing laptops (paperless program) to students as well as sales of toolkits used in the course of instruction.

Operating expenses are costs incurred for providing education, training and related services. Overall operating expenses increased by 1.2% or \$1,005,000. When compared to the FY 2007 increase of \$2,212,000 it reflects a 50% reduction in expenditure increases. The significant changes from FY 2008 to FY 2007 are as follows:

- The slight increase in expenditures overall is a result of the District making a concerted effort during the year to cut back on its non-salary expenses because of the anticipated reduction in budgeted revenue sources. Overall, salary and wage expenses increased approximately 2.8%, while employee fringe benefits decreased by 2.3%. Fringe benefits decreased due to a \$639,000 reduction in health insurance expenses. The District's health plan was amended, which included a reduction in premium rates as well as higher contributions required from employees and retirees. Other expenditures, excluding student aid, decreased by 1.3%. Please see footnote #10, in the notes to the financial statements, for expense classification detail.
- General institutional decreased by \$319,000 or 4.6%, largely due to the \$219,000 reduction in general liability insurance expense. A majority of this reduction was a result of the District not having to contribute towards the capital reserve of the DMI insurance consortium in FY 2008. In FY 2007 the District had contributed over \$191,000 towards the capital component. Please see footnote #8 on Risk Management for additional information.

- Auxiliary Services increased by \$305,000 or 30.7% due to an increase in expenses related to the auto program. As noted above in the explanation of the revenue increase in auxiliary services, the new initiatives generated an increase in revenues but also increased expenditures for the purchase of the laptops and the toolkits.

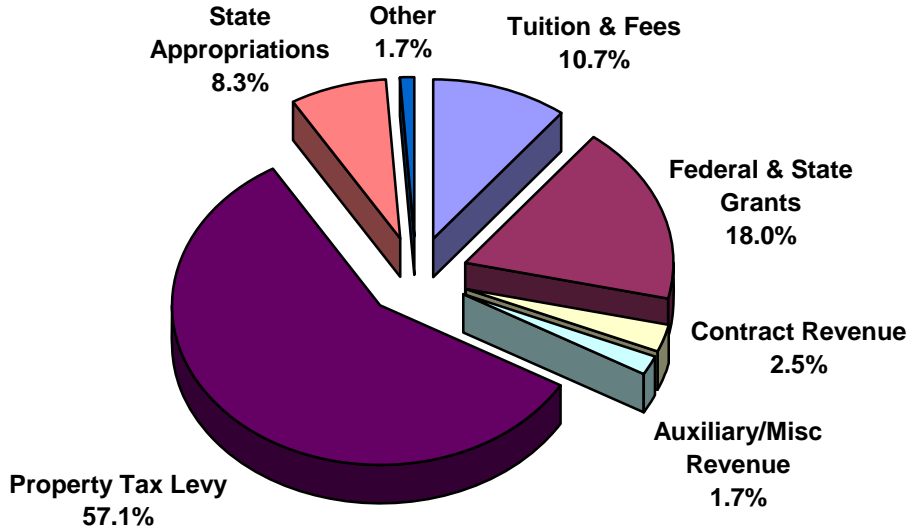
Non-operating revenues are not directly associated with providing educational and training services. Overall, non-operating revenues increased by \$905,000 or 1.6%.

- Property tax revenue was up \$1.9 million or 4.0%.
- State aid continued to decline this fiscal year as it did in FY 2007. It decreased by \$504,000 or 7.1%.
- The District received \$265,000 in donated capital assets while the sales of capital assets decreased by approximately \$482,000. During FY 2007 a few higher priced airplanes were sold as compared to the assets sold in FY 2008.
- Investment income decreased by \$294,000 or 32.3% from 2007 to 2008 as a result of the lower returns on investments. The effective interest rates on funds decreased from an average of 5.36% in July of 2007 to an average of 2.38% in June of 2008.

Non-operating expenses consist of interest expense on long-term debt. This expense increased by \$87,000 or 8.2% in fiscal year 2008 as the District's general obligation debt increased by \$1.4 million or 5.4% as compared to FY 2007.

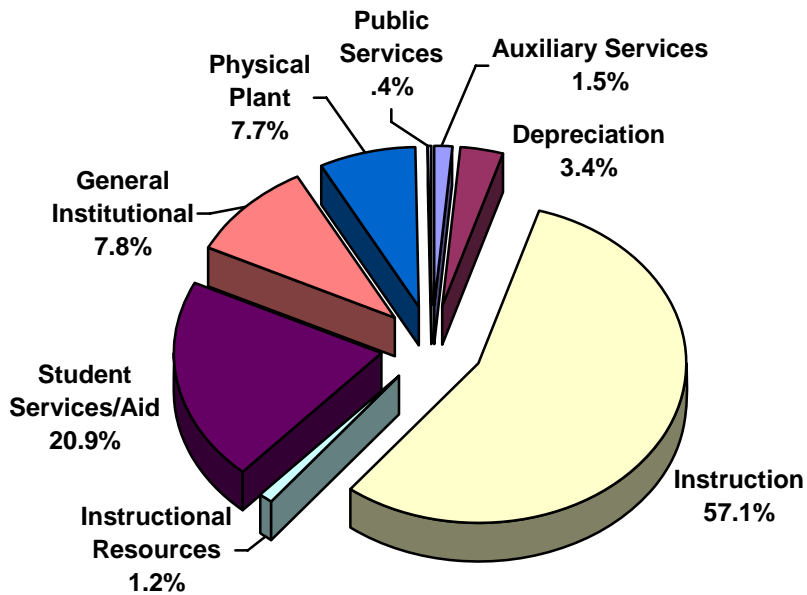
Revenue by Source

June 30, 2008



Operating Expenses

June 30, 2008



Statement of Cash Flows

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

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

Stated in Thousands (\$000)

	<u>2008</u>	<u>2007</u>	<u>Incr (Decr) 2008-2007</u>	<u>2006</u>	<u>Incr (Decr) 2007-2006</u>
Cash Used By Operating Activities	\$ (54,775)	\$ (53,015)	\$ (1,760)	\$ (50,266)	\$ (2,749)
Cash Provided By Non-Capital Financing Activities	56,447	54,055	2,392	53,752	303
Cash Used By Capital and Related Financing Activities	(4,468)	(3,969)	(499)	(2,680)	(1,289)
Cash Provided By (Used for) Investing Activities	<u>628</u>	<u>915</u>	<u>(287)</u>	<u>1,713</u>	<u>(798)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (2,168)</u>	<u>\$ (2,014)</u>	<u>\$ (154)</u>	<u>\$ 2,519</u>	<u>\$ (4,533)</u>

Fiscal Year 2008 Compared to Fiscal Year 2007

Overall, in FY 2008, cash and cash equivalents decreased by \$2.1 million or 17.4% compared to FY 2007 year end balances. Net cash used for operating activities increased from \$(54.8 million) in FY 2008 to \$(53.0 million) in FY 2007. Cash received from tuition, grants, contracts and other sources increased by \$1.5 million while cash payments for employees, materials and services increased by \$3.3 million. The largest component of cash used in operating activities was payments to employees for salaries and fringe benefits, which increased \$3.0 million or 5.1%.

Cash provided by non-capital financing activities increased by approximately \$2.4 million due to the increase in tax levy revenue receipts.

Net cash used for capital and related financing activities increased by almost 500,000. Capital asset purchases and sales resulted in a \$1.1 decrease in funds compared to FY 2007, but was offset by the net capital debt funds (proceeds less payments) by \$613,000.

Cash provided by investing activities decreased by \$287,000. This decrease is a result of the District experiencing a lower rate of return on its investments as interest rates declined due to the slowdown in the economy.

Capital Asset and Debt Administration

Stated in Thousands (\$000)

	<u>2008</u>	<u>2007</u>	<u>2008-2007</u>	<u>2006</u>	<u>2007-2006</u>
Land and Land Improvements	\$ 4,506	\$ 4,498	\$ 8	\$ 4,002	\$ 496
Less Accumulated Depreciation	(603)	(495)	(108)	(319)	(176)
Buildings, Improvements and Leasehold Interest/Improvement	49,141	46,560	2,581	44,562	1,998
Less Accumulated Depreciation	(22,802)	(21,511)	(1,291)	(20,391)	(1,120)
Equipment	18,316	16,264	2,052	15,999	265
Less Accumulated Depreciation	(9,837)	(8,895)	(942)	(8,683)	(212)
Construction in Progress	<u>1,911</u>	<u>1,155</u>	<u>756</u>	<u>223</u>	<u>932</u>
Cost of Capital Assets Net of Accumulated Depreciation	<u>\$ 40,632</u>	<u>\$ 37,576</u>	<u>\$ 3,056</u>	<u>\$ 35,393</u>	<u>\$ 2,183</u>
Outstanding Capital Debt at Year End	<u>\$ 28,460</u>	<u>\$ 25,440</u>	<u>\$ 3,020</u>	<u>\$ 21,800</u>	<u>\$ 3,640</u>

Fiscal Year 2008 Compared to Fiscal Year 2007

Capital assets, net of accumulated depreciation, increased by \$3.0 million from FY 2008 to FY 2007. Equipment net of accumulated depreciation comprises \$1.1 million of the increase while major capital projects included; \$1,400,000 remodeling of the aviation center into the Horizon Center for Transportation Technology; \$302,000 in the re-roofing of buildings and approximately \$184,000 in remodeling the Racine campus student services center.

Construction in progress increased by \$756,000, mainly as a result of the Allied Health remodeling and Science lab remodeling projects occurring at the Racine campus. Additional information regarding capital asset activity can be found in footnote #4 in the notes to financial statements.

The district had a total general obligation debt, relating to capital assets, outstanding of \$28.4 million at June 30, 2008, an increase of \$1.9 million from the previous year-end. Gateway continues to receive an Aa1 rating from Moody's Investors Services for the debt issues. Gateway meets all of its debt service requirements, including timely repayment of all debt payments. All debt issued for buildings and improvements are repaid in 15 years or less, debt issued for equipment will be repaid in 7 years or less to correspond to the useful lives of the capital investment. Additional information about Gateway's long-term debt may be found in footnote #4 in the financial statements.

Financial Position

Gateway's financial position remains strong in FY 2008. This is evidenced by the following positive financial results:

- Increase in net assets of \$2.2 million for fiscal year 2008.
- Increase in the current ratio (current assets compared to current liabilities) of 9.2%. It increased from 2.51 in FY 2007 to 2.74 in FY 2008.

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

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

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

Economic Factors

The Gateway District consists of Kenosha, Racine and Walworth Counties. The counties of this region, known as Southeastern Wisconsin, share similar challenges in terms of economic development such as the need for high-skilled jobs and infrastructure to support business growth. Gateway continues to take a leadership role in providing new methods of training to meet the needs of our communities and customers. Our boot camps in welding and CNC help address the skilled labor shortages and are attracting national attention. Our nationally recognized automotive program, in partnership with Snap-On, and our On Demand accounting have also attracted many new students.

The Districts plans to continue to grow, to offer even more innovative programs, to upgrade technology infrastructure, and to continue to renovate facilities but is challenged by several factors:

Expenses will continue to increase and as a result of adding new programs and increasing student enrollment the District will face additional burdens on its finances. The college has been very diligent in its budgeting to address the increase in expenditures and realign resources to the academic areas and will continue to do so.

The state's share of funding sources continues to decline. As a result more of the financing burden is derived from property taxes, student fees, and other sources of revenue. A challenge the District faces is that it operates in a political environment with a focus on keeping property tax increases to a minimum. These political pressures, along with reductions in state support, create an environment where the District will be challenged to provide the same level of service to its customers with fewer resources.

The slowdown in the economy has caused property values to increase at a lower rate than prior years. The 2008 District property values are increasing by 3.1% as compared to 7.7% in 2007. The state average for all the technical colleges was 3.32% for 2008 equalized property valuations.

The 2008 unemployment rate in the District remained relatively unchanged from 2007. The 2008 unemployment rates were 5.9%, 5.9%, and 4.7% for Kenosha, Racine, and Walworth counties respectively. Typically enrollment in the college increases as the unemployment rate rises.

Even though the District faces these challenges, it is planning for the future by aligning long term financial planning with its Vision 2012 to order to continue to be fiscally responsible and meet the financial needs of operations in the future. Also, new areas of

revenue growth are being pursued, including partnering with local companies for support of our programs so we can meet their training needs.

The District is in a sound financial position and it is committed to maintaining that position.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Net Assets
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
<u>Current assets</u>		
Cash and cash equivalents	\$ 5,155,223	\$ 8,433,339
Short-term investments	-	11,000
Restricted assets - cash and cash equivalents	5,155,372	4,045,583
Receivables:		
Property taxes	14,301,471	13,281,678
Accounts, net of reserve of \$196,000 and \$191,065 for 2008 and 2007, respectively	2,575,917	2,159,056
Federal and state aid	813,593	1,101,044
Prepaid expenses	<u>1,313,950</u>	<u>1,301,846</u>
Total Current assets	<u>29,315,526</u>	<u>30,333,546</u>
 <u>Non-current assets</u>		
Capital assets	73,874,407	68,477,110
Less: accumulated depreciation	<u>(33,242,201)</u>	<u>(30,900,985)</u>
Total Capital assets, net of depreciation	<u>40,632,206</u>	<u>37,576,125</u>
 TOTAL ASSETS	 <u>69,947,732</u>	 <u>67,909,671</u>
 LIABILITIES		
<u>Current liabilities</u>		
Accounts payable and accrued liabilities	2,317,702	1,597,644
Accrued payroll and benefits	1,756,871	4,089,856
Accrued interest payable	248,861	254,946
Due to students and other groups	460,404	388,967
Deferred revenue	688,116	710,510
General obligation debt - current portion	<u>5,210,000</u>	<u>5,040,000</u>
Total Current liabilities	<u>10,681,954</u>	<u>12,081,923</u>
 <u>Non-current liabilities</u>		
General obligation debt	23,250,000	21,960,000
Deferred revenue	<u>1,118,992</u>	<u>1,190,731</u>
Total Non-current liabilities, less current portion	<u>24,368,992</u>	<u>23,150,731</u>
 TOTAL LIABILITIES	 <u>35,050,946</u>	 <u>35,232,654</u>
 NET ASSETS		
Invested in capital assets, net of related debt	16,228,195	14,108,750
Restricted for:		
Debt service	839,522	672,012
Student financial assistance:		
Expendable	168,824	191,654
Nonexpendable	11,000	11,000
Student organizations	616,283	526,780
Unrestricted	<u>17,032,962</u>	<u>17,166,821</u>
 TOTAL NET ASSETS	 <u>\$34,896,786</u>	 <u>\$32,677,017</u>

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Operating revenues</u>		
Student tuition and program fees, net of scholarship allowances of \$ 3,443,212 and \$ 3,140,577 for 2008 and 2007, respectively	\$ 9,209,849	\$ 9,204,502
Federal grants	13,092,509	12,791,779
State grants	2,692,464	2,706,640
Contract revenue	2,526,471	2,161,695
Auxiliary enterprise revenues	853,017	558,428
Miscellaneous - institutional revenue	<u>838,262</u>	<u>885,364</u>
Total operating revenues	<u>29,212,572</u>	<u>28,308,408</u>
<u>Operating expenses</u>		
Instruction	48,269,277	47,587,891
Instructional resources	1,017,882	1,225,491
Student services	8,521,160	8,775,637
General institutional	6,574,419	6,893,336
Physical plant	6,471,693	6,237,124
Student aid	9,151,817	8,919,036
Public services	335,213	317,558
Auxiliary services	1,298,310	993,729
Depreciation	<u>2,897,941</u>	<u>2,583,246</u>
Total operating expenses	<u>84,537,712</u>	<u>83,533,048</u>
Net operating loss	<u>(55,325,140)</u>	<u>(55,224,640)</u>
<u>Non-operating revenues (expenses)</u>		
Property taxes	51,079,902	49,101,201
State appropriations	6,627,536	7,131,956
Federal capital grants	19,247	7,900
Other grants	15,639	-
Donated capital assets	265,414	-
Gain on sale of capital assets	53,996	535,930
Investment income	617,039	911,205
Interest expense	<u>(1,133,864)</u>	<u>(1,048,180)</u>
Total non-operating revenues (expenses)	<u>57,544,909</u>	<u>56,640,012</u>
Net change in fund balance	2,219,769	1,415,372
Net assets - beginning of year	<u>32,677,017</u>	<u>31,261,645</u>
Net assets - end of year	<u>\$ 34,896,786</u>	<u>\$ 32,677,017</u>

The accompanying notes are an integral part of this statement.

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Cash Flows

For the years ended June 30, 2008 and 2007

<u>Cash flows from operating activities</u>	<u>2008</u>	<u>2007</u>
Tuition and fees received	\$ 9,076,776	\$ 8,809,785
Federal and state grants received	16,072,424	15,256,089
Contract revenues received	2,217,708	1,998,540
Payments to employees	(62,981,970)	(59,943,025)
Payments for materials and services	(20,777,500)	(20,511,433)
Auxiliary enterprise revenues received	850,672	561,163
Other receipts	<u>766,523</u>	<u>813,625</u>
Net cash used for operating activities	<u>(54,775,367)</u>	<u>(53,015,256)</u>
<u>Cash flows from non-capital financing activities</u>		
Local government property taxes received	50,060,109	47,986,270
State appropriations received	6,837,536	6,981,956
Principal paid on pension obligation	(425,000)	(850,000)
Interest paid on pension obligation	<u>(25,925)</u>	<u>(63,031)</u>
Net cash provided by noncapital financing activities	<u>56,446,720</u>	<u>54,055,195</u>
<u>Cash flows from capital and related financing activities</u>		
State and federal grants received for capital assets	19,247	7,900
Gifts and other grants received for capital assets	15,639	-
Proceeds from sale of capital assets	213,489	725,018
Purchases of capital assets	(5,487,061)	(4,859,518)
Proceeds from issuance of capital debt	6,500,000	5,680,000
Principal paid on capital debt	(4,615,000)	(4,545,000)
Interest paid on capital debt	<u>(1,114,024)</u>	<u>(977,576)</u>
Net cash used for capital and related financing activities	<u>(4,467,710)</u>	<u>(3,969,176)</u>
<u>Cash flows from investing activities</u>		
Investment income received	617,030	915,417
Proceeds on sales of investments	<u>11,000</u>	<u>-</u>
Net cash provided for investing activities	<u>628,030</u>	<u>915,417</u>
Net decrease in cash and cash equivalents	(2,168,327)	(2,013,820)
<u>Cash and cash equivalents</u>		
Beginning of year	<u>12,478,922</u>	<u>14,492,742</u>
End of year	<u>\$ 10,310,595</u>	<u>\$ 12,478,922</u>
Reconciliation of cash and cash equivalents to the statement of net assets		
Cash and cash equivalents	\$ 5,155,223	\$ 8,433,339
Restricted assets - cash and cash equivalents	<u>5,155,372</u>	<u>4,045,583</u>
	<u>\$ 10,310,595</u>	<u>\$ 12,478,922</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Statements of Cash Flows - Continued
For the years ended June 30, 2008 and 2007

<u>Reconciliation of operating (loss) to net cash</u>	<u>2008</u>	<u>2007</u>
<u>used by operating activities:</u>		
Operating loss	\$ (55,325,140)	\$ (55,224,640)
Adjustment to reconcile operating loss to net cash used by operating activities:		
Depreciation	2,897,941	2,583,246
Changes in assets and liabilities:		
(Increase) decrease		
Receivables	(129,401)	(759,471)
Prepaid expenditures	(12,104)	(37,793)
Increase (decrease)		
Accounts payable and accrued liabilities	149,018	472,629
Accrued payroll and benefits	(2,332,985)	42,918
Due to agency organizations	71,437	(10,232)
Deferred revenue - other	<u>(94,133)</u>	<u>(81,913)</u>
 Net cash used for operating activities	 <u>\$ (54,775,367)</u>	 <u>\$ (53,015,256)</u>

The accompanying notes are an integral part of this statement.

Notes to Financial Statements

June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies

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

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

Authority to borrow money and levy taxes;

Budgetary authority; and

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

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

Notes to Financial Statements

June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies (continued)

(a) Reporting Entity

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

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

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

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

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

Notes to Financial Statements

June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies (continued)

(c) Budgetary Data

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

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

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

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

(d) Property Tax and Student Receivables

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

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

Notes to Financial Statements

June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies (continued)

(d) Property Tax and Student Receivables (continued)

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

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

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

(e) Cash, Cash Equivalents and Investments

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

(f) Prepaid Expenses

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

(g) Capital Assets

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

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

Notes to Financial Statements

June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies (continued)

(h) Compensated Absences

Employees are granted vacation and sick leave benefits in varying amounts in accordance with the provisions of union contracts and District policy. Liabilities for vacation and salary related payments, including social security taxes, are recorded when incurred. Vacation benefits lapse if not utilized in the year subsequent to that in which they are earned. In the event of retirement or death, the District is obligated to pay all unused vacation benefits. Included in other accrued liabilities is the amount of compensated absences outstanding at June 30, 2008 and 2007, which was \$340,000 and \$275,000 respectively.

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

(i) Tuition and Fees

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

(j) Deferred Revenues

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

(k) Self-Insurance

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

(l) Scholarship Allowances and Student Aid

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

Notes to Financial Statements

June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies (continued)

(l) Scholarship Allowances and Student Aid (continued)

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

(m) Classification of Revenue

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

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

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

(n) Net Assets

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

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

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

Notes to Financial Statements

June 30, 2008 and 2007

(1) Summary of Significant Accounting Policies (continued)

(n) Net Assets (continued)

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

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

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

(o) New Accounting Pronouncements

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

Notes to Financial Statements

June 30, 2008 and 2007

(2) Cash and Cash Equivalents

The District's cash and cash equivalents include cash on hand, demand deposits, and investments with maturities of 90 days or less. They are classified in the District's Statement of Net Assets and Statement of Cash Flows as follows:

	2008	2007
Cash and Cash Equivalents		
Cash on hand	\$ 25,356	\$ 26,002
Demand deposits	5,581,425	8,017,657
Repurchase agreements	675,967	374,960
Certificates of Deposit	11,000	11,000
Wisconsin Local Government Investment Pool	4,016,847	4,060,303
Total Cash and Cash Equivalents	\$ 10,310,595	\$ 12,489,922

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

Restricted for		
Capital Projects	\$ 4,055,989	\$ 3,107,625
Debt Service	1,088,383	926,958
Student Financial Assistance	11,000	11,000
	5,155,372	4,045,583
Unrestricted	5,155,223	8,444,339
Total Cash and Cash Equivalents	\$ 10,310,595	\$ 12,489,922

The cash, repurchase agreements and demand deposits are fully insured or collateralized by securities being held by the Federal Reserve Bank in the District's name. The value of the collateral for the deposits and repurchase agreements as of June 30, 2008 and 2007 was \$26,069,758 and \$28,420,634 respectively. The certificates of deposit are fully insured through the combination of Federal Deposit Insurance Corporation (FDIC) and the Wisconsin Public Deposit Guarantee Fund.

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

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

Notes to Financial Statements

June 30, 2008 and 2007

(2) Cash and Cash Equivalents (continued)

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

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

June 30, 2008	Fair	Investment Maturities (in Years)	
<u>Investment Type</u>	<u>Value</u>	<u>Less than 1</u>	<u>1 - 2</u>
Repurchase Agreements	\$ 675,967	\$ 675,967	\$ -
Wisconsin Local Government Investment Pool	<u>4,016,847</u>	<u>4,016,847</u>	<u>-</u>
	<u>\$ 4,692,814</u>	<u>\$ 4,692,814</u>	<u>\$ -</u>

June 30, 2007	Fair	Investment Maturities (in Years)	
<u>Investment Type</u>	<u>Value</u>	<u>Less than 1</u>	<u>1 - 2</u>
Repurchase Agreements	\$ 374,960	\$ 374,960	\$ -
Wisconsin Local Government Investment Pool	<u>4,060,303</u>	<u>4,060,303</u>	<u>-</u>
	<u>\$ 4,435,263</u>	<u>\$ 4,435,263</u>	<u>\$ -</u>

As of June 30, 2008 and 2007, the fair value of the District's share of investments was substantially equal to the carrying value.

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

Concentration of Credit Risk- Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. Any investment that represents 5 percent or more of total investments is required to be disclosed. Exempt

Notes to Financial Statements

June 30, 2008 and 2007

(2) Cash and Cash Equivalents (continued)

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 District places no limit on the amount the District may invest in any one issuer. As of June 30, 2008 and June 30, 2007 the District had 14.4% and 8.4% respectively in repurchase agreements. The repurchase agreements mature each day and are collateralized by U.S. government securities and therefore, concentration risk is not applicable.

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

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, but all investments held at June 30, 2008 and 2007 mature in less than one year.

(3) Property Tax

The District's property tax is apportioned each fall, based on the equalized value as established by the State of Wisconsin - Department of Revenue, to the various collecting municipalities within the service area. The District records as revenue its share of the property tax in the year it is levied.

The combined tax rate for the fiscal years ended June 30, 2008, and 2007, were as follows:

	2008		2007	
	Mill Rate	Amount Levied	Mill Rate	Amount Levied
Operating levy	1.09	44,825,834	\$ 1.16826	\$ 43,143,282
Debt service levy	0.15	<u>6,250,000</u>	0.16169	<u>5,950,000</u>
Total Property Tax Levy		<u>\$ 51,075,834</u>		<u>\$ 49,093,282</u>

The state enacted legislation to exempt computer equipment for property tax purposes and provide supplemental aid to hold taxing units harmless from loss of revenue. The District received \$169,136 and \$197,856 in state aid revenue in lieu of property tax for the year ended June 30, 2008, and 2007, respectively. The District is limited by state law to an operational property tax mill rate of \$1.50 per \$1,000 of equalized valuation as determined by the State of Wisconsin Department of Revenue. The debt service property tax mill rate per \$1,000 of equalized valuation is not limited by state law.

Notes to Financial Statements

June 30, 2008 and 2007

(3) Property Tax (continued)

Property tax revenue recognized in the financial statements total \$51,079,902 and \$49,101,201 for the years ended June 30, 2008, and 2007, respectively, which includes the District's property tax levy and miscellaneous other tax collection related adjustments.

Notes to Financial Statements

June 30, 2008 and 2007

(4) Capital Assets

Following are the changes in the District's capital assets for the years ended June 30, 2008, and 2007:

	2008			Balance June 30, 2008
	Balance July 1, 2007	Additions	Disposals	
Capital assets, not being depreciated:				
Land	\$ 2,379,913	\$ -	\$ -	\$ 2,379,913
Construction in progress	1,154,761	2,939,852	2,183,699	1,910,914
Total capital assets not depreciated	<u>3,534,674</u>	<u>2,939,852</u>	<u>2,183,699</u>	<u>4,290,827</u>
Capital assets, being depreciated:				
Land improvements	2,117,666	8,292	-	2,125,958
Buildings and improvements	44,539,937	2,417,310	80,012	46,877,235
Equipment	16,264,273	2,713,096	661,206	18,316,163
Leasehold Interest	958,193	-	-	958,193
Leasehold Improvement	1,062,367	243,664	-	1,306,031
Total capital assets being depreciated	<u>64,942,436</u>	<u>5,382,362</u>	<u>741,218</u>	<u>69,583,580</u>
Total Cost of Capital Assets	<u>68,477,110</u>	<u>8,322,214</u>	<u>2,924,917</u>	<u>73,874,407</u>
Less: Accumulated depreciation for				
Land improvements	494,712	107,922	-	602,634
Buildings and improvements	21,256,929	1,259,957	80,012	22,436,874
Equipment	8,894,962	1,418,854	476,713	9,837,103
Leasehold Interest	177,210	48,811	-	226,021
Leasehold Improvement	77,172	62,397	-	139,569
Total Accumulated Depreciation	<u>30,900,985</u>	<u>2,897,941</u>	<u>556,725</u>	<u>33,242,201</u>
Net Capital Assets	37,576,125	<u>\$ 5,424,273</u>	<u>\$ 2,368,192</u>	40,632,206
Plus capital project funds				
borrowed but not spent	3,107,625			4,055,989
Less: General obligation debt	<u>(26,575,000)</u>			<u>(28,460,000)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 14,108,750</u>			<u>\$ 16,228,195</u>

Notes to Financial Statements

June 30, 2008 and 2007

(4) Capital Assets (continued)

	2007			Balance June 30, 2007
	Balance July 1, 2006	Additions	Disposals	
Capital assets, not being depreciated:				
Land	\$ 2,161,188	\$ 278,725	\$ 60,000	\$ 2,379,913
Construction in progress	223,187	2,669,963	1,738,389	1,154,761
Total capital assets not depreciated	2,384,375	2,948,688	1,798,389	3,534,674
Capital assets, being depreciated:				
Land improvements	1,841,008	276,658	-	2,117,666
Buildings and improvements	42,602,021	1,937,916	-	44,539,937
Equipment	15,999,235	1,486,410	1,221,372	16,264,273
Leasehold Interest	958,193	-	-	958,193
Leasehold Improvement	1,002,233	60,134	-	1,062,367
Total capital assets being depreciated	62,402,690	3,761,118	1,221,372	64,942,436
Total Cost of Capital Assets	64,787,065	6,709,806	3,019,761	68,477,110
Less: Accumulated depreciation for				
Land improvements	319,682	175,030	-	494,712
Buildings and improvements	20,199,792	1,057,137	-	21,256,929
Equipment	8,683,160	1,287,736	1,075,934	8,894,962
Leasehold Interest	128,399	48,811	-	177,210
Leasehold Improvement	62,640	14,532	-	77,172
Total Accumulated Depreciation	29,393,673	2,583,246	1,075,934	30,900,985
Net Capital Assets	35,393,392	\$ 4,126,560	\$ 1,943,827	37,576,125
Plus capital project funds borrowed but not spent	3,349,105			3,107,625
Less: General obligation debt	(25,440,000)			(26,575,000)
Total Invested in Capital Assets, Net of Related Debt	\$ 13,302,497			\$ 14,108,750

Notes to Financial Statements

June 30, 2008 and 2007

(4) Capital Assets (continued)

Horizon Center

Major renovations and construction of a small addition began on the former Aviation Center and in August 2007 it opened as the Horizon Center for Transportation Technology. The cost of the project was funded through general obligation debt and donations from various organizations. As of June 30, 2007 approximately \$825,000 was reflected in construction in progress for this project. The project was completed in fiscal year 2007/08 and as of June 30, 2008 approximately \$1,400,000 was added to Buildings and Improvements.

Burlington Building and Leasehold Improvements

On October 25, 2004 the District entered into a twenty year lease with Burlington Area School District (BASD) for an instructional facility. BASD coordinated construction of the building for which the District was to contribute \$1,000,000 in the form of leasehold improvements. As of June 30, 2006 the construction was completed and \$1,002,233 was reflected as a leasehold improvement in the accompanying capital asset footnote and it is being amortized over the life of the lease or 20 years. As of June 30, 2007 approximately \$60,000 of leasehold improvements was added to the building. Additional leasehold improvements of approximately \$9,000 were added as of June 30, 2008.

The balance of leasehold improvement additions, of approximately \$235,000, was for a parking lot expansion at our Center for Advanced Technology and Innovation (CATI). The parking lot is on land leased from the Village of Sturtevant water utility.

(5) Long-Term Obligations

The following is a summary of the changes in long-term obligations for the years ended June 30, 2008, and 2007:

	July 1, 2007	Additions	Reductions	June 30, 2008	Due Within One Year
General Obligation Debt	\$ 27,000,000	\$ 6,500,000	\$ (5,040,000)	\$ 28,460,000	\$ 5,210,000
	July 1, 2006	Additions	Reductions	June 30, 2007	Due Within One Year
General Obligation Debt	\$ 26,715,000	\$ 5,680,000	\$ (5,395,000)	\$ 27,000,000	\$ 5,040,000

Notes to Financial Statements

June 30, 2008 and 2007

(5) Long-Term Obligations (continued)

General obligation debt outstanding at June 30, 2008, and 2007, consists of the following notes and bonds:

	<u>2008</u>		<u>2007</u>
General obligation taxable promissory notes, 5.6%-6.15%, payable in annual installments of \$165,000 to \$475,000, plus interest, to April 1, 2008 (issued for \$2,750,000 on April 15, 1999, through R.W. Baird & Co., to finance the liquidation of the pension liability owed to the State of Wisconsin).	\$ -0-	\$	425,000
General obligation promissory notes, 3.25% to 3.875%, payable in annual installments of \$100,000 to \$1,140,000, plus interest, to April 1, 2008 (issued for \$2,750,000 on October 1, 2001, through R.W. Baird & Co., to finance the acquisition of equipment).	-0-		1,140,000
General obligation Applied Technology Center Bonds, 3.75% to 4.75%, payable in annual installments of \$75,000 to \$670,000, plus interest, to April 1, 2017 (issued for \$5,000,000 on June 1, 2002, through R.W. Baird & Co., to finance the construction of two technology centers, the Bioscience in Kenosha and CATI in Racine).	4,525,000		4,625,000
General obligation promissory notes, 2.00% to 3.25%, payable in annual installments of \$150,000 to \$725,000 plus interest to April 1, 2009 (issued for \$3,250,000 on October 15, 2002, through R.W. Baird & Co., to finance the remodeling of various buildings district-wide and acquisition of equipment).	725,000		1,425,000
General obligation promissory notes, 2.00% to 2.75%, payable in annual installments of \$145,000 to \$350,000, plus interest, to April 1, 2008 (issued for \$1,000,000 on May 1, 2003, through R.W. Baird & Co., to finance the remodeling of various buildings and other facility improvements district-wide).	-0-		350,000
General obligation promissory notes, 2.00% to 3.70%, payable in annual installments of \$190,000 to \$215,000, plus interest, to April 1, 2013 (issued for \$3,750,000 on October 15, 2003, through R.W. Baird & Co., to finance the acquisition of equipment and various campus remodeling projects).	1,000,000		2,100,000
General obligation promissory notes, 2.00% to 4.00%, payable in annual installments of \$65,000 to \$80,000, plus interest, to April 1, 2011 (issued for \$500,000 on May 1, 2004, through R.W. Baird & Co., to finance various facility remodeling and repair projects).	230,000		300,000

Notes to Financial Statements

June 30, 2008 and 2007

(5) Long-Term Obligations (continued)

	<u>2008</u>	<u>2007</u>
General obligation promissory notes, 3.00% to 3.65%, payable in annual installments of \$105,000 to \$2,825,000, plus interest, to April 1, 2014 (issued for \$4,500,000 on September 1, 2004, through R.W. Baird & Co., to finance the acquisition of equipment and construct the Kenosha Campus Student Commons addition).	\$ 3,385,000	\$ 4,085,000
General obligation promissory notes, 3.00% to 4.50%, payable in annual installments of \$105,000 to \$410,000, plus interest, to April 1, 2015 (issued for \$2,000,000 on April 1, 2005, through R.W. Baird & Co., to finance the acquisition of equipment, various facility remodeling projects and the district's share of the cost of the Burlington Center building project).	1,425,000	1,615,000
General obligation promissory notes, 3.125% to 3.60%, payable in annual installments of \$50,000 to \$2,510,000, plus interest, to April 1, 2015 (issued for \$4,500,000 on September 1, 2005, to Piper Jaffray, to finance the acquisition of equipment and various facility remodeling projects).	4,390,000	4,450,000
General obligation promissory notes, 3.60% to 3.75%, payable in annual installments of \$35,000 to \$200,000, plus interest, to April 1, 2013 (issued for \$1,000,000 on April 1, 2006, to Harris N.A., to finance various facility remodeling projects).	865,000	965,000
General obligation promissory notes, 4.0%, payable in annual installments of \$105,000 to \$1,610,000, plus interest, to April 1, 2011 (issued for \$3,500,000 on October 12, 2006 through R.W. Baird & Co., to finance the acquisition of equipment).	3,235,000	3,340,000
General obligation promissory notes, 4.00% to 4.25%, payable in annual installments of \$80,000 to \$185,000, plus interest, to April 1, 2016 (issued for \$1,800,000 on February 15, 2007 through R.W. Baird & Co., to finance the remodeling and construction of an addition for the Horizon Center).	1,180,000	1,180,000

Notes to Financial Statements

June 30, 2008 and 2007

(5) Long-Term Obligations (continued)

	<u>2008</u>	<u>2007</u>
General obligation promissory notes, 4.00% to 4.375%, payable in annual installments of \$80,000 to \$170,000, plus interest, to April 1, 2016 (issued for \$1,000,000 on March 15, 2007 through R.W. Baird & Co., to finance various facility remodeling projects).	\$ 1,000,000	\$ 1,000,000
General obligation promissory notes, 3.95% to 4.25%, payable in annual installments of \$395,000 to \$660,000, plus interest, to April 1, 2017 (issued for \$4,500,000 on September 6, 2007 through R.W. Baird & Co., to finance the acquisition of equipment and various facility remodeling projects).	4,500,000	-0-
General obligation promissory notes, 4.0%, payable in annual installments of \$135,000 to \$160,000, plus interest, to April 1, 2017 (issued for \$1,000,000 on December 6, 2007 through R.W. Baird & Co., to finance various facility remodeling projects).	1,000,000	-0-
General obligation promissory notes, 3.75 to 4.00%, payable in annual installments of \$125,000 to \$160,000, plus interest, to April 1, 2017 (issued for \$1,000,000 on January 4, 2008 through R.W. Baird & Co., to finance to finance various facility remodeling projects focusing on Energy Management).	<u>1,000,000</u>	<u>-0-</u>
Total General Long-Term Obligation Debt	<u>\$ 28,460,000</u>	<u>\$ 27,000,000</u>

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

Notes to Financial Statements

June 30, 2008 and 2007

(5) Long-Term Obligations (continued)

Year Ending June 30	Principal	Interest	Total
2009	\$ 5,210,000	\$ 1,096,561	\$ 6,306,561
2010	5,400,000	927,729	6,327,729
2011	4,585,000	726,880	5,311,880
2012	2,665,000	545,809	3,210,809
2013	2,435,000	439,432	2,874,432
2014 - 2017	8,165,000	809,431	8,974,431
	<u>\$ 28,460,000</u>	<u>\$ 4,545,842</u>	<u>\$ 33,005,842</u>

Chapter 67.03(1) of the Wisconsin State Statutes limits general obligation debt of the District to 5% of the equalized value of the taxable property located in the District. As of June 30, 2008, the 5% limitation was \$2,218,065,360 and the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$27,620,478. The 5% limit, as of June 30, 2007, was \$2,058,672,253; the District's outstanding general obligation debt (net of resources available to pay principal and interest) was \$26,327,988.

Chapter 67.03(1) of the Wisconsin State Statutes limits bonded indebtedness of the District to 2% of the equalized value of the taxable property located in the District. As of June 30, 2008, the 2% limitation was \$887,226,144 and the District's outstanding bonded indebtedness (net of resources available to pay principal and interest) was \$4,422,106. The 2% limit, as of June 30, 2007, was \$823,468,901; the District's outstanding bonded indebtedness (net of resources available to pay principal and interest) was \$4,519,981.

(6) Retirement System

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

Wisconsin Retirement System

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

All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.0 percent of their salary to the plan. In addition, the District is required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits (currently 4.6 percent of covered employee's salary).

Notes to Financial Statements

June 30, 2008 and 2007

(6) Retirement System (continued)

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

The payroll for Gateway Technical College employees covered by the WRS for the year ended June 30, 2008 was \$40,711,198; the employer's total payroll was \$43,458,295. The total required contribution paid for the year ended June 30, 2008 was \$4,315,387, which consisted of \$1,872,715 from the District and \$2,442,672, or 6.0% of payroll from the District on behalf of the employees. Total contributions for the years ended June 30, 2007 and 2006 were \$3,952,896 and \$3,700,912, respectively, equal to the required contributions for each year.

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

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

(7) Other Post-Employment Benefits

In addition to the pension benefits described in Note 6, the District provides post-employment health care benefits under contractual arrangements with both represented and non-represented employees. Employees must be 55 years old and have completed 25 years of service, 56 years old and 20 years of service or 57 years old and 15 years of service before they are eligible for benefits. The District pays eligible retirees health care benefits up to age 65. The District accounts for post-employment benefits on a pay-as-you-go basis. At June 30, 2008, and 2007, approximately 65 and 80, respectively, eligible retirees are receiving health benefits at an annual cost of \$1,112,824 and \$1,329,595.

Governmental Accounting Standard No. 45 (GASB 45) "Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions" was issued in June 2004. GASB 45 will require the recognition of a current obligation as well as an unfunded prior service liability for other post retirement benefits. The District had an actuarial study completed as of June 30, 2008 to compute the estimated liability for retired and current employees.

Notes to Financial Statements

June 30, 2008 and 2007

(7) Other Post-Employment Benefits (continued)

The liability was computed using the provisions outlined in GASB 45 and amounted to \$13,450,253 of which \$9,570,391 related to current employees and \$3,879,862 related to retirees. Calculations were made using an assumed discount rate of 4.00 percent. GASB 45 will be effective for the District for the year ended June 30, 2009.

(8) Risk Management

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

Districts Mutual Insurance Company (DMI)

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

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

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

In fiscal year 2007 each member college was assessed an annual premium that included a capitalization component to establish reserves for the company. In fiscal year 2008 several of the member colleges met their full required capital contribution. The total capitalization amount for members totaled \$318,723 and \$1,496,232 fiscal year 2008 and 2007, respectively.

For the year ended June 30, 2008, the District paid a premium of \$340,288 with no capital component required. In addition the District received a refund of prior capital paid, in the amount of \$21,161, which is reflected as a reduction of insurance expense for FY 2008. For 2007, the District paid a total premium of \$524,252 of which \$181,736 was for the capitalization component. 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.

Notes to Financial Statements

June 30, 2008 and 2007

(8) Risk Management (continued)

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

Supplemental Insurance

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

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

- Foreign liability: \$1,000,000 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, \$15,000 deductible for employee dishonesty, forgery and fraud.

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

The District has purchased the following additional insurance through:

Wenk Insurance Agencies, Inc.

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

Arthur J. Gallagher

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

Notes to Financial Statements

June 30, 2008 and 2007

(9) Operating Leases

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

Effective with July 1, 2007 the District is leasing two aircraft, for 60 month terms, from Christiansen Aviation Inc. The commitments under the various lease agreements, described above, account for future minimum annual rental payments as follows:

<u>Year Ended June 30,</u>		<u>Amount</u>
2009	\$	636,065
2010		579,583
2011		541,335
2012		506,085
2013		262,955
Thereafter		<u>2,333,138</u>

Total required minimum lease payments \$ 4,859,161

Rental expenses for all operating leases aggregated \$737,152 and \$636,383 for the years ended June 30, 2008 and 2007, respectively.

The District currently subleases space at the Burlington Campus and also leases facilities located on the Elkhorn Campus, related to the Walworth County Education Consortium Alternative High School and the Walworth Job Center. The tenants have leases ranging from one year to five years. As of June 30, 2008 and June 30, 2007, the cost of the lease assets is \$889,836 for both years and the depreciation is \$185,950 and \$161,012 respectively. The commitments under the noncancelable leases provide for future minimum rentals as follows:

<u>Year Ended June 30,</u>		<u>Amount</u>
2009	\$	155,353
2010		153,510
2011		77,053
2012		<u>578</u>

Total future minimum lease revenue \$ 386,494

The District's other operating lease rentals are primarily month-to-month or year-to-year for various facilities, room, and equipment rentals. The total operating revenue received for June 30, 2008 and 2007 was \$234,285 and \$234,524, respectively.

Notes to Financial Statements

June 30, 2008 and 2007

(10) Expenses Classification

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

	<u>2008</u>	<u>2007</u>
Salaries and wages	\$ 41,139,413	\$ 40,010,460
Fringe benefits	19,509,572	19,975,483
Travel, memberships and subscriptions	698,040	705,682
Supplies and minor equipment	5,349,544	5,032,988
Contract services	2,116,237	2,502,591
Bank/Agency credit/collection fees	131,862	132,267
Rentals	737,152	636,383
Repairs and maintenance	521,508	635,382
Insurance	409,729	629,031
Utilities	1,728,450	1,579,719
Depreciation	2,897,941	2,583,246
Student aid	9,151,817	8,919,036
Student debt writeoff	<u>146,447</u>	<u>190,780</u>
Total Operating Expenses	<u>\$ 84,537,712</u>	<u>\$ 83,533,048</u>

(11) Joint Venture

The District had implemented a computerized database through a joint venture with Moraine Park Technical College and Waukesha County Technical College (WCTC) by forming the Wisconsin Public Access Library System (WISPALS) in 1989. It was organized as a consortium under Wis. Stats. 66.0301 and Gateway Technical College is the fiscal agent for the consortium. Since 1997 and as of June 30, 2008, seven additional technical colleges have joined. As of June 30, 2008 there are nine full members (CVTC, FVTC, GTC, LTC, MPTC, MSTC, NTC, NWTC, and WCTC), one participating member (WITC) and one service level agreement (Agnesian Healthcare). WISPALS is governed by the nine full member colleges' presidents and librarians, with each college having an equal vote. Through the joint venture each full member college owns one-ninth of the computer hardware and software that comprises WISPALS. The hardware and software is permanently housed at WCTC's Pewaukee campus. Operating costs of WISPALS are also shared equally by the nine full member colleges.

Gateway Technical College's share of the operating costs, for the years ended June 30, 2008 and 2007 was \$45,463 and \$44,115 respectively. The net assets for the joint venture increased, by \$1,167 for the fiscal year. WISPALS has no joint venture debt outstanding.

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

Notes to Financial Statements

June 30, 2008 and 2007

(12) Commitments and Contingent Liabilities

Child Care Center - In April 2003, the District entered into a ground lease agreement with the Gateway Technical College Foundation (Foundation) to lease a plot of land for construction of a building for use as a child care center. The Foundation entered into a lease agreement with a child care provider who would occupy the structure. The building, funded by the Foundation, is part of the project that included the District's construction of the Bioscience building.

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

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

As of June 30, 2008 the District has commitments outstanding for construction projects of approximately \$631,000. As of June 30, 2007 the commitments for construction projects were \$1,260,000.

(13) Subsequent Events

On September 10, 2008, the District issued \$4,500,000 Series 2008-09A General Obligation Promissory Notes, the proceeds of which are to be used for the acquisition of general moveable equipment (\$3,500,000) and financing various building remodeling and improvement project costs (\$1,000,000). Interest rates range from 3.00% to 3.70% with the first payment of principal due on April 1, 2009.

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

SUPPLEMENTARY INFORMATION

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

GENERAL FUND

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

GATEWAY TECHNICAL COLLEGE DISTRICT

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget- Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$42,301,670	\$42,301,670	\$42,305,738	\$ 4,068
Intergovernmental revenue:				
State	7,298,000	7,298,000	6,693,488	(604,512)
Federal	-	-	33,263	33,263
Tuition and fees:				
Statutory program fees	10,886,820	10,886,820	10,032,430	(854,390)
Material fees	777,630	777,630	633,225	(144,405)
Other student fees	955,000	955,000	1,050,198	95,198
Miscellaneous - institutional revenue	<u>3,581,500</u>	<u>3,581,500</u>	<u>3,752,657</u>	<u>171,157</u>
 Total revenues	 <u>65,800,620</u>	 <u>65,800,620</u>	 <u>64,500,999</u>	 <u>(1,299,621)</u>
<u>Expenditures</u>				
Current:				
Instruction	44,701,937	44,701,937	43,917,879	784,058
Instructional resources	1,232,114	1,232,114	1,012,521	219,593
Student services	7,128,144	7,128,144	6,690,499	437,645
General institutional	6,285,217	6,285,217	6,143,702	141,515
Physical plant	<u>6,453,208</u>	<u>6,453,208</u>	<u>6,352,858</u>	<u>100,350</u>
 Total expenditures	 <u>65,800,620</u>	 <u>65,800,620</u>	 <u>64,117,459</u>	 <u>1,683,161</u>
 Net change in fund balance	 <u>-</u>	 <u>-</u>	 <u>383,540</u>	 <u>383,540</u>
<u>Fund balance</u>				
Beginning of year	<u>14,517,765</u>	<u>14,517,765</u>	<u>14,517,765</u>	<u>-</u>
End of year	<u>\$14,517,765</u>	<u>\$14,517,765</u>	<u>\$14,901,305</u>	<u>\$ 383,540</u>

SPECIAL REVENUE FUNDS

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Special Revenue Fund - Operating Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budget Amounts</u>		Actual on a Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ 2,144,164	\$ 2,144,164	\$ 2,144,164	\$ -
Intergovernmental revenue:				
State	1,228,438	1,228,438	1,016,045	(212,393)
Federal	2,057,228	2,057,228	1,900,872	(156,356)
Miscellaneous - institutional revenue	<u>120,824</u>	<u>120,824</u>	<u>44,942</u>	<u>(75,882)</u>
Total revenues	<u>5,550,654</u>	<u>5,550,654</u>	<u>5,106,023</u>	<u>(444,631)</u>
<u>Expenditures</u>				
Current:				
Instruction	3,643,447	3,636,447	3,189,959	446,488
Student services	1,055,371	1,055,371	1,008,287	47,084
General institutional	530,836	530,836	308,265	222,571
Public services	<u>321,000</u>	<u>328,000</u>	<u>327,254</u>	<u>746</u>
Total expenditures	<u>5,550,654</u>	<u>5,550,654</u>	<u>4,833,765</u>	<u>716,889</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>272,258</u>	<u>272,258</u>
<u>Other financing uses</u>				
Operating transfers out	<u>-</u>	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(175,000)</u>	<u>97,258</u>	<u>272,258</u>
<u>Fund balance</u>				
Beginning of year	<u>2,217,480</u>	<u>2,217,480</u>	<u>2,217,480</u>	<u>-</u>
End of year	<u>\$ 2,217,480</u>	<u>\$ 2,042,480</u>	<u>\$ 2,314,738</u>	<u>\$ 272,258</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Special Revenue Fund - Non-Aidable Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budget Amounts</u>		<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
Intergovernmental revenue:				
State	1,682,500	1,682,500	1,610,467	(72,033)
Federal	13,751,000	13,751,000	11,146,095	(2,604,905)
Tuition and fees - other student fees	540,000	540,000	518,387	(21,613)
Miscellaneous - institutional revenue	<u>1,504,300</u>	<u>1,504,300</u>	<u>1,769,489</u>	<u>265,189</u>
 Total revenues	 <u>17,522,800</u>	 <u>17,522,800</u>	 <u>15,089,438</u>	 <u>(2,433,362)</u>
<u>Expenditures</u>				
Current:				
Instruction	600	600	-	600
Student services	<u>17,522,200</u>	<u>17,522,200</u>	<u>15,022,765</u>	<u>2,499,435</u>
 Total expenditures	 <u>17,522,800</u>	 <u>17,522,800</u>	 <u>15,022,765</u>	 <u>2,500,035</u>
 Net change in fund balance	 -	 -	 66,673	 66,673
<u>Fund balance</u>				
Beginning of year	<u>729,434</u>	<u>729,434</u>	<u>729,434</u>	<u>-</u>
End of year	<u>\$ 729,434</u>	<u>\$ 729,434</u>	<u>\$ 796,107</u>	<u>\$ 66,673</u>

CAPITAL PROJECTS FUND

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of capital assets other than those financed by enterprise operations.

GATEWAY TECHNICAL COLLEGE DISTRICT

Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental revenue:				
Federal	\$ -	\$ -	\$ 19,247	\$ 19,247
Miscellaneous - institutional revenue	150,000	150,000	245,249	95,249
	<u>150,000</u>	<u>150,000</u>	<u>264,496</u>	<u>114,496</u>
Total revenues				
	<u>150,000</u>	<u>150,000</u>	<u>264,496</u>	<u>114,496</u>
<u>Expenditures</u>				
Capital outlay:				
Instruction	3,105,000	3,459,492	1,749,866	1,709,626
Instructional resources	50,000	50,000	5,351	44,649
Student services	50,000	50,000	43,519	6,481
General institutional	500,000	575,000	572,659	2,341
Physical plant	3,180,000	4,105,000	2,967,174	1,137,826
Public services	50,000	225,000	143,235	81,765
	<u>6,935,000</u>	<u>8,464,492</u>	<u>5,481,804</u>	<u>2,982,688</u>
Total expenditures				
	<u>6,935,000</u>	<u>8,464,492</u>	<u>5,481,804</u>	<u>2,982,688</u>
Revenues over (under) expenditures	<u>(6,785,000)</u>	<u>(8,314,492)</u>	<u>(5,217,308)</u>	<u>3,097,184</u>
<u>Other financing sources</u>				
Long-term debt issued	6,500,000	6,500,000	6,500,000	-
Transfers in	-	1,529,492	1,529,492	-
	<u>6,500,000</u>	<u>8,029,492</u>	<u>8,029,492</u>	<u>-</u>
Total other financing sources				
	<u>6,500,000</u>	<u>8,029,492</u>	<u>8,029,492</u>	<u>-</u>
Net change in fund balance	(285,000)	(285,000)	2,812,184	3,097,184
<u>Fund balance</u>				
Beginning of year	<u>469,058</u>	<u>469,058</u>	<u>469,058</u>	<u>-</u>
End of year	<u>\$ 184,058</u>	<u>\$ 184,058</u>	<u>\$ 3,281,242</u>	<u>\$ 3,097,184</u>

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and lease obligation principal, interest, and related costs.

GATEWAY TECHNICAL COLLEGE DISTRICT

Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Local government - tax levy	\$ 6,250,000	\$ 6,250,000	\$ 6,250,000	\$ -
Miscellaneous - institutional revenue	<u>120,000</u>	<u>120,000</u>	<u>91,374</u>	<u>(28,626)</u>
Total revenues	<u>6,370,000</u>	<u>6,370,000</u>	<u>6,341,374</u>	<u>(28,626)</u>
<u>Expenditures</u>				
Physical plant	<u>6,179,949</u>	<u>6,270,000</u>	<u>6,179,949</u>	<u>90,051</u>
Total expenditures	<u>6,179,949</u>	<u>6,270,000</u>	<u>6,179,949</u>	<u>90,051</u>
Net change in fund balance	190,051	100,000	161,425	61,425
<u>Fund balance</u>				
Beginning of year	<u>926,958</u>	<u>926,958</u>	<u>926,958</u>	<u>-</u>
End of year	<u>\$ 1,117,009</u>	<u>\$ 1,026,958</u>	<u>\$ 1,088,383</u>	<u>\$ 61,425</u>

ENTERPRISE FUNDS

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Enterprise Fund Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	<u>Budget Amounts</u>		Actual on a Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ 335,000	\$ 335,000	\$ 335,000	\$ -
Intergovernmental revenue:			-	
Federal	10,000	10,000	12,279	2,279
Other student fees	148,000	148,000	151,078	3,078
Miscellaneous - institutional revenue	<u>491,000</u>	<u>691,000</u>	<u>812,247</u>	<u>121,247</u>
 Total revenues	 <u>984,000</u>	 <u>1,184,000</u>	 <u>1,310,604</u>	 <u>126,604</u>
<u>Expenses</u>				
Auxiliary services	<u>984,000</u>	<u>1,184,000</u>	<u>1,130,950</u>	<u>53,050</u>
 Total expenses	 <u>984,000</u>	 <u>1,184,000</u>	 <u>1,130,950</u>	 <u>53,050</u>
 Change in net assets	 -	 -	 179,654	 179,654
<u>Net Assets</u>				
Beginning of year	<u>540,539</u>	<u>540,539</u>	<u>540,539</u>	<u>-</u>
 End of year	 <u>\$ 540,539</u>	 <u>\$ 540,539</u>	 <u>\$ 720,193</u>	 <u>\$ 179,654</u>

INTERNAL SERVICE FUND

An internal service fund is used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The College's internal service fund was established in 1994 and was used to account for the operation of the District's self-insured health and dental employee benefits program. Effective in FY 2004-05 the District switched to a premium based plan. As of FY 2007-08 the remaining fund balance has been transferred to the Capital Projects fund.

GATEWAY TECHNICAL COLLEGE DISTRICT

Internal Service Fund Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Budget Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local government - tax levy	\$ -	\$ -	\$ -	\$ -
Miscellaneous - institutional revenue	-	-	-	-
Total revenues	-	-	-	-
<u>Expenses</u>				
Auxiliary services	-	-	-	-
Total expenses	-	-	-	-
Operating income (loss)	-	-	-	-
<u>Transfers</u>				
Transfers out	-	(1,354,492)	(1,354,492)	-
Total transfers	-	(1,354,492)	(1,354,492)	-
Change in net assets	-	(1,354,492)	(1,354,492)	-
<u>Net Assets</u>				
Beginning of year	1,354,492	1,354,492	1,354,492	-
End of year	<u>\$ 1,354,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budgetary Combined Balance Sheet - All Fund Types
to the Statement of Net Assets
June 30, 2008

ASSETS	General Fund	Special Revenue Funds		Enterprise Fund	Internal Service Fund	Agency Funds	Total	Reconciling Items	Statement of Revenues, Expense, and Change in Net Assets
		Operating	Non-Aidable						
ASSETS									
Assets									
Cash and investments	\$ 5,155,123	\$ -	\$ 11,000	\$ 4,055,989	\$ 1,088,383	\$ -	\$ 10,310,595	\$ -	\$ 10,310,595
Receivables:									
Property taxes	14,301,471	-	-	-	-	-	14,301,471	-	14,301,471
Accounts, net of reserve of \$ 196,000	2,528,765	6,417	19	8,402	-	32,314	2,575,917	-	2,575,917
Federal and state aid	-	721,707	89,945	1,941	-	-	813,593	-	813,593
Due from other funds	-	1,724,602	713,986	699,619	-	434,704	3,572,911	(3,572,911)	-
Prepaid expenditures	1,313,950	-	-	-	-	-	1,313,950	-	1,313,950
Capital assets	-	-	-	186,191	-	-	186,191	73,688,216	73,874,407
Less: accumulated depreciation	-	-	-	(79,323)	-	-	(79,323)	(33,162,878)	(33,242,201)
Total Assets	\$ 23,299,309	\$ 2,452,726	\$ 814,950	\$ 4,055,989	\$ 1,088,383	\$ 467,018	\$ 32,995,305	\$ 36,952,427	\$ 69,947,732
LIABILITIES AND FUND EQUITY									
Liabilities									
Accounts payable and accrued liabilities	\$ 2,196,018	\$ 25,969	\$ 6,778	\$ -	\$ -	\$ 2,542	\$ 2,317,702	\$ -	\$ 2,317,702
Employee-related payables	1,302,562	87,830	12,065	10,342	-	4,072	1,416,871	-	1,416,871
Accrued vacation payable	340,000	-	-	-	-	-	340,000	-	340,000
Accrued interest	-	-	-	-	-	-	-	248,861	248,861
Due to other funds	3,572,911	-	-	-	-	-	3,572,911	(3,572,911)	-
Due to students and other groups	-	-	-	-	-	460,404	460,404	-	460,404
Deferred revenue	956,559	23,198	-	-	-	-	979,757	(291,641)	688,116
Long-term liabilities	-	-	-	-	-	-	-	29,578,992	29,578,992
Total liabilities	8,368,050	136,997	18,843	96,737	-	467,018	9,087,645	25,963,301	35,050,946
Fund balances / net assets									
Investment in capital assets	-	-	-	-	-	-	-	16,228,195	16,228,195
Net assets	-	-	-	-	-	-	-	16,312,769	17,032,962
Fund balances:									
Unreserved/unrestricted	-	-	-	720,193	-	-	720,193	(1,313,950)	-
Reserved for prepaid expenditures	1,313,950	-	-	-	-	-	1,313,950	-	-
Reserved for student organizations	-	-	616,283	-	-	-	616,283	-	616,283
Reserved for student financial assistance	-	-	179,824	-	-	-	179,824	-	179,824
Reserved for capital projects	-	-	-	3,281,242	-	-	3,281,242	(3,281,242)	-
Reserved for debt service	-	-	-	-	-	-	-	(248,861)	839,522
Unreserved - Designated for:									
Operations	12,847,355	2,314,738	-	-	-	-	15,162,093	(15,162,093)	-
State aid fluctuations/health insurance	740,000	-	-	-	-	-	740,000	(740,000)	-
Total fund balances / net assets	14,901,305	2,314,738	796,107	720,193	-	-	23,101,968	11,794,818	34,896,786
Reserve for encumbrances	29,954	991	-	-	-	-	805,692	(805,692)	-
Total Liabilities and Fund Equity	\$ 23,299,309	\$ 2,452,726	\$ 814,950	\$ 4,055,989	\$ 1,088,383	\$ 467,018	\$ 32,995,305	\$ 36,952,427	\$ 69,947,732

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budgetary Basis Financial Statements
to the Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2008

	General Fund	Special Revenue Funds		Capital Projects Fund	Debt Service Fund	Enterprise Funds	Internal Service Fund	Total	Reconciling Items	Statement of Revenues, Expenses and Changes in Net Assets
		<u>Operating</u>	<u>Non-Aidable</u>	<u>Projects Fund</u>	<u>Service Fund</u>	<u>Funds</u>	<u>Service Fund</u>	<u>Total</u>	<u>Items</u>	<u>Net Assets</u>
Revenues										
Local government - tax levy	\$ 42,305,738	\$ 2,144,164	\$ 45,000	\$ -	\$ 6,250,000	\$ 335,000	\$ -	\$ 51,079,902	\$ -	\$ 51,079,902
Intergovernmental revenue:										
State	6,693,488	1,016,045	1,610,467	-	-	-	-	9,320,000	-	9,320,000 (1)
Federal	33,263	1,900,872	11,146,095	19,247	-	12,279	-	13,111,756	-	13,111,756
Tuition and fees:										
Statutory program fees	10,032,430	-	-	-	-	-	-	10,032,430	(2,521,966)	7,510,464
Material fees	633,225	-	-	-	-	-	-	633,225	(176,080)	457,145
Other student fees	1,050,198	-	518,387	-	-	151,078	-	1,719,663	(477,423)	1,242,240
Miscellaneous - institutional revenue	3,752,657	44,942	1,769,489	245,249	91,374	812,247	-	6,715,958	(1,600,116)	5,115,842 (2)
Total revenues	<u>64,500,999</u>	<u>5,106,023</u>	<u>15,089,438</u>	<u>264,496</u>	<u>6,341,374</u>	<u>1,310,604</u>	<u>-</u>	<u>92,612,934</u>	<u>(4,775,585)</u>	<u>87,837,349</u>
Expenditures										
Instruction	43,917,879	3,189,959	-	1,749,866	-	-	-	48,857,704	(588,427)	48,269,277
Instructional resources	1,012,521	-	-	5,351	-	-	-	1,017,872	10	1,017,882
Student services	6,690,499	1,008,287	15,022,765	43,519	-	-	-	22,765,070	(14,243,910)	8,521,160
General institutional	6,143,702	308,265	-	572,659	-	-	-	7,024,626	(450,207)	6,574,419
Physical plant	6,352,858	-	-	2,967,174	-	-	-	9,320,032	(2,848,339)	6,471,693
Student aid	-	-	-	-	-	-	-	-	9,151,817	9,151,817
Public services	-	327,254	-	143,235	-	-	-	470,489	(135,276)	335,213
Depreciation	-	-	-	-	-	93,998	-	93,998	2,803,943	2,897,941
Auxiliary services	-	-	-	-	-	1,036,952	-	1,036,952	261,358	1,298,310
Debt Service:										
Principal	-	-	-	-	5,040,000	-	-	5,040,000	(5,040,000)	-
Interest and fiscal charges	-	-	-	-	1,139,949	-	-	1,139,949	(6,085)	1,133,864
Total expenditures	<u>64,117,459</u>	<u>4,833,765</u>	<u>15,022,765</u>	<u>5,481,804</u>	<u>6,179,949</u>	<u>1,130,950</u>	<u>-</u>	<u>96,766,692</u>	<u>(11,095,116)</u>	<u>85,671,576</u>
Revenues over (under) expenditures	<u>383,540</u>	<u>272,258</u>	<u>66,673</u>	<u>(5,217,308)</u>	<u>161,425</u>	<u>179,654</u>	<u>-</u>	<u>(4,153,758)</u>	<u>6,319,531</u>	<u>2,165,773</u>
Other financing sources (uses)										
Long-term debt issued	-	-	-	6,500,000	-	-	-	6,500,000	(6,500,000)	-
Gain/(loss) on sale/disposal of capital assets	-	-	-	-	-	-	-	-	53,996	53,996
Transfers in	-	-	-	1,529,492	-	-	-	1,529,492	(1,529,492)	-
Transfers out	-	(175,000)	-	-	-	-	(1,354,492)	(1,529,492)	1,529,492	-
Total other financing sources (uses)	<u>-</u>	<u>(175,000)</u>	<u>-</u>	<u>8,029,492</u>	<u>-</u>	<u>-</u>	<u>(1,354,492)</u>	<u>6,500,000</u>	<u>(6,446,004)</u>	<u>53,996</u>
Net change in fund balances	<u>383,540</u>	<u>97,258</u>	<u>66,673</u>	<u>2,812,184</u>	<u>161,425</u>	<u>179,654</u>	<u>(1,354,492)</u>	<u>2,346,242</u>	<u>(126,473)</u>	<u>2,219,769</u>
Fund balances										
Beginning of year	14,517,765	2,217,480	729,434	469,058	926,958	540,539	1,354,492	20,755,726	11,921,291	32,677,017 (3)
End of year	\$ 14,901,305	\$ 2,314,738	\$ 796,107	\$ 3,281,242	\$ 1,088,383	\$ 720,193	\$ -	\$ 23,101,968	\$ 11,794,818	\$ 34,896,786

GATEWAY TECHNICAL COLLEGE DISTRICT

Schedule to Reconcile the Budget (Non-GAAP) Basis Financial Statements
to the Statement of Revenues, Expenses and Changes in Net Assets (Continued)
June 30, 2008

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

Operating	\$	2,692,464
Non-operating - State Appropriations		<u>6,627,536</u>
 Total		 <u>\$ 9,320,000</u>

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

Auxiliary enterprise revenues	\$	853,017
Contract revenue		2,526,471
Miscellaneous income		838,262
Gifts and non-operating grants		15,639
Donated capital assets		265,414
Investment income		<u>617,039</u>
 Total		 <u>\$ 5,115,842</u>

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

	<u>2008</u>	<u>2007</u>
Budgetary basis fund equity	\$ 23,101,968	\$ 20,755,726
General capital assets - cost	73,874,407	68,477,110
Accumulated depreciation on capital assets	(33,242,201)	(30,900,985)
General obligation debt	(28,460,000)	(27,000,000)
Reclass from capital asset to expense	(106,868)	0
Prepaid expense treated as a capital asset	0	(88,697)
Accrued interest on long-term debt	(248,861)	(254,946)
Summer school tuition and fees	363,380	95,636
Deferred revenue for govt-wide basis	(1,190,731)	(1,262,470)
Encumbrances	<u>805,692</u>	<u>2,855,643</u>
 Net assets per basic financial statements	 <u>34,896,786</u>	 <u>32,677,017</u>

Statistical Section

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to assist the reader in understanding and assessing how the District's financial position has changed over time.	77
Revenue Capacity These schedules contain information to assist the reader in assessing the District's most significant local revenue source, the property tax.	80
Debt Capacity These schedules present information to assist the reader in understanding and assessing the District's current levels of outstanding debt burden and the District's ability to issue additional debt in the future.	87
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	90
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	93

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

	2008	2007	2006	2005	2004	2003	2002
Net Assets by Component Last Seven Fiscal Years (accrual basis of accounting)							
Invested in Capital Assets, net of Related Debt	\$ 16,228,195	\$ 14,108,750	\$ 13,302,497	\$ 12,834,119	\$ 13,183,071	\$ 10,846,911	\$ 9,638,889
Restricted-expendable	1,624,629	1,390,446	1,714,082	1,331,530	1,157,455	1,170,809	1,259,196
Restricted-nonexpendable	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Unrestricted	<u>17,032,962</u>	<u>17,166,821</u>	<u>16,234,066</u>	<u>15,741,589</u>	<u>16,387,471</u>	<u>16,140,333</u>	<u>15,885,745</u>
Total Net Assets	<u>\$ 34,896,786</u>	<u>\$ 32,677,017</u>	<u>\$ 31,261,645</u>	<u>\$ 29,918,238</u>	<u>\$ 30,738,997</u>	<u>\$ 28,169,053</u>	<u>\$ 26,794,830</u>

Note: The District implemented GASB Statements 34 and 35 beginning with the fiscal year ended June 30, 2003 and restated June 30, 2002 numbers for comparison.

GATEWAY TECHNICAL COLLEGE DISTRICT

Changes in Net Assets
Last Seven Fiscal Years

	2008	2007	2006	2005	2004	2003	2002
Operating Revenues							
Student tuition and program fees, net of scholarship allowances ⁽¹⁾	\$ 9,209,849	\$ 9,204,502	\$ 8,540,801	\$ 8,835,736	\$ 8,655,210	\$ 8,184,769	\$ 7,046,904
Federal grants	13,092,509	12,791,779	13,584,444	7,955,313	7,907,194	6,273,891	5,567,901
State grants	2,692,464	2,706,640	2,554,174	2,255,096	2,067,520	2,084,383	2,183,959
Contract revenue	2,526,471	2,161,695	2,189,500	2,431,502	2,183,387	2,044,834	1,947,188
Auxiliary enterprise revenues	853,017	558,428	462,974	505,014	661,192	631,257	599,434
Miscellaneous - institutional revenue ⁽¹⁾	<u>838,262</u>	<u>885,364</u>	<u>800,678</u>	<u>678,927</u>	<u>816,372</u>	<u>498,600</u>	<u>600,186</u>
Total operating revenues	<u>29,212,572</u>	<u>28,308,408</u>	<u>28,132,571</u>	<u>22,661,588</u>	<u>22,290,875</u>	<u>19,717,734</u>	<u>17,945,572</u>
Operating Expenses							
Instruction	48,269,277	47,587,891	45,931,954	45,544,656	43,543,083	39,395,033	36,350,024
Instructional resources	1,017,882	1,225,491	1,227,300	1,050,064	1,224,316	1,167,795	1,119,890
Student services ⁽¹⁾	8,521,160	8,775,637	7,656,716	7,773,264	7,754,847	7,121,054	6,871,836
General institutional	6,574,419	6,893,336	7,115,812	6,820,544	6,365,357	6,651,562	6,539,843
Physical plant	6,471,693	6,237,124	5,911,484	5,795,086	5,149,322	6,744,323	4,054,514
Student aid ⁽¹⁾	9,151,817	8,919,036	9,784,156	5,146,925	4,782,520	4,225,503	3,739,829
Public service	335,213	317,558	300,708	297,502	274,186	249,069	197,978
Auxiliary enterprise services	1,298,310	993,729	891,585	976,406	818,088	1,044,474	833,761
Depreciation	<u>2,897,941</u>	<u>2,583,246</u>	<u>2,501,129</u>	<u>2,281,202</u>	<u>2,012,339</u>	<u>1,608,085</u>	<u>1,401,669</u>
Total operating expenses	<u>84,537,712</u>	<u>83,533,048</u>	<u>81,320,844</u>	<u>75,685,649</u>	<u>71,924,058</u>	<u>68,206,898</u>	<u>61,109,344</u>
Operating loss	<u>(55,325,140)</u>	<u>(55,224,640)</u>	<u>(53,188,273)</u>	<u>(53,024,061)</u>	<u>(49,633,183)</u>	<u>(48,489,164)</u>	<u>(43,163,772)</u>
Non-operating revenues (expenses)							
Property Taxes	51,079,902	49,101,201	47,291,043	45,118,323	43,321,592	41,946,643	40,555,951
State appropriations	6,627,536	7,131,956	7,464,990	7,621,031	8,458,088	8,108,577	6,642,419
State capital grants	-	-	1,305	2,168	7,442	40,470	76,991
Federal capital grants	19,247	7,900	1,730	9,261	556,641	-	-
Other grants	15,639	-	143,210	32,687	189,873	703,385	-
Donated capital assets	265,414	-	-	-	550,840	-	-
Gain (loss) on sale of capital assets	53,996	535,930	-	53,250	(28,442)	-	-
Investment income	617,039	911,205	714,778	412,183	201,753	319,905	414,132
Interest expense	<u>(1,133,864)</u>	<u>(1,048,180)</u>	<u>(1,085,376)</u>	<u>(1,045,601)</u>	<u>(1,054,660)</u>	<u>(1,102,850)</u>	<u>(1,021,961)</u>
Total non-operating revenues	<u>57,544,909</u>	<u>56,640,012</u>	<u>54,531,680</u>	<u>52,203,302</u>	<u>52,203,127</u>	<u>50,016,130</u>	<u>46,667,532</u>
Increase/(Decrease) in Net Assets	<u>\$ 2,219,769</u>	<u>\$ 1,415,372</u>	<u>\$ 1,343,407</u>	<u>\$ (820,759)</u>	<u>\$ 2,569,944</u>	<u>\$ 1,526,966</u>	<u>\$ 3,503,760</u>

Note: The District implemented GASB Statements 34 and 35 beginning with the fiscal year ended June 30, 2003 and restated June 30, 2002 numbers for comparison.

(1) Effective with FY 2005/06 the prior years' numbers were reclassified to conform to the current presentation.

GATEWAY TECHNICAL COLLEGE

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

	2008		2007		2006		2005		2004	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
<u>Expense Classifications</u>										
Salaries and wages	\$ 41,139,413	48.0%	\$ 40,010,460	47.3%	\$ 39,186,439	47.6%	\$ 38,745,098	50.5%	\$ 37,692,488	51.6%
Fringe benefits	19,509,572	22.8%	19,975,483	23.6%	18,174,037	22.1%	16,810,431	21.9%	15,114,098	20.7%
Travel, memberships and subscriptions	698,040	0.8%	705,682	0.8%	723,762	0.9%	757,681	1.0%	721,010	1.0%
Supplies and minor equipment ⁽¹⁾	5,349,544	6.2%	5,032,988	6.0%	4,843,828	5.9%	6,049,499	7.9%	5,661,663	7.8%
Contract services	2,116,237	2.5%	2,502,591	3.0%	2,193,068	2.7%	2,456,209	3.2%	2,556,530	3.5%
Bank/Agency credit/collection fees	131,862	0.2%	132,267	0.2%	93,789	0.1%	72,761	0.1%	63,106	0.1%
Rentals	737,152	0.9%	636,383	0.8%	664,383	0.8%	399,033	0.5%	442,924	0.6%
Repairs and maintenance	521,508	0.6%	635,382	0.8%	641,042	0.8%	548,907	0.7%	692,438	0.9%
Insurance	409,729	0.5%	629,031	0.7%	653,990	0.8%	636,080	0.8%	577,503	0.8%
Utilities	1,728,450	2.0%	1,579,719	1.9%	1,709,410	2.1%	1,624,665	2.1%	1,507,900	2.1%
Depreciation	2,897,941	3.4%	2,583,246	3.1%	2,501,129	3.0%	2,281,202	3.0%	2,012,339	2.8%
Student aid	9,151,817	10.7%	8,919,036	10.5%	9,784,156	11.9%	5,146,925	6.7%	4,782,520	6.6%
Student debt writeoff	146,447	0.2%	190,780	0.2%	151,811	0.2%	157,158	0.2%	99,539	0.1%
Total operating expenses	84,537,712	98.7%	83,533,048	98.8%	81,320,844	98.7%	75,685,649	98.6%	71,924,058	98.5%
Interest expense	1,133,864	1.3%	1,048,180	1.2%	1,085,376	1.3%	1,045,601	1.4%	1,054,660	1.4%
Loss on disposal of assets	-	0.0%	-	0.0%	-	0.0%	-	0.0%	28,442	0.0%
Total non-operating expenses	1,133,864	1.3%	1,048,180	1.2%	1,085,376	1.3%	1,045,601	1.4%	1,083,102	1.5%
Total Expenses	\$ 85,671,576	100.0%	\$ 84,581,228	100.0%	\$ 82,406,220	100.0%	\$ 76,731,250	100.0%	\$ 73,007,160	100.0%

Note: The District implemented GASB Statements 34 and 35 beginning with the fiscal year ended June 30, 2003 and restated June 30, 2002 numbers for comparison.

(1) Effective with FY 2006/07 these numbers were restated to provide further detail under the new categories listed.

GATEWAY TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Levy Distribution by Municipality
Fiscal Year 2008

<u>County</u>	<u>Municipality</u>	<u>Taxable equalized valuation</u>	<u>Percent of total</u>	<u>Total tax levy</u>
Kenosha	Town of:			
	Brighton	\$ 198,817,800	0.466143 %	\$ 238,086
	Bristol	613,409,500	1.438182	734,563
	Paris	229,836,100	0.538867	275,231
	Randall	552,285,200	1.294872	661,367
	Salem	1,245,657,700	2.920533	1,491,687
	Somers	834,937,700	1.957571	999,846
	Wheatland	347,166,300	0.813956	415,735
	Village of:			
	Genoa City	289,300	0.000678	346
	Paddock Lake	258,927,200	0.607073	310,068
	Pleasant Prairie	2,494,753,701	5.849128	2,987,491
	Silver Lake	195,658,900	0.458736	234,303
	Twin Lakes	868,023,700	2.035144	1,039,467
	City of Kenosha	6,290,374,101	14.748231	7,532,783
Racine	Town of:			
	Burlington	713,119,400	1.671959	853,967
	Dover	366,574,501	0.859460	438,976
	Norway	341,958,906	0.801747	409,499
	Raymond	475,324,900	1.114433	569,206
	Rochester	274,210,200	0.642905	328,369
	Waterford	767,778,800	1.800112	919,422
	Yorkville	482,341,000	1.130883	577,608
	Village of:			
	Caledonia	2,272,096,400	5.327092	2,720,857
	Elmwood Park	46,235,200	0.108402	55,367
	Mount Pleasant	2,702,136,700	6.335352	3,235,834
	North Bay	40,901,900	0.095897	48,980
	Rochester	84,143,400	0.197280	100,762
	Sturtevant	330,787,700	0.775555	396,121
	Union Grove	315,893,700	0.740635	378,286
	Waterford	443,330,700	1.039420	530,892
Wind Point	292,211,800	0.685111	349,926	
City of:				
Burlington	699,279,100	1.639510	837,393	
Racine	3,856,936,850	9.042864	4,618,718	

GATEWAY TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Levy Distribution by Municipality (continued)
Fiscal Year 2008

<u>County</u>	<u>Municipality</u>	<u>Taxable equalized valuation</u>	<u>Percent of total</u>	<u>Total tax levy</u>	
Walworth	Town of:				
	Bloomfield	\$ 547,634,400	1.283968 %	\$ 655,797	
	Darien	160,071,700	0.375300	191,688	
	Delavan	1,109,487,200	2.601272	1,328,621	
	East Troy	748,065,799	1.753894	895,816	
	Geneva	906,397,200	2.125113	1,085,419	
	Lafayette	271,058,100	0.635515	324,595	
	LaGrange	804,686,400	1.886645	963,620	
	Linn	1,601,197,400	3.754122	1,917,449	
	Lyons	481,886,000	1.129816	577,063	
	Richmond	256,844,700	0.602191	307,574	
	Sharon	77,240,200	0.181095	92,496	
	Spring Prairie	238,807,799	0.559902	285,975	
	Sugar Creek	397,036,900	0.930881	475,455	
	Troy	271,245,700	0.635955	324,819	
	Walworth	223,146,300	0.523182	267,220	
	Whitewater	306,999,300	0.719782	367,635	
		Village of:			
		Darien	95,846,100	0.224718	114,777
		East Troy	318,461,100	0.746655	381,360
		Fontana	1,161,437,100	2.723072	1,390,832
		Genoa City	123,624,600	0.289847	148,042
		Mukwonago	6,379,000	0.014956	7,639
		Sharon	79,727,000	0.186926	95,474
		Walworth	227,321,000	0.532970	272,219
		Williams Bay	743,965,400	1.744280	890,906
		City of:			
		Burlington	120,000	0.000281	144
		Delavan	627,519,900	1.471265	751,461
		Elkhorn	601,224,500	1.409614	719,972
		Lake Geneva	1,136,798,600	2.665306	1,361,327
		Whitewater	492,090,700	1.153742	589,283
		Totals	<u>\$ 42,651,718,457</u>	<u>100 %</u>	<u>\$ 51,075,834</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected within the		Collections in Subsequent <u>Year</u>	<u>Total Collections to Date</u>	
		<u>Fiscal Year of the Levy</u>			<u>Amount</u>	<u>Percentage of Levy</u>
		<u>Amount</u>	<u>Percentage of Levy</u>			
1999	\$ 32,375,164	\$ 23,226,473	71.74	\$ 9,148,691	\$ 32,375,164	100.00
2000	34,448,589	24,889,663	72.25	9,558,926	34,448,589	100.00
2001	37,464,985	26,859,023	71.69	10,605,962	37,464,985	100.00
2002	40,573,084	29,374,807	72.40	11,198,277	40,573,084	100.00
2003	41,928,338	30,552,660	72.87	11,375,678	41,928,338	100.00
2004	43,338,000	31,921,546	73.66	11,416,454	43,338,000	100.00
2005	45,043,000	33,447,366	74.26	11,595,634	45,043,000	100.00
2006	47,295,000	35,128,253	74.27	12,166,747	47,295,000	100.00
2007	49,093,282	35,811,604	72.95	13,281,678	49,093,282	100.00
2008	51,075,834	36,774,363	72.00	-	36,774,363	72.00

Tax Levies, Rates, and Collections

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Taxing Districts and Counties
2007 Equalized Valuation and Tax Levy

<u>Municipality</u>	<u>County</u>	<u>Equalized value</u>	<u>Tax levy</u>	Percentage of <u>total</u> <u>tax levy</u>
City of Kenosha	Kenosha	\$ 6,290,374,101	\$ 7,532,783	14.75 %
City of Racine	Racine	3,856,936,850	4,618,718	9.04
Village of Mount Pleasant	Racine	2,702,136,700	3,235,834	6.34
Village of Pleasant Prairie	Kenosha	2,494,753,701	2,987,491	5.85
Village of Caledonia	Racine	2,272,096,400	2,720,857	5.33
Town of Linn	Walworth	1,601,197,400	1,917,449	3.75
Town of Salem	Kenosha	1,245,657,700	1,491,687	2.92
Village of Fontana	Walworth	1,161,437,100	1,390,832	2.72
City of Lake Geneva	Walworth	1,136,798,600	1,361,327	2.67
Town of Delavan	Walworth	<u>1,109,487,200</u>	<u>1,328,621</u>	<u>2.60</u>
Total principal taxing districts		<u>\$ 23,870,875,752</u>	<u>\$ 28,585,599</u>	<u>56.0 %</u>
County:				
Racine		\$ 14,505,261,157	\$ 17,370,183	34.0 %
Kenosha		14,130,137,202	16,920,973	33.1
Walworth		<u>14,016,320,098</u>	<u>16,784,678</u>	<u>32.9</u>
		<u>\$ 42,651,718,457</u>	<u>\$ 51,075,834</u>	<u>100.0 %</u>

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Property Taxpayers by County
Current Year and Nine Years Ago

County	Name of Business	Type of Business	Year Ended June 30, 2008			Year Ended June 30, 1999		
			2007 Equalized Valuation	Rank	Percent of District equalized valuation	1998 Equalized Valuation	Rank	Percent of District equalized valuation
Racine	S. C. Johnson & Son, Inc.	Manufacturing	\$ 117,800,215	1	0.28	\$ 57,669,000	2	0.28
	Racine Joint Venture (Regency Mall)	Shopping center	96,618,758	2	0.23	62,236,000	1	0.30
	All Saints Health Care	Health care services	41,779,503	3	0.10	18,213,300	4	0.09
	Continental 81 Fund LLC	Retail-Wal-Mart Stores	39,148,612	4	0.09	-	-	-
	CNH Global ⁽¹⁾	Manufacturing	33,155,031	5	0.08	33,739,000	3	0.16
	Aurora Medical Group	Health care provider	32,020,237	6	0.08	-	-	-
	American National Insurance	Insurance	27,874,919	7	0.07	-	-	-
	Bombardier Motor Corp.	Manufacturing	20,965,323	8	0.05	-	-	-
	High Ridge Improvements	Corporation	18,898,764	9	0.04	-	-	-
	Inland Southeast Mount Pleasant	Village Center strip mall	14,532,569	10	0.03	-	-	-
	First Industrial Development Service	Manufacturing	-	-	-	16,599,000	5	0.08
	California State Teacher	Real Estate	-	-	-	15,745,500	6	0.08
	Rudd Lighting Inc.	Manufacturing	-	-	-	13,327,800	7	0.06
	Westgate Shopping Center	Retail Mall	-	-	-	11,487,800	8	0.06
	Shoemaker Properties LLC	Property management	-	-	-	9,660,300	9	0.05
	R-O Associates of Racine	Real Estate	-	-	-	9,200,000	10	0.04
Racine county total			\$ 442,793,931		1.04	\$ 247,877,700		1.20
	(1) Formerly known as J.J. Case Corporation							
Kenosha ⁽²⁾	Prime Outlets at Pleasant Prairie	Retail Mall	\$ 56,299,453	1	0.13	\$ -	-	-
	Cabot Acquisitions LLC	Manufacturing	44,401,314	2	0.10	-	-	-
	Southport Plaza Ltd. Partners	Shopping center	43,306,366	3	0.10	22,149,284	9	0.11
	Ohioclubco	Property development	32,542,638	4	0.08	27,205,128	6	0.13
	Edward Rose Assoc. Apartments	Property management	31,255,286	5	0.07	22,448,559	8	0.11
	Iris USA Inc.	Manufacturing	29,608,877	6	0.07	-	-	-
	Centerpoint Wispark Land Co. LLC	Business park	29,271,234	7	0.07	63,856,247	1	0.31
	Petretti Realty et Al.	Developer/Builder	28,780,479	8	0.07	31,795,547	4	0.15
	Daimler-Chrysler Corp.	Manufacturer	23,835,231	9	0.06	36,717,240	3	0.18
	Bit Holdings Forty-Nine Inc.	Commercial	23,664,675	10	0.06	-	-	-
	First Horizon Group Ltd.	Property management	-	-	-	44,486,453	2	0.22
	Dairyland Greyhound Park	Recreation/dog track	-	-	-	27,616,315	5	0.13
	Aurora Medical Group, Inc.	Physician offices	-	-	-	25,397,784	7	0.12
	Factory Outlet Centre Ltd.	Retail Mall	-	-	-	20,619,557	10	0.10
Kenosha county total			\$ 342,965,553		0.80	\$ 322,292,114		1.56
	(2) Estimated equalized valuations for 2006.							
Wauworth	DLK Enterprises, Inc.	Farm/Real Estate	\$ 45,860,176	1	0.11	\$ 20,003,207	1	0.10
	Delavan Resort	Resort	36,107,263	3	0.08	-	-	-
	Grand Geneva Resort (Marcus Geneva)	Resort	35,766,113	2	0.08	8,525,000	8	0.04
	Wal-Mart	Retail store	32,071,709	4	0.08	-	-	-
	Versacoid-Larsen	Manufacturing	22,410,918	5	0.05	-	-	-
	Kikkoman Foods Inc.	Manufacturing	20,727,433	6	0.05	12,284,300	4	0.06
	Paloma Geneva National LLC	Resort	14,669,951	8	0.03	10,511,000	5	0.05
	Lake Geneva Investors LLC	Investor	14,317,393	9	0.03	-	-	-
	Geneva Project	Property development	14,224,703	7	0.03	-	-	-
	Home Depot	Retail store	12,355,812	10	0.03	-	-	-
	Lake Lawn Lodge	Resort	-	-	-	13,653,275	2	0.07
	ABKA (The Abbey)	Resort	-	-	-	13,074,000	3	0.06
	Geneva National Development	Development company	-	-	-	9,549,517	6	0.05
	Midwest Track Associates	Dog track	-	-	-	9,009,366	7	0.04
	Geneva Lakes Cold Storage	Private business	-	-	-	8,300,000	9	0.04
	Avan Company	Resort	-	-	-	7,600,300	10	0.04
Wauworth county total			\$ 248,511,471		0.58	\$ 112,509,965		0.54
Grand total			\$ 1,034,270,955		2.42	\$ 682,679,779		3.30
Total District Equalized Valuation			\$ 42,651,718,457			\$ 20,680,398,460		

Sources: Robert W. Baird report, Information from county treasurer's office, Gateway's CAFR 1999

GATEWAY TECHNICAL COLLEGE DISTRICT

Property Tax Rates⁽¹⁾ - All Overlapping Governments
 (Per \$1,000 of General Property Full Values of Taxable Property)
 Calendar Year Taxes are Payable 1999-2008

County	Year	Gateway District Direct Rates			School districts			County tax	Other taxes ⁽⁴⁾	Total property tax	State tax relief	Net total
		Operational ⁽²⁾	Debt Service	Direct Rate	elementary/secondary	Local tax ⁽³⁾						
Racine	1999	1.34	0.22	1.56	9.22	8.04	4.63	0.84	24.29	(1.81)	22.48	
	2000	1.34	0.20	1.54	9.16	8.08	4.60	0.75	24.13	(1.68)	22.45	
	2001	1.41	0.19	1.60	9.16	7.83	4.72	1.06	24.37	(1.54)	22.83	
	2002	1.43	0.19	1.62	9.09	7.43	4.76	1.04	23.94	(1.46)	22.48	
	2003	1.37	0.19	1.56	8.15	7.22	4.76	1.06	22.75	(1.38)	21.37	
	2004	1.30	0.18	1.48	8.12	7.04	4.59	1.11	22.34	(1.25)	21.09	
	2005	1.24	0.17	1.41	8.03	6.71	4.33	1.11	21.59	(1.11)	20.48	
	2006	1.17	0.16	1.33	7.17	6.36	4.07	1.06	19.99	(1.00)	18.99	
	2007	1.09	0.15	1.24	7.86	5.99	3.35	0.96	19.40	(1.14)	18.26	
2008	1.05	0.15	1.20	7.84	5.90	3.30	1.05	19.29	(1.27)	18.02		
Kenosha	1999	1.34	0.22	1.56	10.52	6.59	5.02	1.62	25.31	(1.93)	23.38	
	2000	1.34	0.20	1.54	9.47	6.37	5.01	0.50	22.89	(1.66)	21.23	
	2001	1.41	0.19	1.60	9.76	6.66	5.04	0.55	23.61	(1.51)	22.10	
	2002	1.43	0.19	1.62	9.63	6.86	5.03	0.60	23.74	(1.40)	22.34	
	2003	1.37	0.19	1.56	9.22	6.54	5.00	0.73	23.05	(1.31)	21.74	
	2004	1.30	0.18	1.48	9.31	6.22	4.80	0.80	22.61	(1.24)	21.37	
	2005	1.24	0.17	1.41	9.35	5.81	4.51	0.86	21.94	(1.14)	20.80	
	2006	1.17	0.16	1.33	8.47	5.45	4.18	0.83	20.26	(1.05)	19.21	
	2007	1.09	0.15	1.24	8.46	5.14	3.91	0.86	19.61	(1.24)	18.37	
2008	1.05	0.15	1.20	8.55	5.05	3.80	0.92	19.52	(1.35)	18.17		
Walworth	1999	1.34	0.22	1.56	10.20	3.81	4.83	1.03	21.43	(1.79)	19.64	
	2000	1.34	0.20	1.54	10.11	3.67	4.84	1.05	21.21	(1.73)	19.48	
	2001	1.41	0.19	1.60	10.00	3.86	5.08	1.11	21.65	(1.72)	19.93	
	2002	1.43	0.19	1.62	9.71	3.79	5.14	1.13	21.39	(1.57)	19.82	
	2003	1.37	0.19	1.56	9.43	3.73	5.13	1.19	21.04	(1.46)	19.58	
	2004	1.30	0.18	1.48	9.03	3.48	4.94	1.25	20.18	(1.33)	18.85	
	2005	1.24	0.17	1.41	8.98	3.41	4.75	1.22	19.77	(1.22)	18.55	
	2006	1.17	0.16	1.33	8.01	3.16	4.40	1.03	17.93	(1.09)	16.84	
	2007	1.09	0.15	1.24	7.43	2.88	4.11	1.03	16.69	(1.22)	15.47	
2008	1.05	0.15	1.20	7.62	2.72	3.91	1.10	16.55	(1.27)	15.28		

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

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Distribution of Real Property of Merged Equalized Values
Racine, Kenosha, and Walworth Counties⁽¹⁾
Calendar Years 1998-2007
(Figures in thousands)

Calendar Year	Residential	Commercial	Manufacturing	Agricultural	Swamp, waste and forest	Other	Personal Property	Total	District Equalized Valuation(2)	Total Direct Tax Rate
1998	15,971,651	3,291,954	770,741	542,661	69,474	353,256	(3)	20,999,737	20,680,398	1.56550
% of Total	76.1%	15.7%	3.7%	2.6%	0.3%	1.7%				
1999	17,035,258	3,548,727	864,170	512,676	80,386	406,612	606,418	23,054,247	22,286,343	1.54573
% of Total	73.9%	15.4%	3.7%	2.2%	0.3%	1.8%	2.6%			
2000	18,176,837	3,745,598	932,571	222,420	96,880	433,350	627,973	24,235,629	23,361,009	1.60374
% of Total	75.0%	15.5%	3.8%	0.9%	0.4%	1.8%	2.6%			
2001	19,616,133	3,955,765	977,878	223,089	99,827	446,971	679,978	25,999,641	25,054,873	1.61937
% of Total	75.4%	15.2%	3.8%	0.9%	0.4%	1.7%	2.6%			
2002	21,373,420	4,374,347	1,008,832	123,209	101,417	477,245	629,738	28,088,208	26,953,225	1.55559
% of Total	76.1%	15.6%	3.6%	0.4%	0.4%	1.7%	2.2%			
2003	23,455,469	4,700,585	1,038,551	87,813	119,114	503,104	646,437	30,551,073	29,223,904	1.48297
% of Total	76.8%	15.4%	3.4%	0.3%	0.4%	1.6%	2.1%			
2004	26,018,470	5,046,556	1,068,047	82,788	107,327	513,950	635,552	33,472,690	32,011,437	1.40709
% of Total	77.7%	15.1%	3.2%	0.2%	0.3%	1.5%	1.9%			
2005	29,295,258	5,508,464	1,042,155	83,169	113,746	544,035	649,894	37,236,721	35,561,554	1.32995
% of Total	78.7%	14.8%	2.8%	0.2%	0.3%	1.5%	1.7%			
2006	32,963,886	6,119,859	1,055,082	87,329	158,764	613,183	697,942	41,696,045	39,735,348	1.23551
% of Total	79.1%	14.7%	2.5%	0.2%	0.4%	1.5%	1.7%			
2007	35,800,611	6,463,027	1,111,595	93,500	137,506	627,055	666,620	44,899,914	42,651,718	1.19751
% of Total	85.9%	15.5%	2.7%	0.2%	0.3%	1.5%	1.6%			

Source: Wisconsin Department of Revenue

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Ratio of Net Debt to Equalized Value and Net Debt Per Capita Fiscal Years 1999-2008

	Population ⁽¹⁾	Equalized Value- TID in ⁽²⁾	Gross Debt ⁽³⁾	Debt Service Net Assets Available ⁽⁴⁾	Net debt ⁽⁵⁾	
					Amount	Ratio to equalized valuation
<i>(Dollars in thousands, except per capita)</i>						
1999	413,218	\$ 21,413,741	\$ 17,715	563	\$ 17,152	0.08 % \$ 42
2000	416,804	22,765,508	17,505	653	16,852	0.07 40
2001	432,167	23,924,832	17,960	478	17,482	0.07 40
2002	433,456	25,681,383	23,450	647	22,803	0.09 53
2003	440,943	27,733,860	23,820	735	23,085	0.08 52
2004	444,957	30,180,566	23,740	725	23,015	0.08 52
2005	449,954	33,048,145	25,810	848	24,962	0.08 55
2006	453,979	36,761,650	26,715	1,035	25,680	0.07 57
2007	457,155	41,173,445	27,000	672	26,328	0.06 58
2008	459,730	44,361,307	28,460	840	27,620	0.06 60

(1) Wisconsin Department of Administration, Demographic Services Center. (2008 is an estimate.)

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

(3) Includes general obligation promissory notes and bonds.

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Legal Debt Margin Information⁽¹⁾
Last Ten Fiscal Years

Calculation of Legal Debt Margin for Fiscal Year 2008

2007 Equalized Valuation - TID In	\$ 44,361,307,207
	x 5%
Total debt limit - 5% of total equalized valuation	<u>2,218,065,360</u>
Debt applicable to limit:	
Total gross indebtedness (includes general obligation notes and bonds)	\$ 28,460,000
Less Net Assets Restricted for Debt Service (GAAP basis)	<u>(839,522)</u>
Total amount of debt applicable to debt limit	<u>27,620,478</u>
Legal debt margin	<u>\$ 2,190,444,882</u>

Legal Debt Margin, Last Ten Fiscal Years

Fiscal Year	Equalized Valuation TID In	Legal Debt Limit 5%	Debt Applicable to Limit (Dollars in thousands)				Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Debt Limit
			General Obligation Bonds	General Obligation Notes	Less Net Assets Available	Total Net Debt Applicable to Limit			
			1999	\$ 21,413,741	\$ 1,070,687	\$ 1,245			
2000	22,765,508	1,138,275	-	17,505	653	16,852	1,121,423	1.48	
2001	23,924,832	1,196,242	-	17,960	478	17,482	1,178,760	1.46	
2002	25,681,383	1,284,069	-	23,450	647	22,803	1,261,266	1.78	
2003	27,733,860	1,386,693	-	23,820	735	23,085	1,363,608	1.66	
2004	30,180,566	1,509,028	4,925	18,815	725	23,015	1,486,013	1.53	
2005	33,048,145	1,652,407	4,825	20,985	848	24,962	1,627,445	1.51	
2006	36,761,650	1,838,083	4,725	21,990	1,035	25,680	1,812,403	1.40	
2007	41,173,445	2,058,672	4,625	22,375	672	26,328	2,032,344	1.28	
2008	44,361,307	2,218,065	4,525	23,935	839	27,621	2,190,444	1.25	

(1) Total indebtedness may not exceed 5% of equalized valuation (including all tax incremental financing districts-TIDs) and bonded indebtedness may not exceed 2% of equalized valuation.

GATEWAY TECHNICAL COLLEGE DISTRICT

Computation of Direct and Overlapping Debt
Year ended June 30, 2008

	Jurisdiction ⁽¹⁾	Net Debt Outstanding	Applicable to Gateway Technical College District	
			Percentage ⁽²⁾	Amount
District:	Gateway Technical College District	\$ 28,460,000	100%	\$ 28,460,000
Towns:	Racine County ⁽³⁾	2,984,426	varies	40,439,738
	Kenosha County	20,417,414	100%	20,417,414
	Walworth County	5,097,618	100%	5,097,618
	Town Total	<u>28,499,458</u>		<u>65,954,770</u>
Villages:	Racine County	80,373,395	100%	80,373,395
	Kenosha County	116,342,941	100%	116,342,941
	Walworth County	50,977,598	100%	50,977,598
	Village Total	<u>247,693,934</u>		<u>247,693,934</u>
Cities:	Racine County	122,750,731	100%	122,750,731
	Kenosha County	152,417,299	100%	152,417,299
	Walworth County	61,102,913	100%	61,102,913
	City Total	<u>336,270,943</u>		<u>336,270,943</u>
Counties:	Racine County	50,161,516	96.56%	48,435,960
	Kenosha County	77,994,831	100%	77,994,831
	Walworth County	53,725,000	100%	53,725,000
	County Total	<u>181,881,347</u>		<u>180,155,791</u>
School Districts:	Racine County	106,479,252	100%	106,479,252
	Kenosha County	161,899,912	100%	161,899,912
	Walworth County	147,144,704	100%	147,144,704
	School District Total	<u>415,523,868</u>		<u>415,523,868</u>
	Sanitary Districts Total	<u>45,716,751</u>	varies	<u>26,189,446</u>
	Total Direct and Overlapping debt	<u>\$ 1,284,046,301</u>		<u>\$ 1,300,248,752</u>

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

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

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

(3) All towns are 100%, except the Town of Norway, which is 38.83% in the Gateway District

GATEWAY TECHNICAL COLLEGE DISTRICT

Demographic Statistics for Kenosha, Racine, and Walworth Counties Historical Comparisons 1999-2008

<u>Year</u>	<u>District Population (1)</u>	<u>Number of households (2)</u>	<u>Total Personal Income (3)</u>	<u>Per Capita Income (4)</u>	<u>Unemployment Rate (5)</u>	<u>Public and private school enrollment (6)</u>
1999	413,218	159,106	\$ 11,347,365	\$ 26,445	3.7	80,732
2000	416,804	160,210	12,122,313	28,093	3.7	82,040
2001	432,167	162,614	12,498,647	28,715	5.0	83,487
2002	433,456	168,470	12,849,089	29,197	5.9	84,454
2003	440,943	170,231	13,256,698	29,749	5.9	85,646
2004	444,987	172,795	14,107,953	31,119	5.6	86,145
2005	449,954	173,958	14,415,595	31,238	5.5	85,875
2006	453,979	174,696	15,084,297	32,613	5.3	84,526
2007	457,155	175,956	(7)	(7)	5.4	87,500
2008	459,730	(7)	(7)	(7)	5.4	87,861

- (1) Wisconsin Department of Administration, Demographic Services Center. (2008 is an estimate)
- (2) Editor Publisher Market Guide, 2007, New York, N. Y.
- (3) U.S. Department of Commerce Bureau of Economic Anyalysis. (Amounts in thousands.)
- (4) U.S. Department of Commerce Bureau of Economic Anyalysis.
- (5) Wisconsin Department of Workforce Development, Office of Economic Advisors. (2008 is an average as of July 2008)
- (6) Wisconsin Department of Public Instruction
- (7) Information not yet available.

GATEWAY TECHNICAL COLLEGE DISTRICT

Principal Employers
Current Year and Nine Years Ago

County	Name of Business	Type of Business	Year Ended June 30, 2008			Year Ended June 30, 1999			
			Number of Employees	Rank	Percent of District Population	Number of Employees	Rank	Percent of District Population	
Racine	All Saints Health Care	Health care services	3,742	1	0.81 %	3,000	2	0.73 %	
	Racine Joint Venture (Regency Mall)	Retail shopping center	3,000	2	0.65	2,800	3	0.68	
	CNH Global ⁽¹⁾	Manufacturing, agricultural & construction equipment	3,000	3	0.65	2,367	5	0.57	
	S. C. Johnson & Son, Inc.	Manufacturing, commerial & institutional cleaning products	2,900	4	0.63	3,040	1	0.74	
	Racine School District	Education	2,472	5	0.54	2,634	4	0.64	
	City of Racine	Government	1,328	6	0.29	1,050	8	0.25	
	Gateway Technical College ⁽²⁾	Education	1,140	7	0.25	-	-	0.00	
	In-Sink-Erator Division	Manufacturing	1,100	8	0.24	970	10	0.23	
	Racine County	Government	895	9	0.19	1,160	6	0.28	
	Modine Manufacturing	Heat exchange manufacturing	656	10	0.14	-	-	-	
	Lincoln Lutheran of Racine	Nursing home	-	-	-	1,050	7	0.25	
	Western Publishing Company	Commercial publisher, books, games, videos	-	-	-	1,000	9	0.24	
		Racine county sub-total		20,233		19,071		4.62 %	
	Kenosha	Kenosha Unified School District No. 1 ⁽¹⁾	Education	2,542	1	0.55 %	2,240	1	0.54 %
		Kenosha Memorial Hospital	Health care services	1,500	2	0.33	1,020	3	0.25
		Kenosha County	Government	1,021	3	0.22	900	5	0.22
		Snap-On Tools Corporation	Manufacturer, hand tools & electronics	1,000	4	0.22	1,000	4	0.24
Daimler-Chrysler Corp. ⁽²⁾		Manufacturer, jeep engines	975	5	0.21	2,000	2	0.48	
City of Kenosha ⁽²⁾		Government	750	6	0.16	850	6	0.21	
University of Wisconsin-Parkside		Education	495	7	0.11	600	9	0.15	
Kenosha Beef		Beef processing	400	8	0.09	-	-	-	
Ocean Spray Cranberries		Manufacturing, cranberry & other fruit products	395	9	0.09	-	-	-	
Jockey International		Manufacturing, underwear & nightwear	376	10	0.08	750	8	0.18	
Dairyland Greyhound Park		Greyhound racing	-	-	-	800	7	0.19	
St. Catherine's Hospital		Health care services	-	-	-	521	10	0.13	
Tri-Clover, Inc.		Manufacturer, pumps & valves	-	-	-	-	-	-	
		Kenosha county sub-total		9,454		10,681		2.58 %	
Walworth*	University of Wisconsin-Whitewater ⁽¹⁾	Education	1,000+	1	na %	2,224	1	0.54 %	
	Walworth County	Government	1,000+	2	na	1,159	2	0.28	
	Grand Geneva, LLC	Resort	500-999	3	na	-	-	-	
	Pentair, Inc.	Water & fluid power pumps	500-999	4	na	-	-	-	
	Wal-Mart	Discount department store	500-999	5	na	-	-	-	
	Miniature Precision Components	Automotive industry parts supplier	500-999	6	na	375	9	0.09	
	Aurora Health Care of Southern Lakes	Medical/Surgical Hospital	500-999	7	na	-	-	-	
	Elkhorn Area School District	Elementary & secondary schools	250-499	8	na	-	-	-	
	School District of Delavan-Darien	Elementary & secondary schools	250-499	9	na	-	-	-	
	The Abbey Resort Mgmt LLC	Resort	250-499	10	na	-	-	-	
	Trostel Ltd.	Packaging seals & assemblies	-	-	-	434	7	0.11	
	Lakeland Medical Center	Nursing home	-	-	-	700	3	0.17	
	Sta-Rite Industries	Manufacturer, pumps & plastic products	-	-	-	619	4	0.15	
	ECM Motor, Co.	Electric motors	-	-	-	300	10	0.07	
	Road Master Corp.	Manufacturer, bicycles	-	-	-	521	6	0.13	
	Waukesha Fluid Handling	Manufacturer, fluid handling equip.	-	-	-	428	8	0.10	
		Walworth county sub-total ⁽¹⁾		6,875		7,371		1.78 %	
Total			36,562		7.95 %	37,123		8.98 %	

*Estimates, not FTE figures

(1)Based on median of ranges.

Source: Robert W. Baird report

GATEWAY TECHNICAL COLLEGE DISTRICT

Employment Trends by Equal Employment Opportunity Categories
Historical Comparisons
1998-2007

<u>Category</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Administrative/Managerial:	51	51	52	58	57	56	56	55	54	53
Female percent	45	53	48	52	51	54	54	58	59	62
Minority percent	10	8	10	12	11	13	12	9	9	8
Faculty:	234	240	234	257	252	255	264	266	266	263
Female percent	57	56	58	55	57	57	56	57	57	57
Minority percent	7	7	8	7	7	8	8	8	9	9
Professional/Noninstructional:	40	40	42	31	39	38	39	35	34	34
Female percent	68	65	67	74	67	68	67	83	71	71
Minority percent	5	5	7	16	10	11	18	20	21	24
Secretarial/Clerical:	107	111	105	104	113	114	113	110	106	106
Female percent	95	95	95	99	96	97	96	97	88	99
Minority percent	19	17	13	16	18	18	19	18	22	21
Technical/Paraprofessional:	94	94	94	105	100	100	109	108	104	104
Female percent	61	63	64	62	65	64	62	62	62	62
Minority percent	17	18	19	22	22	22	26	25	26	37
Service/Maintenance:	32	31	31	33	33	33	35	35	36	35
Female percent	19	16	16	18	15	18	17	14	11	11
Minority percent	28	32	26	33	36	42	37	34	36	34
Total:	558	567	558	588	594	596	616	609	600	595
Female percent	62	63	63	63	63	64	63	64	62	64
Minority percent	12	12	12	14	14	15	16	15	16	16

Information provided by the Affirmative Action Office

GATEWAY TECHNICAL COLLEGE DISTRICT

Enrollment Statistics
Historical Comparisons
Last Ten Fiscal Years

Student Enrollment ⁽¹⁾

Fiscal year ended June 30	Aidable				Non-Aidable		Unduplicated Total
	Associate degree	Technical Diploma	Vocational Adult	Non-post- secondary (ABE)	Community service program		
1999	7,250	2,248	13,572	6,697	20	26,153	
2000	7,254	2,246	12,435	6,687	11	25,512	
2001	7,307	2,265	13,419	6,898	0	26,485	
2002	8,214	2,840	13,274	8,101	22	28,252	
2003	8,512	3,296	12,892	8,097	0	28,524	
2004	8,910	3,480	11,714	7,813	0	27,511	
2005	8,747	3,001	12,049	7,181	0	26,955	
2006	9,008	2,746	10,874	6,918	0	25,540	
2007	9,046	2,803	9,425	6,595	0	23,999	
2008	8,564	2,989	8,599	6,456	0	22,789	

Full-Time Equivalents ⁽²⁾

Fiscal year ended June 30	Aidable				Non-Aidable		Total
	Associate degree	Technical Diploma	Vocational Adult	Non-post- secondary (ABE)	Community service program		
1999	2,198	422	246	602	1	3,469	
2000	2,247	441	199	611	0	3,498	
2001	2,441	426	224	633	0	3,724	
2002	2,903	528	229	859	1	4,520	
2003	3,216	575	208	981	0	4,980	
2004	3,330	576	197	912	0	5,015	
2005	3,296	534	200	821	0	4,851	
2006	3,580	426	183	853	0	5,042	
2007	3,600	414	158	831	0	5,003	
2008	3,477	401	148	807	0	4,833	

Source: Wisconsin Technical College System Board

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Per Credit Course Fee History Last Ten Fiscal Years

Year	<u>Post Secondary/ Vocational Adult⁽¹⁾</u>				<u>Non-Aidable⁽²⁾</u>	
	Resident		Out of State		Avocational	Percent
	Program	Percent	Program	Percent	programs	change
	Fees	change	Fees ⁽³⁾	change		
1999	\$ 57.00	5.2 %	\$ 440.90	3.2 %	\$ 85.00	3.0 %
2000	59.25	3.9	454.20	3.0	89.00	4.7
2001	61.50	3.8	481.35	6.0	93.00	4.5
2002	64.00	4.1	499.60	3.8	97.00	4.3
2003	67.00	4.7	513.70	2.8	100.00	3.1
2004	70.00	4.5	489.75	(4.7)	105.00	5.0
2005	76.00	8.6	488.10	(0.3)	108.00	2.9
2006	80.50	5.9	510.30	4.5	115.00	6.5
2007	87.00	8.1	536.30	5.1	120.00	4.3
2008	92.05	5.8	570.55	6.4	127.00	5.8

Additional Per Credit Fees

Material Fees

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

Student Activity Fee

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

Notes:

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

GATEWAY TECHNICAL COLLEGE DISTRICT

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

<u>Year</u>	<u>Number of graduates</u>	<u>Number of respondents</u>	<u>Total number in labor force</u>	<u>Percent employed</u>	<u>Percent employed in related occupation</u>	<u>Percent employed in District</u>	<u>Average Hourly Salary⁽²⁾</u>	<u>Percent Satisfied with Training</u>
1998	1,000	807	747	93	78	68	\$ 11.89	97
1999	947	784	738	94	73	62	12.51	95
2000	905	733	680	93	75	63	13.59	96
2001	1,070	851	763	91	75	70	14.08	96
2002	1,429	1,180	1,057	89	67	74	14.15	97
2003	1,799	1,473	1,316	87	63	71	13.70	97
2004	2,029	1,600	1,404	89	61	68	14.10	97
2005	1,782	1,439	1,254	88	66	65	15.12	98
2006	1,745	1,403	1,213	91	66	57	15.51	96
2007	1,795	1,379	1,157	92	67	60	16.04	95

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

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

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

GATEWAY TECHNICAL COLLEGE DISTRICT

Square Footage of District Facilities Last Five Fiscal Years

<u>County</u>	<u>Location</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Racine	Racine Campus					
	Main Building	16,115	16,115	16,115	16,115	16,115
	Lake Building	76,362	76,362	76,362	76,362	76,362
	Tech Building	109,336	109,336	109,336	109,336	109,336
	Racine Building	69,490	69,490	69,490	69,490	69,490
	Connecting Passages	<u>3,270</u>	<u>3,270</u>	<u>3,270</u>	<u>3,270</u>	<u>3,270</u>
	Racine Campus Sub-Total	274,573	274,573	274,573	274,573	274,573
	CATI	42,186	42,186	42,186	42,186	42,186
	Burn Building-Town of Dover (Land lease)	1,440	1,440	1,440	1,440	1,440
	Racine County Job Center (Leased)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>1,440</u>
	Racine County Sub-Total	<u>318,199</u>	<u>318,199</u>	<u>318,199</u>	<u>319,639</u>	<u>319,639</u>
Kenosha	Kenosha Campus					
	Administration Building	17,353	17,353	17,353	17,353	17,353
	Conference Building	29,365	29,365	29,365	29,365	29,365
	Bioscience Building	30,405	30,405	30,405	30,405	30,405
	Child Care (ECP)	18,085	18,085	18,085	18,085	18,085
	Academic Building	113,965	113,965	113,965	113,965	96,835
	Horticultural Buildings	5,873	5,873	5,873	5,873	5,873
	Sciences Building	55,992	55,992	55,992	55,992	55,992
	Service Building	13,456	13,456	13,456	13,456	13,456
	Storage Buildings	2,350	2,350	2,350	2,350	2,350
	Technical Building	<u>63,634</u>	<u>63,634</u>	<u>63,634</u>	<u>63,634</u>	<u>63,634</u>
	Kenosha Campus Sub-Total	350,478	350,478	350,478	350,478	333,348
	Leased Facilities:					
	Horizon Center (Land lease) ⁽¹⁾	24,277	24,277	23,477	23,477	23,477
	Lakeview Technology Center	23,200	23,200	23,200	23,200	23,200
	Kenosha County Job Center	<u>1,026</u>	<u>1,026</u>	<u>1,026</u>	<u>1,026</u>	<u>1,026</u>
	Kenosha County Sub-Total	48,503	<u>398,981</u>	<u>398,181</u>	<u>398,181</u>	<u>381,051</u>
Walworth	Elkhorn Campus					
	Alternative High School	7,474	7,474	7,474	7,474	7,474
	South Building	38,596	38,596	38,596	38,596	38,596
	North Building	42,230	42,230	42,230	42,230	42,230
	Job Center Building	6,500	6,500	6,500	6,500	6,500
	Garage Building	<u>1,673</u>	<u>1,673</u>	<u>1,673</u>	<u>1,673</u>	<u>1,673</u>
	Elkhorn Campus Sub-Total	96,473	96,473	96,473	96,473	96,473
	Burlington Campus (Leased)					
	380 Building	9,439	9,439	12,000	12,000	12,000
	496 Building	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>
	Walworth County Sub-Total	<u>138,912</u>	<u>138,912</u>	<u>141,473</u>	<u>141,473</u>	<u>141,473</u>
	 Total District Square Footage	 <u>855,066</u>	 <u>855,066</u>	 <u>856,827</u>	 <u>856,827</u>	 <u>839,697</u>

Source: Strategic Facility Planning Guide prepared by Architectural Associates LTD (June 2003) and District staff.

(1) Formerly known as the Aviation Center

Gateway Technical College District

Fiscal Year 2007 - 08

INSURANCE COVERAGE SUMMARY

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
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Insurance Coverages Purchased through Districts Mutual Insurance (DMI)

Property Coverage	DMI	7/1/07 - 6/30-08	Covers all real and personal property, all risk; \$25,000 Deductible	\$	75,107
			Blanket Property Limit (Per Occurrence)	\$	250,000,000
			Certified Terrorism		250,000,000
			Non-Certified Terrorism		250,000,000
			Accounts Receivable		15,000,000
			Fine Arts		15,000,000
			Valuable Papers and Records		15,000,000
			Extra Expense		20,000,000
			Miscellaneous Unnamed Locations		15,000,000
			Newly Acquired Property (180 days reporting)		15,000,000
			Building Ordinance including Demolition & ICC & Increased Time to Rebuild		25,000,000
			Debris Removal - the greater of 25% of the loss or		15,000,000
			Earth Movement and Volcanic Action (Annual Aggregate)		25,000,000
			Flood and Water Damage (Annual Aggregate)		25,000,000
			Flood in FEMA Zones designated using letters A or V (Annual Aggregate)		10,000,000
			Property in the Course of Construction		15,000,000
			Transit		2,500,000
			Ingress/Egress (1 mile limitation, 30 days limitation)		5,000,000
			Interruption by Civil Authority (1 mile radius limitation, 30 day limitation)		5,000,000
			Leasehold Interest		1,000,000
			Service Interruption - Property Damage & Time Element Combined (Water, Communication including overhead transmission lines, Power including overhead transmission lines)		10,000,000
			Mobile Equipment		1,000,000
			Expediting Expenses		5,000,000
			Pollutant Clean-Up and Removal (Annual Aggregate)		475,000
			Claims Preparation Expenses (Subject to max. 5% of combined PD & TE Loss)		250,000
			Defense Costs		250,000
			Exhibition, Exposition, Fair or Trade Show		325,000
			Fire Department Service Charges		325,000
			Protection of Property		325,000
			Radioactive Contamination		250,000
			Royalties		250,000

Insurance Coverage Summary.xlsx 08/26/08

Equipment Breakdown	DMI	7/1/07 - 6/30-08	Comprehensive coverage; \$25,000 deductible	\$	100,000,000	\$	4,478
			Combined property/time element		1,000,000		
			Property Damage		Included		
			Off-Premises Property Damage		25,000		
			Business Income		Included		
			Extra Expense		Included		
			Service Interruption		1,000,000		
			Contingent Business Income		25,000		
			Perishable Goods (Spoilage/Ammonia Contamination)		250,000		
			Data Restoration		250,000		
			Demolition		1,000,000		
			Ordinance or Law		1,000,000		
			Expediting Expenses		250,000		
			Hazardous Substances		250,000		
			Newly Acquired Locations (365 days)		15,000,000		
			Broad Comprehensive Coverage (Including Production Machines, Computer Equipment)		Included		
			Repair or Replacement				Yes

****Special Provisions: Same Site Requirement (Deleted) - Joint Loss Agreement, Brands & Labels, Errors & Omissions (Included) - Connected Ready for Use Restriction (None) - Extended period of Restoration (30 days) - Property Perils, i.e. lightning, explosion, wind, flood, earthquake, earth movement, freeze, ice, snow, sleet, hail, etc. (Excluded) Water Damage (Excluded if Covered Elsewhere) - Deliberate Acts (Excluded) - Computer Date Recognition (date recognition losses excluded, but not excluded resultant accidents)**

Notice of Cancellation (90 days/10 days Non-Payment) - Safety and Efficiency Improvement Valuation (Additional 25% of PD Loss)

Workers' Compensation	DMI	7/1/07 - 6/30-08	Workers' Compensation - Wisconsin Benefits	Statutory	198,005
			- Bodily injury by accident, each accident		100,000
			- Bodily injury by disease, policy limit		500,000
			- Bodily injury by disease, each employee		100,000
			Aviation Occupational Accident		3,000,000
			Retention		250,000

Industrial Aid Aircraft **Arthur J. Gallagher** **7/1/07 - 6/30/08**
 * FY 2007-08 Premium is \$22,000 and is included in our FY 2007-08 Workers Compensation premium.
 Lloyd's of London
 Syndicate 20/20
 Wellington Underwriter
 Policy No. 1000000304

Gateway Technical College District

Fiscal Year 2007 - 08

INSURANCE COVERAGE SUMMARY

Type of Coverage	Insurance Company	Policy Period	Details of Coverage	Limits of Coverage	Annual Premium
General Liability	DMI	7/1/07 - 6/30-08	Each occurrence limit	5,000,000	61,437
(Includes Professional, Automobile and Educators Legal Liability)			Fire Damage limit (any one fire)	500,000	
			Limited Above Ground Pollution Liability		
			- Each Claim and Policy Aggregate	1,000,000	
			Under/Uninsuredmotorists	100,000	
			Garagekeepers Coverage (ACV up to...)	350,000	
			- Comprehensive deductible (each customer auto/each event)	500/2,500	
			- Collision deductible (each customer auto)	500	
			Policy Deductible	5,000	
			Automobile Physical Damage Deductible	2,500	
			Educators Legal Liability (includes, Directors & Officers,		
- Per Wrongful act and aggregate limit	5,000,000				
- Per wrongful act and aggregate deductible	100,000				
Campus Violent Acts*	DMI	7/1/07 - 6/30-08	Policy Aggregate Limit	250,000	\$ 1,261
			Policy Deductible	25,000	
			Equipment or Property Improvements	25,000	

TOTAL ANNUAL PREMIUMS PAID TO DMI: \$ 340,288

Insurance Coverages Purchased through the WTCS Insurance Trust

Crime	Travelers Casualty and Surety Company	7/1/07 - 6/30-08	Employee Theft	750,000	\$ 3,922
			Forgery or Alteration	750,000	
			ERISA Fidelity	750,000	
			On-Premises / In-Transit	500,000	
			Computer Fraud	750,000	
			Computer Program and Electronic Data Restoration	100,000	
			Funds Transfer Fraud	750,000	
			Personal Accounts Forgery or Alteration	750,000	
			Identity Fraud Expense Reimbursement	25,000	
			Claim Expense	25,000	
			Employee Dishonesty per Incidence Deductible	15,000	

Foreign Travel Liability*	ACE American Insurance Company	7/1/07 - 6/30-08	Foreign general liability - Each occurrence	1,000,000	\$ 2,500
			Products - Completed Operations - Aggregate	1,000,000	
			Personal and Advertising Injury - Aggregate	1,000,000	
			Permisses Damage Limit - Each Occurrence	1,000,000	
			Medical Expense Limit - Any one person	10,000	
			Contingent Auto Liability - Combined Single Limit		
			- Each Accident	1,000,000	
			Foreign Hired Auto Physical Damage		
			- Any One Accident	1,000	
			- Any one policy period	10,000	
			Foreign Employee Benefits Liability (\$1,000 Deductible)		
			- Each Claim	1,000,000	
			- Aggregate	1,000,000	
			Foreign Voluntary Workers' Compensation		
			- State of Hire Benefits	Statutory	
			- North American	State of Hire Benefits	
			- Third Country Nationals	Country of Origin	
			- Local Nationals	Country of Origin	
			Foreign Employers Liability		
			- Bodily injury by accident, each accident	1,000,000	
			- Bodily injury by disease, each employee	1,000,000	
- Bodily injury by disease, policy limit	1,000,000				
Executive Assistance	500,000				
Kidnap and Extortion (per cause of loss)	50,000				

Business Travel Accident	Arthur J. Gallagher	7/1/07 - 6/30/08	Annual Aggregate	1,000,000	\$ 282
CIGNA			Benefits for Scheduled Losses	100,000	
			Coverage is Applicable for Business or Pleasure		
			Assistance Services		
			Medical Evacuation		
			Repatriation		
Multimedia Liability	Arthur J. Gallagher	7/1/07 - 6/30/08	Errors and Omissions		\$ 4,372
WGTD 91.1 FM Executive Risk Indemnity Policy No. 8177-2134			Maximum Limit of liability for each claim	5,000,000	
			Retentions each and every claim	10,000	

TOTAL ANNUAL PREMIUMS PAID TO WTCS INSURANCE TRUST: \$ 11,076

Aviation Insurance Coverages Purchased through Wenk Insurance Agency

Aviation Insurance	Wenk Aviation Insurance Agencies	7/1/07 - 6/30/08	Liability Coverage		\$ 75,492
Coverages & Premiums renewed with Old Republic Insurance through Phoenix Aviation Managers Policy AVC 1037 05			Single Limit Including Passengers and Property Damage	10,000,000	
			Expenses for Medical Services Each Occurrence	6,000	
			Aircraft Physical Damage Coverages as indicated in policy	1,000,000	
			Hangarkeepers (per occurrence)	250,000	
			Deductible	5,000	
			Products	1,000,000	

TOTAL ANNUAL INSURANCE PREMIUMS PAID: \$ 426,856

Administration Center

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

Burlington Centers

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

**Center for Advanced
Technology & Innovation**

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

**Center for Bioscience
& Information Technology**

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3600
262.564.3601 FAX

Elkhorn Campus

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

**Horizon Center for
Transportation Technology**

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

Kenosha Campus

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

**LakeView Advanced
Technology Center**

9449 - 88th Avenue (Highway H)
Pleasant Prairie, WI 53158-2216
262.564.3400
262.564.3401 FAX

Racine Campus

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

WGTD-FM/91.1

3520 - 30th Avenue
Kenosha, WI 53144-1690
262.564.3800
262.619.6800
262.564.3801 FAX



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