

Mid-State Technical  
College District

Wisconsin Rapids, Wisconsin

**Financial Report**

Year Ended 6/30/2023

**Mid-State Technical College**  
**Financial Statements and Supplementary Financial Information**  
Year Ended June 30, 2023

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# Mid-State Technical College

## Financial Statements and Supplementary Financial Information

Year Ended June 30, 2023

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## **Independent Auditor's Report**

Board of Directors  
Mid-State Technical College  
Wisconsin Rapids, Wisconsin

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Mid-State Technical College (the "College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Mid-State Technical College, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

## **Supplementary Financial Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedules of revenues, expenditures and changes in fund balance - budget (non-GAAP budgetary basis) and actual, schedules of revenues, expenses and changes in net position - budget (non-GAAP budgetary basis) and actual, and the schedule to reconcile budget (non-GAAP Budgetary) basis financial statements to the statement of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Report on Summarized Financial Information**

We have previously audited the College's 2022 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 27, 2022. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of the Mid-State Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP  
Madison, Wisconsin  
December 5, 2023

## **Management Discussion and Analysis**

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# Management's Discussion and Analysis

Years Ended June 30, 2023

Mid-State Technical College's (the "College") Management's Discussion and Analysis (MD&A) of its financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader of the financial statements in focusing on noteworthy financial issues for the year ended June 30, 2023.

While maintaining its financial health is crucial to the long-term viability of the College, the primary mission of a public institution of higher education is to provide education and training. Therefore, net position is accumulated only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

## Statement of Revenues, Expenses, and Changes in Net Position

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

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

	2023	2022	Net Position Increase (Decrease) 2023-2022
Operating revenues	\$ 28,020,598	\$ 15,213,854	\$ 12,806,744
Operating expenses	(48,445,607)	(44,321,705)	(4,123,902)
Net nonoperating revenues	32,869,439	35,497,371	(2,627,932)
Change in net position	12,444,430	6,389,520	6,054,910
Net position - Beginning of year	33,646,528	27,257,008	6,389,520
Net position - End of year	\$ 46,090,958	\$ 33,646,528	\$ 12,444,430

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

- Operating revenues are the charges for services offered by the College. During 2023, the College generated more than \$28 million of operating revenue, which is an increase of approximately \$13 million or 84.2% compared to 2022. Significant items and revenue sources are as follows:
  - Total revenue from program, material, and other student fees was approximately \$5.3 million. This is a increase of approximately \$0.8 million or 20.0% from the prior year.
  - Over \$11.2 million in operating revenue from state and federal grants was received by Mid-State Technical College during the year. This is an increase of approximately \$3.7 million or 50.3% from the prior year.



## Statement of Revenues, Expenses, and Changes in Net Position (Continued)

- Contract revenue was approximately \$1.9 million for the year and represents revenue from instructional and technical assistance contracts with business and industry as well as local school districts. This is an increase of approximately \$.5 million or 36.6% from the prior year.
- Auxiliary services revenue includes revenues generated by the bookstore, cafeteria, leased facilities, and other similar activities of Mid-State Technical College. Revenue of approximately \$1.0 million was generated by these activities this year. This is a decrease of approximately \$0.1 million or 12.6% from the prior year.
- The table below depicts the College's operating revenue by source:

	2023	2022
Tuition and fees	19.01 %	29.18 %
Federal and state grants	39.84	48.83
Contracts	6.93	9.34
Auxiliary	3.51	7.40
Other	30.71	5.25
<b>Total operating revenues by source</b>	<b>100.00 %</b>	<b>100.00 %</b>

- Operating expenses are costs related to offering the programs of Mid-State Technical College. During 2023, operating expenses totaled approximately \$48.4 million. This is an increase of about \$4.1 million or 9.3% from the prior year and is primarily a result of more student aid payments based on grants available from the federal government. The majority of Mid-State Technical College's expenses, about 59.8%, are for personnel-related costs. Other major types of expenses include supplies – 1.3%, contracted services – 14.4%, and depreciation – 7.9%. Expenses such as travel, rentals, insurance, utilities, and other expenses account for the remaining 16.6% of total operating expenses.
- The table below depicts the College's operating expenses by function:

	2023	2022
Instruction	41.44 %	42.14 %
Instructional resources	3.74	2.38
Student services	11.36	10.49
General institutional	18.32	13.91
Physical plant	3.18	2.83
Auxiliary services	3.12	2.71
Depreciation	7.94	9.40
Student aid	10.90	16.14
<b>Total operating expenses by function</b>	<b>100.00 %</b>	<b>100.00 %</b>

## Statement of Revenues, Expenses, and Changes in Net Position (Continued)

- Nonoperating revenues and expenses are items not directly related to providing instruction. Net nonoperating revenue for the year ended June 30, 2023, was \$32.9 million. The most significant components of net nonoperating revenues include the following:
  - Property taxes levied by Mid-State Technical College for the year were approximately \$13.9 million. This is approximately the same amount as the prior year.
  - Federal grants accounted for approximately \$1.8 million in revenue in 2023. This is a decrease of approximately \$4.1 million or 69.5% percent from the prior year.
  - State nonoperating appropriations accounted for approximately \$17.2 million in revenue in 2023. This is an increase of approximately \$0.8 million or 5.5 percent from the prior year.
  - Interest expense of \$659,371 was recorded by Mid-State Technical College this year. This is an increase of \$40,110 or 6.5% percent from the prior year.
  - Net position at June 30, 2023, was \$46,090,958 as a result of the above activity. This is an increase of \$12.4 million from the prior year.

## Statement of Net Position

The statement of net position includes all assets (items that the College owns and amounts owed to the College by others) and liabilities (amounts owed to others by the College and what has been collected from others for which a service has not yet been performed). 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 the College – regardless of when cash is exchanged.

Below are highlights of the components of the Statement of Net Position:

	2023	2022	Net Position Increase (Decrease) 2023-2022
<b>ASSETS</b>			
Cash and investments	\$ 11,469,700	\$ 12,141,285	\$ (671,585)
Restricted cash and investments	7,463,003	2,327,174	5,135,829
Net capital assets	49,600,099	40,882,475	8,717,624
Restricted net pension asset	-	8,026,889	(8,026,889)
Net other post-employment benefits asset	1,939,617	2,290,620	(351,003)
Other assets	11,934,414	8,324,501	3,609,913
<b>TOTAL ASSETS</b>	<b>\$ 82,406,833</b>	<b>\$ 73,992,944</b>	<b>\$ 8,413,889</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on advance refunding	\$ 93,395	\$ 120,731	\$ (27,336)
Pension plan - WRS	18,736,406	14,980,293	3,756,113
OPEB - College plan	916,499	569,548	346,951
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 19,746,300</b>	<b>\$ 15,670,572</b>	<b>\$ 4,075,728</b>

## Statement of Net Position (Continued)

LIABILITIES			
Other liabilities	\$ 6,917,546	\$ 5,920,623	\$ 996,923
Long-term obligations	37,837,905	30,802,087	7,035,818
<hr/>			
TOTAL LIABILITIES	\$ 44,755,451	\$ 36,722,710	\$ 8,032,741
<hr/>			
DEFERRED INFLOWS OF RESOURCES			
Pension plan - WRS	\$ 10,867,935	\$ 18,897,182	\$ (8,029,247)
OPEB - College plan	438,789	397,096	41,693
<hr/>			
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 11,306,724	\$ 19,294,278	\$ (7,987,554)
<hr/>			
NET POSITION			
Net investment in capital assets	\$ 19,983,830	\$ 17,197,987	\$ 2,785,843
Restricted for debt service	142,795	521,889	(379,094)
Restricted for capital projects	7,042,590	1,569,783	5,472,807
Restricted for pension benefits	1,939,617	10,317,509	(8,377,892)
Unrestricted	16,982,126	4,039,360	12,942,766
<hr/>			
TOTAL NET POSITION	\$ 46,090,958	\$ 33,646,528	\$ 12,444,430
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A more detailed analysis would reveal the following facts:

- As shown above, the largest component of Mid-State's assets is capital assets. Total cost of capital assets net of accumulated depreciation at June 30, 2023 and 2022, was approximately \$49.6 million and \$40.9 million, respectively.
- The other assets category is primarily made up of various receivable balances, the largest being property taxes and student fees receivable of approximately \$7.0 million and \$6.8 million, respectively.
- Other liabilities include accounts payable, various types of accruals and accrued interest. At year-end, the amount was \$6.9 million. This is a increase of \$1.0 million or 16.8% from the prior year.
- Long-term liabilities of \$37.8 million include long-term debt (\$27.4 million), compensated absences (\$1.4 million) and debt premium (\$1.3 million). This is a increase of approximately \$7.0 million or 22.7% from the prior year.

## Statement of Cash Flows

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

The following schedule shows the major components of the Statement of Cash Flows:

	2023	2022	Cash Increase (Decrease) 2023-2022
Net cash used in operating activities	\$ (17,771,937)	\$ (27,355,071)	\$ 9,583,134
Net cash provided by non capital financing activities	32,855,200	36,209,747	(3,354,547)
Net cash used in capital and related financing activities	(11,325,740)	(7,874,201)	(3,451,539)
Net cash provided by investing activities	706,721	29,531	677,190
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 4,464,244</b>	<b>\$ 1,010,006</b>	<b>\$ 3,454,238</b>

Specific items of interest related to the Statement of Cash Flows include the following:

- The largest component of cash used in operating activities was payments to employees for salaries/wages and benefits, which generally increase on a yearly basis. Over \$27.9 million was paid compared to \$28.8 million in the prior year.
- Another significant component of operating cash flows was payments to suppliers. This cash outflow of approximately \$14.3 million represents the costs of doing business compared to \$13.7 million in the prior year.

The largest cash inflows from operating activities included approximately \$5.1 million in tuition and fees, a increase of 13.0% from the prior year, and over \$11.2 million in state and federal grants, an increase of 50.3% from the prior year.

- All property taxes received, approximately \$13.6 million this year, are categorized as cash flows from noncapital financing activities. This remained approximately the same as the prior year. The other major item in this category is state appropriations, which accounted for \$17.2 million of positive cash flow. This is a increase of 5.5% from the prior year.
- The cash used in capital and related financing activities is primarily made up of two categories of cash flows: purchases of capital assets and capital-related debt activity (debt proceeds and principal and interest payments).

Investment income is interest received on the College's investments.

## **Capital Assets and Debt Administration**

Mid-State's investment in capital assets as of June 30, 2023, amounts to \$49,600,099 (net of accumulated depreciation). This includes land and land improvements, buildings and improvements, and movable equipment. Information on Mid-State's capital assets can be found in Note 3.

At the end of the 2023 fiscal year, Mid-State Technical College had total general obligation debt outstanding of \$27,365,000. Mid-State Technical College has continued to meet all of its debt service requirements. All general obligation debt for equipment is repaid in five years, while debt related to building and remodeling is repaid in 5 to 10 years. The debt is secured by the full faith and credit of the unlimited taxing powers of Mid-State Technical College. The current debt adequately replaces and expands the equipment and facility needs of Mid-State Technical College. Additional information on Mid-State Technical College's long-term debt can be found in Note 4.

## **Financial Position**

For the year ended June 30, 2023, Mid-State Technical College's financial position improved with an increase in net position of \$12,444,430. Mid-State Technical College has diversified sources of revenue consisting of property taxes, state aid, student fees, federal and state grants, and other sources of revenue. With this diversity of revenues along with a strong commitment to operating efficiently, Mid-State Technical College will continue to have the resources available to adequately finance enrollment in the future.

## **Economic Factors**

Mid-State Technical College, one of 16 colleges in the Wisconsin Technical College System, is a leading provider of higher education offering more than 100 associate degrees, technical diplomas, and certificates. Student-focused and community-based, Mid-State Technical College serves a resident population of approximately 172,421 in central Wisconsin with campuses in Marshfield, Stevens Point, Wisconsin Rapids, and Adams.

Now, more than ever, local businesses, government and education institutions are collaborating in economic development partnerships, many supported by different forms of pandemic assistance dollars. Historically and consistently, Mid-State Technical College has served as a key player in the economy of central Wisconsin, and again the College is stepping forward to create value as the underlying nature of the region's economy transforms. The College district resides in the state's Centergy economic development region and has a presence on the board of directors. The college also has a strong presence in the Portage County Business Council, the Heart of the North Chamber of Commerce, the Marshfield Area Chamber of Commerce & Industry, and the Adams Chamber of Commerce. The College has been involved in rapid response teams both providing information and support to new and expanding businesses as well as services to dislocated employees.

The Mid-State Technical College District Board has remained committed to maintaining College programs and services. As a fiscal strategy, the college reallocates resources, and pursues opportunities that represent the greatest community need.

## **Economic Factors (Continued)**

The following are some of the strategies deployed that have contributed to positive college outcomes and fiscal strength:

- a. Implementing new academic programs that meet employers' current and future needs.
- b. Accessing local, state, and federal grant monies to offset programming costs
- c. Exploring additional revenue streams such as facility rental opportunities
- d. Suspending and/or eliminating programs that experience consistently low enrollment and job placement
- e. Reassessing positions and changing responsibilities as vacancies arise, resulting in intermittent savings.
- f. Eliminating staff positions through attrition, when possible.
- g. Continuously exploring means of slowing the growth in health insurance costs.
- h. Continued management of faculty workloads, adjunct budgets, optimal class sizes, and student retention
- i. Exercising greater scrutiny over perceived needs and spending.
- j. Stressing tighter budgetary management and control with managers.
- k. Enhanced energy saving mechanisms throughout facilities, resulting in reduced heating and cooling costs, e.g., implemented four day work week during the summer session.

Many of the past funding and budgeting pressures will continue to have an impact on the College. These include:

Tighter tax levy constraints.

Maintaining affordable tuition and student fees.

Proposed legislation to shift or eliminate federal and state grants.

Need to maintain strong enrollments and demand for programs.

Rising health insurance costs.

Adequate funding for post-employment benefits.

Need to keep salary and benefits competitive to maintain and attract professional staff.

Need to keep up with technology.

Need to maintain and improve aging facilities

Despite the budgetary challenges, Mid-State Technical College deploys effective financial strategies that enable the College to meet its mission of transforming lives through the power of teaching and learning.

## **Summary**

While the economic outlook for Mid-State includes some considerable funding challenges, Mid-State Technical College will continue to follow these steps to ensure that it provides the essential experience to students, as well as maintain a high level of financial stability.

## **Contacting Mid-State's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of Mid-State's finances and to demonstrate Mid-State Technical College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice President of Finance and Facilities, Mid-State Technical College, 500 32nd Street North, Wisconsin Rapids, Wisconsin 54494.

# **Basic Financial Statements**

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# Mid-State Technical College

## Statement of Net Position

June 30, 2023 with Comparative Amounts as of June 30, 2022

<i>Assets and Deferred Outflows of Resources</i>	College		Foundation	
	2023	2022	2023	2022
Current assets:				
Cash and investments	\$ 11,469,700	\$ 12,141,285	\$ 353,652	\$ 4,381,292
Receivables:				
Local taxes	3,492,749	3,496,348	-	-
Accounts and other receivables, net of allowance for uncollectible accounts	4,298,592	977,670	268,645	479,394
Student fees, net of reserve	3,527,475	3,307,782	-	-
Inventories	561,408	521,728	-	-
Prepaid expenses	54,190	20,973	-	-
<b>Total current assets</b>	<b>23,404,114</b>	<b>20,465,786</b>	<b>622,297</b>	<b>4,860,686</b>
Noncurrent assets:				
Restricted cash and investments	7,463,003	2,327,174	-	-
Investments	-	-	3,942,463	3,525,188
Beneficial interest in assets held by community foundation	-	-	28,603	28,121
Pledges receivable, net of discounts and allowances	-	-	397,500	637,500
Restricted net pension asset - WRS	-	8,026,889	-	-
Restricted net OPEB asset- College plan	1,939,617	2,290,620	-	-
Capital assets, not being depreciated	7,605,846	469,036	-	569,000
Capital assets, being depreciated	92,400,990	94,302,776	-	-
Accumulated depreciation	(50,406,737)	(53,889,337)	-	-
<b>Total noncurrent assets</b>	<b>59,002,719</b>	<b>53,527,158</b>	<b>4,368,566</b>	<b>4,759,809</b>
<b>Total assets</b>	<b>82,406,833</b>	<b>73,992,944</b>	<b>4,990,863</b>	<b>9,620,495</b>
Deferred outflows of resources:				
Loss on advance refunding	93,395	120,731	-	-
Related to pensions - WRS	18,736,406	14,980,293	-	-
Related to OPEB - College plan	916,499	569,548	-	-
<b>Total deferred outflows of resources</b>	<b>19,746,300</b>	<b>15,670,572</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 102,153,133</b>	<b>\$ 89,663,516</b>	<b>\$ 4,990,863</b>	<b>\$ 9,620,495</b>



# Mid-State Technical College

## Statement of Net Position (Continued)

June 30, 2023 with Comparative Amounts as of June 30, 2022

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	College		Foundation	
	2023	2022	2023	2022
Liabilities:				
Current liabilities:				
Accounts payable	\$ 1,951,330	\$ 545,569	\$ -	\$ -
Accrued payroll liabilities	1,554,782	1,976,083	-	-
Accrued interest	277,618	235,502	-	-
Unearned revenue	3,133,816	3,163,469	-	-
Current portion of long-term obligations	5,997,277	4,897,348	-	-
Total current liabilities	12,914,823	10,817,971	-	-
Noncurrent liabilities:				
Compensated absences	1,425,070	1,439,512	-	-
Lease/finance purchase obligation	1,870,147	395,059	-	-
Debt premium	1,317,811	1,355,168	-	-
General obligation debt	22,035,000	22,715,000	-	-
Net pension liability	5,192,600	-	-	-
Total noncurrent liabilities	31,840,628	25,904,739	-	-
Total liabilities	44,755,451	36,722,710	-	-
Deferred inflows of resources:				
Related to OPEB - College plan	438,789	397,096	-	-
Related to pensions - WRS	10,867,935	18,897,182	-	-
Total deferred inflows of resources	11,306,724	19,294,278	-	-
Net position:				
Net investment in capital assets	19,983,830	17,197,987	-	-
Restricted - nonexpendable	-	-	2,504,295	2,425,632
Restricted for:				
Debt service	142,795	521,889	-	-
Capital projects	7,042,590	1,569,783	-	-
Scholarships and other activities	-	-	1,542,704	6,557,165
OPEB and pension benefits	1,939,617	10,317,509	-	-
Unrestricted	16,982,126	4,039,360	943,864	637,698
Total net position	46,090,958	33,646,528	4,990,863	9,620,495
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 102,153,133</b>	<b>\$ 89,663,516</b>	<b>\$ 4,990,863</b>	<b>\$ 9,620,495</b>

See accompanying notes to financial statements

# Mid-State Technical College

## Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2023 with Comparative Amounts for the Year Ended June 30, 2022

	College		Foundation	
	2023	2022	2023	2022
<b>Operating Revenues:</b>				
Student program fees - Net of scholarship allowance of \$972,033 and \$1,678,633, respectively	\$ 4,534,174	\$ 3,865,033	\$ -	\$ -
Student material fees - Net of scholarship allowance of \$43,139 and \$83,009, respectively	222,127	191,128	-	-
Other student fees - Net of scholarship allowance of \$186,329 and \$286,054, respectively	571,016	382,399	-	-
Federal grants	9,325,728	6,009,338	-	-
State grants	1,837,462	1,419,916	-	-
Contract revenue	1,941,858	1,421,355	-	-
Auxiliary service revenue	984,175	1,126,043	-	-
Other miscellaneous revenues	8,604,058	798,642	658,992	4,080,272
<b>Total operating revenues</b>	<b>28,020,598</b>	<b>15,213,854</b>	<b>658,992</b>	<b>4,080,272</b>
<b>Operating Expenses:</b>				
Instruction	20,078,131	18,683,103	-	-
Instructional resources	1,810,640	1,053,225	-	-
Student services	5,503,050	4,648,641	-	-
General institutional	8,873,249	6,163,925	5,696,416	635,530
Physical plant	1,539,737	1,252,476	-	-
Auxiliary services	1,512,606	1,202,985	-	-
Depreciation	3,846,345	4,165,777	-	-
Student aid	5,281,849	7,151,573	-	-
<b>Total operating expenses</b>	<b>48,445,607</b>	<b>44,321,705</b>	<b>5,696,416</b>	<b>635,530</b>
<b>Operating income (loss)</b>	<b>(20,425,009)</b>	<b>(29,107,851)</b>	<b>(5,037,424)</b>	<b>3,444,742</b>
<b>Nonoperating revenues (expenses):</b>				
Property taxes	13,855,686	13,912,788	-	-
Federal grants	1,790,594	5,864,789	-	-
State nonoperating appropriations	17,205,321	16,309,524	-	-
Investment income earned (loss)	706,721	29,531	407,792	(654,659)
Interest expense	(659,371)	(619,261)	-	-
Loss on disposal of capital assets	(29,512)	-	-	-
<b>Net nonoperating revenue</b>	<b>32,869,439</b>	<b>35,497,371</b>	<b>407,792</b>	<b>(654,659)</b>
<b>Change in net position</b>	<b>12,444,430</b>	<b>6,389,520</b>	<b>(4,629,632)</b>	<b>2,790,083</b>
<b>Net position- Beginning of year</b>	<b>33,646,528</b>	<b>27,257,008</b>	<b>9,620,495</b>	<b>6,830,412</b>
<b>Net position - End of year</b>	<b>\$ 46,090,958</b>	<b>\$ 33,646,528</b>	<b>\$ 4,990,863</b>	<b>\$ 9,620,495</b>

See accompanying notes to financial statements.

# Mid-State Technical College

## Statement of Cash Flows

Year Ended June 30, 2023 with Comparative Amounts for the Year Ended June 30, 2022

	2023	2022
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Tuition and fees received	\$ 5,077,971	\$ 4,495,718
Federal and state grants received	11,163,190	7,429,254
Contract revenue received	(1,379,064)	1,294,830
Payments to employees	(27,937,792)	(28,807,872)
Payments for materials and services	(14,284,475)	(13,691,686)
Auxiliary enterprise revenues received	984,175	1,126,043
Other receipts	8,604,058	798,642
Net cash from operating activities	(17,771,937)	(27,355,071)
Cash flows from noncapital financing activities:		
Local property taxes	13,859,285	14,035,434
Federal grants received	1,790,594	5,864,789
State appropriations	17,205,321	16,309,524
Net cash from noncapital financing activities	32,855,200	36,209,747
Cash flows from capital and related financing activities:		
Purchases of capital assets	(12,593,481)	(5,045,444)
Proceeds from issuance of capital debt	6,000,000	9,075,000
Proceeds from financed purchase obligation	2,601,796	-
Premium received on debt issuance	252,706	369,931
Principal paid on lease obligation	(63,159)	(53,648)
Principal paid on financed purchase obligation	(528,620)	(1,061,670)
Principal paid on capital debt	(6,115,000)	(10,320,000)
Interest and fiscal charges paid on capital debt	(879,982)	(838,370)
Net cash from capital and related financing activities	(11,325,740)	(7,874,201)
Cash flows from investing activities:		
Investment income received	706,721	29,531
Net cash from investing activities	706,721	29,531
Net increase (decrease) in cash and cash equivalents	4,464,244	1,010,006
Cash and cash equivalents - Beginning of year	14,468,459	13,458,453
Cash and cash equivalents - End of year	\$ 18,932,703	\$ 14,468,459

# Mid-State Technical College

## Statement of Cash Flows (Continued)

Year Ended June 30, 2023 with Comparative Amounts for the Year Ended June 30, 2022

	<b>2023</b>	<b>2022</b>
<hr/>		
Reconciliation of cash and cash equivalents to statement of net position		
Cash and cash equivalents	\$ 11,469,700	\$ 12,141,285
Restricted cash and cash equivalents	7,463,003	2,327,174
<hr/>		
<b>Total</b>	<b>\$ 18,932,703</b>	<b>\$ 14,468,459</b>
<hr/>		
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (20,425,009)	\$ (29,107,851)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	3,846,345	4,165,777
Change in assets, liabilities, deferred outflows and inflows of resources:		
Accounts and other receivables	(3,320,922)	(126,525)
Student fees	(219,693)	300,359
Inventories	(39,680)	(27,824)
Prepaid expenses	(33,217)	22,529
Net pension asset/liability - WRS	13,219,489	(1,659,171)
Net OPEB asset	351,003	836,196
Deferred outflows related to pension/OPEB	(4,103,064)	(4,768,802)
Accounts payable	1,405,761	(527,298)
Accrued payroll liabilities	(421,301)	235,772
Unearned revenue	(29,653)	(243,201)
Compensated absences	(14,442)	165,385
Deferred inflows related to pension/OPEB	(7,987,554)	3,379,583
<hr/>		
<b>Net cash from operating activities</b>	<b>\$ (17,771,937)</b>	<b>\$ (27,355,071)</b>
<hr/>		

See accompanying notes to financial statements.

# Mid-State Technical College

## Statement of Fiduciary Net Position

June 30, 2023 with Comparative Amounts as of June 30, 2022

	2023	2022
<b>Assets</b>		
Investments	\$ 6,430,862	\$ 6,438,052
<b>Net position available for benefits</b>	\$ 6,430,862	\$ 6,438,052

See accompanying notes to financial statements

# Mid-State Technical College

## Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023 with Comparative Amounts for the Year Ended June 30, 2022

	<b>2023</b>	<b>2022</b>
<b>Additions</b>		
Investment income	\$ 492,811	\$ (1,099,228)
Contributions - employer	267,262	588,798
<b>Total additions</b>	<b>760,073</b>	<b>(510,430)</b>
<b>Deductions</b>		
Benefit payments	767,263	888,798
<b>Change in net position</b>	<b>(7,190)</b>	<b>(1,399,228)</b>
<b>Net position, beginning of year</b>	<b>6,438,052</b>	<b>7,837,280</b>
<b>Net position, end of year</b>	<b>\$ 6,430,862</b>	<b>\$ 6,438,052</b>

See accompanying notes to financial statements

# Mid-State Technical College

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Introduction

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

#### Reporting Entity

The Mid-State Technical College (commonly known as the College) was organized in 1911 under state legislation. The College is fully accredited by the Higher Learning Commission of the North Central Association Commission on Accreditation and School Improvement. The geographic area of the College is comprised of all or part of 8 counties.

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

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

The accompanying financial statements present the activities of the Mid-State Technical College District. Accounting principles generally accepted in the United States require that these financial statements include the primary government and its component units. Component units are separate organizations that would be included in the College's reporting entity because of the significance of their operational or financial relationships with the College. All significant activities and organizations with which the College exercises oversight responsibility have been considered for inclusion in the financial statements.

The Mid-State Technical College Foundation, Inc. (the "Foundation") is a not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of the College and its students. Since the Foundation's resources are entirely for the benefit of College and its students, the Foundation has a history of supporting the College with its economic resources, and the financial resources of the Foundation are significant to the College as a whole, the Foundation is presented as a discretely presented component unit of the College.

Separately issued financial statements of the Foundation may be obtained from the Mid-State Technical Foundation, Inc., 500 32nd Street North, Wisconsin Rapids, Wisconsin 54494-5599.

# Mid-State Technical College

## Notes to Financial Statements

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

#### **Measurement Focus and Basis of Accounting and Financial Statement Presentation**

The College's 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 at the time liabilities are incurred, regardless of when the cash transaction takes place. Nonexchange transactions, in which the College gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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

#### **Deposits and Investments**

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less and shares in the local government investment pool.

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

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

#### **Restricted Assets**

Restricted assets are cash, cash equivalents, and investments whose use is limited by legal requirements such as a bond indenture or assets in an irrevocable trust for pensions and OPEB plans.

#### **Fair Value Measurements**

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



# Mid-State Technical College

## Notes to Financial Statements

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

#### **Receivables**

Accounts receivable and student tuition and fees receivable are stated at amounts due from students net of an allowance for doubtful accounts. Amounts outstanding longer than the agreed-upon payment terms are considered past due. The College determines its allowance for doubtful accounts by considering a number of factors including length of time amounts are past due, the College's previous loss history, and the student's ability to pay his or her obligation. The College writes off receivables when they become uncollectible. Payments of accounts receivable are applied to specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoice.

#### **Inventories and Prepaid Expense**

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

#### **Capital Assets**

Capital assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The College maintains a threshold level of a unit cost of \$5,000 or more for equipment and intangible assets and \$15,000 or more for building or remodeling projects for capitalizing assets.

Capital assets are depreciated using the straight-line method mid-year convention over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed by the College, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 4 to 10 years for equipment, 40 to 50 years for site improvements, and 40 to 50 years for buildings.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are recorded in the statement of revenues, expenses, and changes in net position. There were no impairment losses recorded in the year ended June 30, 2023.

# Mid-State Technical College

## Notes to Financial Statements

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

#### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the district-wide financial statements. The College also has deferred outflows related to pension and other postemployment benefit activity.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has deferred inflows related to pension and other postemployment benefit activity.

#### **Accumulated Unpaid Sick Pay and Other Employee Benefit Amounts**

Vacation - College employees are granted vacation in varying amounts, based on length of service and staff classifications that can accumulate. Liabilities for vacation are salary-related payments, including social security taxes, are recorded when incurred. When an employee leaves the College, that employee is entitled to 100% of accumulated vacation days.

Sick Leave - Exempt and faculty employees who are age 55 as of June 30th, may retire early subject to fulfilling a years of service requirement. College employees hired before July 1, 2016, may opt to utilize their unused sick leave for payment of their group health and dental insurance premiums at early or normal retirement age. The College accounts for the sick pay expense as it is earned.

# Mid-State Technical College

## Notes to Financial Statements

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

#### **Accumulated Unpaid Sick Pay and Other Employee Benefit Amounts** (Continued)

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

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

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

The College also offers an OPEB plan for health insurance. The net other postemployment liability for this plan have been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Net Position**

Net position is classified according to restrictions or availability of assets for the College's obligations. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Unspent portions of capital-related debt proceeds are not included in this category. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the College's policy to use externally restricted resources first.

#### **Property Tax Levy**

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

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

# Mid-State Technical College

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Property Tax Levy (Continued)

balance.

Under Section 38.16 of the Wisconsin Statutes, the College's Board may levy a tax not to exceed the prior year's levy by the College's valuation factor, which is equal to the percentage change in the College's equalized value from the prior year due to net new construction for purposes of making capital improvements, acquiring equipment, operating, and maintaining schools. The limitation is not applicable to taxes levied for the purpose of paying principal and interest on general obligation notes payable issued by the College. For the year ended June 30, 2023, the College levied at the following mill rate:

Operating purposes	\$ 0.38992
Debt service requirements	0.39780
<hr/>	
Total	\$ 0.78772
<hr/>	

#### State and Federal Revenues

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

#### Tuition and Fees

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

#### Scholarship Allowances and Student Financial Aid

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain student financial aid (loans, funds provided to students as awarded by third parties, and federal direct loans) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. Scholarship allowances represent the amount of aid applied directly to the student's account. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash.

# Mid-State Technical College

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### GASB 87 Lease Accounting

The College is a lessee in multiple noncancelable operating and financing leases. If the contract provides the College the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the College's incremental borrowing rate.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Operating leases with fluctuating lease payments: For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the College has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the College is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The College recognizes short-term lease cost on a straight-line basis over the lease term.

#### New Accounting Pronouncement

GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. GASB Statement No. 96 has no impact on the College.

# Mid-State Technical College

## Notes to Financial Statements

### Note 2: Cash and Investments

The College's cash and investment balances at June 30, 2023 were as follows:

	Amount	Fair Value Level	Average Maturity
Deposits with financial institutions	\$ 1,373,883	N/A	N/A
Cash on hand	12,950	N/A	N/A
Investments:			
Wisconsin Local Government Investment Pool	17,545,870	N/A	<30 days average
Money market funds	45,928	Level 2	<30 days average
Mutual funds - equity	4,390,566	Level 1	N/A
Mutual funds - fixed income	1,994,368	Level 1	6.38 years
<b>Total</b>	<b>\$ 25,363,565</b>		

The College's cash and investment balances as shown in the basic financial statements are as follows:

Government-wide statement of net position	
Cash and investments - unrestricted	\$ 11,469,700
Restricted cash and investments for:	
Debt service	420,413
Capital projects	7,042,590
Fiduciary fund statement of net position	
Investments	6,430,862
<b>Total</b>	<b>\$ 25,363,565</b>

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk. As of June 30, 2023, \$1,467,229 of the College's bank balance of \$2,156,827 was exposed to custodial credit risk as uninsured and uncollateralized.

#### Investments

Investment in Wisconsin Local Government Investment Pool: The College has investments in the Wisconsin local government investment pool (LGIP). The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2023, the fair value of the College's share of the LGIP's assets was substantially equal to the carrying value. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in LGIP is not subject to the fair value hierarchy disclosures.

# Mid-State Technical College

## Notes to Financial Statements

### Note 2: Cash and Investments (Continued)

*Interest Rate Risk:* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The College's investment policy limits the maturity of any security to not extend beyond any recognized unfunded cash needs of the College.

*Credit Risk:* State Statute limits investments in fixed income securities to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the money market funds, mutual funds - equity, and mutual funds - fixed income. The College has no investment policy that would further limit its investment choices.

### Note 3: Capital Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 291,312	\$ 569,000	\$ -	\$ 860,312
Construction in progress	177,724	6,602,248	(34,438)	6,745,534
<b>Total capital assets not being depreciated</b>	<b>469,036</b>	<b>7,171,248</b>	<b>(34,438)</b>	<b>7,605,846</b>
Capital assets being depreciated:				
Land Improvements	4,954,159	155,842	-	5,110,001
Buildings and Building Improvements	53,802,570	154,795	-	53,957,365
Equipment	34,964,992	5,072,623	(7,358,456)	32,679,159
Right of Use Assets	581,055	73,410	-	654,465
<b>Total capital assets being depreciated</b>	<b>94,302,776</b>	<b>5,456,670</b>	<b>(7,358,456)</b>	<b>92,400,990</b>
Less accumulated depreciation/amortization for:				
Land Improvements	1,242,690	111,667	-	1,354,357
Buildings and Building Improvements	24,077,507	1,715,184	-	25,792,691
Equipment	28,452,929	1,898,879	(7,328,945)	23,022,863
Right of Use Assets	116,211	120,615	-	236,826
<b>Total accumulated depreciation/amortization</b>	<b>53,889,337</b>	<b>3,846,345</b>	<b>(7,328,945)</b>	<b>50,406,737</b>
<b>Total capital assets, being depreciated - Net of accumulated depreciation/amortization</b>	<b>40,413,439</b>	<b>1,610,325</b>	<b>(29,511)</b>	<b>41,994,253</b>
<b>Capital assets - Net</b>	<b>\$ 40,882,475</b>	<b>\$ 8,781,573</b>	<b>\$ (63,949)</b>	<b>49,600,099</b>
Less: Outstanding debt related to capital assets				(28,555,807)
Less: Capital related premiums				(1,153,857)
Add: Loss on advance refunding				93,395
<b>Net investment in capital assets</b>				<b>\$ 19,983,830</b>

# Mid-State Technical College

## Notes to Financial Statements

### Note 4: Long-Term Obligations

Long-term obligations of the College are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds	\$ 4,875,000	\$ -	\$ 1,985,000	\$ 2,890,000	\$ 3,735,000
Notes	22,605,000	6,000,000	4,130,000	24,475,000	1,595,000
Plus deferred amounts:					
Premium	1,355,169	252,706	290,064	1,317,811	-
Subtotals	28,835,169	6,252,706	6,405,064	28,682,811	5,330,000
Lease obligation	527,407	-	63,159	464,248	171,597
Financed purchase obligation	-	2,601,796	528,620	2,073,176	495,680
Net Pension Liability - WRS	-	5,192,600	-	5,192,600	-
Compensated absences	1,439,512	-	14,442	1,425,070	-
Totals	\$ 30,802,088	\$ 6,252,706	\$ 6,468,223	\$ 37,837,905	\$ 5,997,277

### General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the College. General obligation debt at June 30, 2023, is comprised of the following individual issues:

	Governmental Activities			
	Issue Dates	Interest Rates %	Dates of Maturity	Balance 06/30/22
2012 General Obligation Bonds	12/05/12	1.53-2.95%	03/01/26	\$ 605,000
2016B GO Promissory Notes	09/01/16	2.00%	03/01/26	2,000,000
2017A GO Promissory Notes	03/06/17	2.00-3.00%	03/01/27	845,000
2017B GO Promissory Notes	09/13/17	2.00-3.00%	03/01/27	1,640,000
2018A GO Promissory Notes	02/05/18	2.00-4.00%	03/01/27	615,000
2018B GO Promissory Notes	09/10/18	3.00%	03/01/28	2,635,000
2019A GO Promissory Notes	09/16/19	2.00-3.00%	03/01/29	3,000,000
2020A GO Promissory Notes	06/30/20	3.00-4.00%	03/01/30	3,885,000
2020B GO Promissory Notes	10/13/20	3.00-3.20%	03/01/24	345,000
2021A GO Promissory Notes	07/22/21	2.00%	03/01/31	4,000,000
2021B GO Promissory Notes	11/08/21	3.00-4.00%	03/01/24	245,000
2022A GO Refunding Bonds	02/07/22	2.00%	03/01/25	2,285,000
2022B GO Promissory Notes	07/19/22	4.00%	03/01/32	5,265,000
Total general obligation debt				\$ 27,365,000



# Mid-State Technical College

## Notes to Financial Statements

### Note 4: Long-Term Obligations (Continued)

The 2022 equalized valuation of the College as certified by the Wisconsin Department of Revenue is \$18,659,632,333. The legal debt limit and margin of indebtedness as of June 30, 2023, in accordance with Section 67.03 of the Wisconsin Statutes, are as follows:

	Aggregate	Bonded
Equalized valuation of the College	\$ 18,659,632,333	\$ 18,659,632,333
Statutory limitation percentage	(x) 5%	(x) 2%
General obligation debt limitation	\$ 932,981,617	\$ 373,192,647
General obligation debt	\$ 27,365,000	\$ 2,890,000
Less: Amounts available for financing general obligation debt		
Restricted for debt service	977,435	977,435
Net outstanding general obligation debt applicable to debt limitation	\$ 26,387,565	\$ 1,912,565

The District has one space lease with an interest rate of .35% with a final maturity of December 31, 2025.

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2023, are as follows:

<i>Year Ended</i> <i>June 30:</i>	General Obligation Debt		Lease Obligation		Financed Purchase Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 5,330,000	\$ 777,263	\$ 171,597	\$ 3,052	\$ 495,680	\$ 61,817
2025	5,050,000	631,045	175,348	1,981	510,460	47,037
2026	4,380,000	490,195	99,453	954	525,681	31,816
2027	3,595,000	360,800	17,850	277	541,355	16,142
2028	2,840,000	259,000	-	-	-	-
2029-2031	6,170,000	389,700	-	-	-	-
Totals	\$ 27,365,000	\$ 2,908,003	\$ 464,248	\$ 6,264	\$ 2,073,176	\$ 156,812

Subsequent to year end on July 19, 2023, the College issued \$6,000,000 in General Obligation Promissory Notes, Series 2023A for the purpose of capital improvements.

# Mid-State Technical College

## Notes to Financial Statements

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### Note 5: Employee Retirement Plans - Wisconsin Retirement System

#### Plan Description

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

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

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

#### Vesting

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

#### Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to receive a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

# Mid-State Technical College

## Notes to Financial Statements

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### Note 5: Employee Retirement Plans - Wisconsin Retirement System (Continued)

#### Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2013	(9.6)%	9.0 %
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %
2019	0.0 %	(10.0)%
2020	1.7 %	21.0 %
2021	5.1 %	13.0 %
2022	7.4 %	15.0 %

#### Contributions

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

During the reporting period, the WRS recognized \$1,219,359 in contributions from the employer.

# Mid-State Technical College

## Notes to Financial Statements

### Note 5: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Contribution rates as of June 30, 2023, are as follows:

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

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

At June 30, 2023, the College reported an liability of \$5,192,600 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the College's proportion was 0.09801605%, which was a decrease of 0.00157088% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the College recognized pension expense of \$2,650,824.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,270,202	\$ 10,865,189
Net differences between projected and actual earnings on pension plan investments	8,821,028	-
Change in assumptions	1,021,080	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,075	2,746
Employer contributions subsequent to the measurement date	592,021	-
<b>Total</b>	<b>\$ 18,736,406</b>	<b>\$ 10,867,935</b>

# Mid-State Technical College

## Notes to Financial Statements

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### Note 5: Employee Retirement Plans - Wisconsin Retirement System (Continued)

\$592,021 reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Net Deferred Outflows (Inflows) of Resources
2024	\$ 307,273
2025	1,508,664
2026	1,547,983
2027	3,912,530

### Actuarial Assumptions

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

Actuarial valuation date	December 31, 2021
Measurement date of net pension liability (asset)	December 31, 2022
Experience study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial cost method	Entry age normal
Asset valuation method	Fair value
Long-term expected rate of return	6.8%
Discount rate	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement adjustments*	1.7%

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

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

# Mid-State Technical College

## Notes to Financial Statements

### Note 5: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

Asset Allocation Targets and Expected Returns  
As of December 31, 2022

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund asset class:			
Public equity	48.0%	7.6%	5.0%
Public Fixed income	25.0%	5.3%	2.7%
Inflation sensitive assets	19.0%	3.6%	1.1%
Real estate	8.0%	5.2%	2.6%
Private equity/debt	15.0%	9.6%	6.9%
<b>Total core fund</b>	<b>115.0%</b>	<b>7.4%</b>	<b>4.8%</b>
Variable fund asset class:			
U.S. equities	70.0%	7.2%	4.6%
International equities	30.0%	8.1%	5.5%
<b>Total variable fund</b>	<b>100.0%</b>	<b>7.7%</b>	<b>5.1%</b>

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

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.50%

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

# Mid-State Technical College

## Notes to Financial Statements

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### Note 5: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 6.80% was used to measure the Total Pension Liability for the current year and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
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College's proportionate share of the net pension liability (asset)	\$ 17,234,070	\$ 5,192,600	\$ (3,090,898)
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### Pension Plan Fiduciary Net Position

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

### Payables to the Pension Plan

At June 30, 2023, the College reported a payable of \$138,602 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

# Mid-State Technical College

## Notes to Financial Statements

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### Note 6: Other Postemployment Benefits

Plan description - In addition to providing pension benefits, the College as authorized by the Board of Directors provides medical, dental and insurance benefits for eligible retirees (and spouses) in accordance with employee contracts. Eligible retired employees have access to group coverage through the College's group plans. College paid medical, dental and life insurance benefits last until the retiree reaches age 65 while coverage for the spouse lasts until the retiree would have reached 65. All employees of the College are eligible for the Plan if they are age 55 with 10 years of service.

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of insurance premiums based on the employee group and their retirement date.

The Plan is a single-employer defined postemployment benefit plan. The Plan does not issue separate financial statements.

Employees covered by benefit terms - At June 30, 2022, the date of the latest actuarial valuation, there were 192 active employees, 46 inactive employees or beneficiaries currently receiving OPEB benefits and 79 inactive plan employees entitled to but not yet receiving OPEB benefits.

Contributions - Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. College paid medical and dental benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

Investments - The Plan does not have a separate investment policy from the College. For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was (3.33)%. At June 30, 2023, the Plan had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments.

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Inflation	2.50%
Discount Rate	5.0%
Healthcare cost trend rates	7.00% decreasing to 6.50%, then decreasing by 0.1% per year down to 4.5%, then level thereafter
Actuarial Assumptions	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20
Mortality Assumptions	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.



# Mid-State Technical College

## Notes to Financial Statements

### Note 6: Other Postemployment Benefits (Continued)

Discount rate - The discount rate used to measure the total OPEB liability was 5.0%. This rate is based upon the College's asset allocation and expected nominal returns as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that College contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Changes in the Net OPEB Liability (Asset)

<b><i>Changes in Net OPEB Liability</i></b>	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a)-(b)</b>
Balances at June 30, 2022	\$ 4,147,431	\$ 6,438,051	\$ (2,290,620)
Changes for the year:			
Service cost	115,205	-	115,205
Interest	191,070	-	191,070
Differences between expected and actual experience	1,019,842	-	1,019,842
Changes of assumptions or other input	(215,040)	-	(215,040)
Contributions - Employer	-	267,263	(267,263)
Net investment income	-	527,217	(527,217)
Benefit payments	(767,263)	(767,263)	-
Administrative expense	-	(34,406)	34,406
Net changes	343,814	(7,189)	351,003
Balances at June 30, 2023	\$ 4,491,245	\$ 6,430,862	\$ (1,939,617)

The following presents the net OPEB liability (asset) of the College, as well as what the College's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Net OPEB liability (asset)	\$ (1,625,401)	\$ (1,939,617)	\$ (2,217,093)

# Mid-State Technical College

## Notes to Financial Statements

### Note 6: Other Postemployment Benefits (Continued)

The following presents the College's net OPEB liability (asset) calculated using the health care cost trend rate of 7.0% decreasing to 4.5%, as well as what the College's net OPEB liability (asset) would be if it were calculated using the health care cost trend rate that is 1 percentage point lower (6.0% decreasing to 3.5%) or 1 percentage point higher (8.0% decreasing to 5.5%) than the current rate:

	1% Decrease (6.0% decreasing to 3.5%)	Health Care Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Net OPEB liability (asset)	\$ (2,153,857)	\$ (1,939,617)	\$ (1,707,836)

For the year ended June 30, 2023, the College recognized OPEB expense of \$307,008.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 826,464	\$ -
Changes in assumptions	90,035	425,821
Net difference between projected and actual earnings on OPEB plan investments	-	12,968
<b>Total</b>	<b>\$ 916,499</b>	<b>\$ 438,789</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Inflows of Resources
2024	\$ 15,186
2025	(38,269)
2026	383,566
2027	117,227

### Note 7: Contingent Liability

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

# Mid-State Technical College

## Notes to Financial Statements

### Note 8: Expense Classification

Expenses on the statements of revenue, expenses, and changes in net position are classified by function. Alternately, the expenses could also be shown by type of expenses as follows for the year ending June 30, 2023:

Salaries and wages	\$	19,647,180
Fringe benefits		9,334,743
Staff development		710,660
Supplies		618,734
Contracted services		6,969,170
Rentals - Facilities and equipment		147,549
Insurance		309,111
Utilities		808,853
Depreciation		3,846,345
Student aid		5,281,849
Other expenses		771,413
<b>Total operating expenses</b>		<b>\$ 48,445,607</b>

### Note 9: Component Unit

This report contains the Mid-State Technical College Foundation, Inc. (the "Foundation"), which is included as a discretely presented component unit. In addition to the basic financial statements, the following disclosures are considered necessary for a fair presentation.

#### Cash and Investments

Cash and investments at June 30, 2023, consist of:

	Amount	Fair Value Level
Bank deposits	\$ 353,652	N/A
Money market funds	-	Level 2
Fixed income - Mutual funds	-	Level 1
Equities- Mutual funds	-	Level 1
<b>Total cash and investments</b>	<b>\$ 353,652</b>	

As of June 30, 2023, \$4,131,292 of the Foundation's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent not in the Foundation's name).

# Mid-State Technical College

## Notes to Financial Statements

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### Note 9: Component Unit (Continued)

Investment income included the following:

Interest and dividends	\$	68,283
Net unrealized gains (losses)		31,949
Net realized gains		328,361
Investment fees		(20,801)
		<hr/>
	\$	407,792
		<hr/>

### Promises to Give

Unconditional promises to give at June 30, 2023, consist of:

Receivable in less than one year	\$	268,645
Receivable in one to five years		397,500
		<hr/>
	\$	666,145
		<hr/>

### Beneficial Interest in Investments Held by Community Foundation

Beneficial interest in assets held by Community Foundation represents amounts held at the Incourage Community Foundation. The Foundation entered into an agreement with the Incourage Community Foundation whereby they transfer donor restricted and board designated endowment funds to the Incourage Community Foundation with the restriction that the Incourage Community Foundation make annual distributions to the Foundation as requested. The agreement governing the assets includes a variance power allowing the Incourage Community Foundation to modify the restrictions on distributions from the funds.

### Note 10: Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The College completes an annual review of its insurance coverage to ensure adequate coverage. A description of the College's risk management programs is presented below:

#### Commercial Insurance

The College purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are recorded as expenditures in the general fund of the College.

In addition to the above, the College has established separate internal service funds for the following risk management programs:

# Mid-State Technical College

## Notes to Financial Statements

### Note 10: Risk Management (Continued)

#### Self-funded Insurance Program

College employees, retirees and employee dependents are eligible for medical, dental and vision benefits with funding provided by charges to the College, employees and retirees. On June 30, 2023, the College had a reserve of \$1,975,498 for future unreported claims. The claims liability of \$449,708 reported as of June 30, 2023, is based on the requirements of GASB Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the College's claims liability amount is as follows:

	<b>2023</b>	<b>2022</b>
Liability July 1	\$ 264,485	\$ 291,831
Current year claims and changes in estimates	6,372,575	5,527,817
Claim payments	(6,187,352)	(5,555,163)
Liability balance - June 30	\$ 449,708	\$ 264,485

The College also participates in the following risk management programs:

#### Districts Mutual Insurance Company

In July 2004 all sixteen WTCS technical colleges created Districts Mutual Insurance Company (DMI). DMI is a fully-accessible mutual company authorized under Wisconsin Statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$500,225,000 per occurrence; general liability and auto at \$5,000,000 per occurrence, and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The College's exposure in its layer of insurance is limited to \$2,500 to \$100,000 per occurrence depending on the type of coverage and DMI purchases reinsurance for losses in excess of its retained layer of coverage. DMI operations are governed by a five-member board of directors. Member colleges do not exercise any control over the activities of DMI beyond election of the board of directors at the annual meeting. The board has the authority to adopt its own budget, set policy matters, and control the financial affairs of the company. Each member college was assessed an annual premium that included a capitalization component, a premium component and an operational expense component. Future premiums will be based on relevant rating exposure bases as well as 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. For the year ended June 30, 2023, the College paid total insurance premiums of \$301,327. Future premiums will be based on relevant rating exposure bases as well as the historical loss experience by members.

Audited financial statements for DMI can be obtained from Districts Mutual Insurance Company, 212 West Pinehurst Trail, Dakota Dunes, SD 57049.

# Mid-State Technical College

## Notes to Financial Statements

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### Note 10: Risk Management (Continued)

#### 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 the Wisconsin Statutes 66.0301 and is governed by a board of trustees consisting of one trustee from each member college. Members include all sixteen Wisconsin Technical College System districts.

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

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

The WTCS Insurance Trust statements can be obtained through Lakeshore Technical College District, 2190 North Avenue, Cleveland, WI 53015.

Insurance settlements have not exceeded insurance coverage in any of the past three years nor has there been any significant reduction in coverage compared to the prior year.

## **Required Supplementary Information**

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# Mid-State Technical College

## Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years\*

### Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System (WRS)

Last 10 Calendar Years\*

Measurement Date December 31,	College's Proportion of the Net Pension Liability (Asset)	College's Proportionate Share of the Net Pension Liability (Asset)	College's Covered Payroll	College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.09801605 %	\$ 5,192,600	\$ 17,462,207	29.74 %	95.72 %
2021	0.09958693	(8,026,889)	16,543,843	(48.52)	106.02
2020	0.10199547	(6,367,718)	17,027,188	(37.40)	105.26
2019	0.10226556	(3,297,508)	16,191,475	(20.37)	102.96
2018	0.10320981	3,671,881	15,813,237	23.22	96.45
2017	0.10452044	(3,103,335)	15,266,811	(20.33)	102.93
2016	0.10615351	874,958	15,031,364	5.82	99.12
2015	0.10862389	1,765,117	15,180,292	11.63	98.20
2014	0.11052010	(2,727,741)	15,057,878	(18.12)	102.74

### Schedule of the Employer Contributions Wisconsin Retirement System (WRS)

Last 10 Fiscal Years\*

Year Ended June 30,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	College's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2023	\$ 1,219,359	\$ 1,219,359	\$ -	\$ 18,401,919	6.63 %
2022	1,127,275	1,127,275	-	16,991,870	6.63
2021	1,096,769	1,096,769	-	16,369,691	6.70
2020	1,097,941	1,097,941	-	16,470,950	6.67
2019	1,102,331	1,102,331	-	15,816,021	6.97
2018	1,038,143	1,038,143	-	15,266,811	6.80
2017	992,070	992,070	-	15,031,364	6.60
2016	1,032,226	1,032,226	-	15,180,292	6.80
2015	1,054,051	1,054,051	-	15,057,878	7.00



# Mid-State Technical College

## Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years\*

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### Notes to the Schedules:

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

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

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

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

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

\*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

# Mid-State Technical College

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

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Amortization Period:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Asset Valuation Method:					
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%

# Mid-State Technical College

## Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

	2022	2021	2020	2019	2018
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

# Mid-State Technical College

## Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
	Level Percent of	Level Percent of	Level Percent of	Level Percent of	Level Percent of
	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed	Payroll-Closed
Amortization Method:	Amortization Period	Amortization Period	Amortization Period	Amortization Period	Amortization Period
	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from	30 Year closed from
	date of participation in	date of participation	date of participation	date of participation	date of participation
	WRS	in WRS	in WRS	in WRS	in WRS
Amortization Period:	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed	Five Year Smoothed
	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Asset Valuation Method:					
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	3.2%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%

# Mid-State Technical College

## Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

<i>Year Ended June 30, 2023</i>	2017	2016	2015	2014	2013
Retirement Age:	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

**Mid-State Technical College**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Other Post-Employment Benefits**  
Last Seven Fiscal Years

	2023	2022	2021	2020	2019
<b>Total OPEB Liability</b>					
Service cost	\$ 115,205	\$ 109,719	\$ 251,783	\$ 197,129	\$ 216,892
Interest	191,070	216,046	125,647	197,500	162,783
Differences between expected and actual experience	1,019,842	-	26,475	-	1,547,104
Changes of assumption	(215,040)	-	(634,474)	450,171	(82,064)
Benefit payments	(767,263)	(888,798)	(1,034,806)	(826,530)	(859,312)
Net change in total OPEB liability	343,814	(563,033)	(1,265,375)	18,270	985,403
Total OPEB liability, beginning	4,147,431	4,710,464	5,975,839	5,957,569	4,972,166
<b>Total OPEB liability - ending</b>	<b>\$ 4,491,245</b>	<b>\$ 4,147,431</b>	<b>\$ 4,710,464</b>	<b>\$ 5,975,839</b>	<b>\$ 5,957,569</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 267,263	\$ 588,798	\$ 1,034,806	\$ 826,530	\$ 859,312
Net investment income	527,217	(951,053)	1,641,040	388,117	360,349
Benefit payments	(767,263)	(888,798)	(1,034,806)	(826,530)	(859,312)
Administrative expense	(34,406)	(148,176)	(38,649)	(33,403)	(30,814)
Net change in plan fiduciary net position	(7,189)	(1,399,229)	1,602,391	354,714	329,535
Plan net position, beginning	6,438,051	7,837,280	6,234,889	5,880,175	5,550,640
<b>Plan net position, ending</b>	<b>6,430,862</b>	<b>\$ 6,438,051</b>	<b>\$ 7,837,280</b>	<b>\$ 6,234,889</b>	<b>\$ 5,880,175</b>
<b>College's net OPEB liability (asset)</b>	<b>\$ (1,939,617)</b>	<b>\$ (2,290,620)</b>	<b>\$ (3,126,816)</b>	<b>\$ (259,050)</b>	<b>\$ 77,394</b>
Plan fiduciary net position as a percentage of the total OPEB liability	143.19 %	155.23 %	166.38 %	104.33 %	98.70 %
Covered-employee payroll	\$ 16,227,209	\$ 14,314,021	\$ 14,314,021	\$ 14,271,315	\$ 14,271,315
College's net OPEB liability (asset) as a percentage of covered-employee payroll	(11.95)%	(16.00)%	(21.84)%	(1.82)%	0.54 %
Annual money-weighted rate of return net of investment expense	2.05 %	(3.40)%	22.77 %	6.41 %	6.30 %

**Mid-State Technical College**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Other Post-Employment Benefits**  
Last Seven Fiscal Years

	2018	2017
<b>Total OPEB Liability</b>		
Service cost	\$ 226,033	\$ 226,033
Interest	178,077	186,527
Changes of assumption	(70,318)	-
Benefit payments	(673,057)	(634,923)
Net change in total OPEB liability	<u>(339,265)</u>	<u>(222,363)</u>
Total OPEB liability, beginning	<u>5,311,431</u>	<u>5,533,794</u>
<b>Total OPEB liability - ending</b>	<b><u>\$ 4,972,166</u></b>	<b><u>\$ 5,311,431</u></b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 1,000,357	\$ 5,229,262
Net investment income	364,161	317,731
Benefit payments	(673,057)	(634,923)
Administrative expense	(30,541)	(22,350)
Net change in plan fiduciary net position	<u>660,920</u>	<u>4,889,720</u>
Plan net position, beginning	<u>4,889,720</u>	<u>-</u>
<b>Plan net position, ending</b>	<b><u>5,550,640</u></b>	<b><u>\$ 4,889,720</u></b>
<b>College's net OPEB liability (asset)</b>	<b><u>\$ (578,474)</u></b>	<b><u>\$ 421,711</u></b>
Plan fiduciary net position as a percentage of the total OPEB liability	111.63 %	92.06 %
Covered-employee payroll	\$ 12,221,249	\$ 12,221,249
College's net OPEB liability (asset) as a percentage of covered-employee payroll	(4.73)%	3.45 %
Annual money-weighted rate of return net of investment expense	6.28 %	6.28 %

The College implemented GASB Statement No. 75 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

See Independent Auditor's Report.

**Mid-State Technical College**  
**Schedule of Employer Contributions**  
**Other Post-Employment Benefits**  
Last Seven Calendar Years

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Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contribution s as a Percentage of Covered- Employee Payroll
2023	\$ 35,854	\$ 267,263	\$ (231,409)	\$ 16,227,209	1.65 %
2022	57,291	888,798	(831,507)	14,314,021	6.21 %
2021	57,291	1,034,806	(977,515)	14,314,021	7.23 %
2020	438,847	826,530	(387,683)	14,271,315	5.79 %
2019	438,847	859,312	(420,465)	14,271,315	6.02 %
2018	534,824	1,000,357	(465,533)	12,221,249	8.19 %
2017	534,824	5,229,262	(4,694,438)	12,221,249	42.79 %

The College implemented GASB Statement No. 75 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

See Independent Auditor's Report.



## **Supplementary Financial Information**

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# Mid-State Technical College

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local Government	\$ 6,788,809	\$ 6,788,809	\$ 6,606,235	\$ -	\$ 6,606,235	\$ (182,574)
Intergovernmental:						
State	17,858,622	17,886,912	18,115,341	-	18,115,341	228,429
Federal	4,795,753	1,683,176	1,567,783	-	1,567,783	(115,393)
Tuition and Fees						
Statutory program fees	6,109,686	6,109,686	5,475,371	-	5,475,371	(634,315)
Material fees	311,876	311,876	263,030	-	263,030	(48,846)
Other student fees	295,284	295,284	323,891	-	323,891	28,607
Institutional	448,489	475,413	755,856	-	755,856	280,443
<b>Total revenues</b>	<b>36,608,519</b>	<b>33,551,156</b>	<b>33,107,507</b>	<b>-</b>	<b>33,107,507</b>	<b>(443,649)</b>
Expenditures:						
Instruction	23,356,812	25,134,380	19,051,202	-	19,051,202	6,083,178
Instructional resources	1,154,253	1,223,507	1,074,027	-	1,074,027	149,480
Student services	4,713,211	5,134,268	4,528,159	-	4,528,159	606,109
General institutional	6,073,293	6,180,356	6,249,362	-	6,249,362	(69,006)
Physical plant	2,311,799	2,434,278	2,252,606	183,502	2,436,108	(1,830)
<b>Total expenditures</b>	<b>37,609,368</b>	<b>40,106,789</b>	<b>33,155,356</b>	<b>183,502</b>	<b>33,338,858</b>	<b>6,767,931</b>
<b>Revenues over (under) expenditures</b>	<b>(1,000,849)</b>	<b>(6,555,633)</b>	<b>(47,849)</b>	<b>(183,502)</b>	<b>(231,351)</b>	<b>6,324,282</b>

# Mid-State Technical College

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis)	Variance Positive (Negative)
Other financing sources (uses):						
Operating transfer in	\$ 1,047,000	\$ 1,047,000	\$ 886,972	\$ -	\$ 886,972	\$ (160,028)
Operating transfer (out)	-	-	(225,000)	-	(225,000)	(225,000)
<b>Total other financing sources (uses)</b>	<b>1,047,000</b>	<b>1,047,000</b>	<b>661,972</b>	<b>-</b>	<b>661,972</b>	<b>(385,028)</b>
Net change in fund balance	46,151	(5,508,633)	614,123	(183,502)	430,621	5,939,254
Fund balance - Beginning of year	10,732,540	10,732,540	10,759,541	(25,305)	10,734,236	1,696
<b>Fund balance - End of year</b>	<b>\$ 10,778,691</b>	<b>\$ 5,223,907</b>	<b>\$ 11,373,664</b>	<b>\$ (208,807)</b>	<b>\$ 11,164,857</b>	<b>\$ 5,940,950</b>
Analysis of fund balance:						
Reserve for encumbrances			\$ 208,807			
Reserve for prepaid items			250			
Reserve for postemployment benefits			482,274			
Designated for subsequent year expenditures			2,341,062			
Designated for state aid fluctuations			603,420			
Designated for operations			7,737,851			
<b>Fund balance - End of year</b>			<b>\$ 11,373,664</b>			

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedules.

# Mid-State Technical College

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Intergovernmental:						
Federal	\$ 1,543,885	\$ 1,934,032	\$ 1,687,886	\$ -	\$ 1,687,886	\$ (246,146)
Tuition and fees:						
Statutory program fees	16,000	16,000	30,836	-	30,836	14,836
Material fees	4,000	4,000	8,236	-	8,236	4,236
Other student fees	25,000	25,000	73,022	-	73,022	48,022
Institutional	865,000	1,718,779	1,825,851	-	1,825,851	107,072
<b>Total revenues</b>	<b>2,453,885</b>	<b>3,697,811</b>	<b>3,625,831</b>	<b>-</b>	<b>3,625,831</b>	<b>(71,980)</b>
Expenditures:						
Instruction	962,668	1,813,587	2,096,254	-	2,096,254	(282,667)
Instructional resources	-	-	30,994	-	30,994	(30,994)
Student services	162,980	162,980	329,050	-	329,050	(166,070)
General institutional	325,480	1,586,366	5,221	-	5,221	1,581,145
Physical plant	84,651	84,651	142,856	-	142,856	(58,205)
<b>Total expenditures</b>	<b>1,535,779</b>	<b>3,647,584</b>	<b>2,604,375</b>	<b>-</b>	<b>2,604,375</b>	<b>1,043,209</b>
<b>Revenues over (under) expenditures</b>	<b>918,106</b>	<b>50,227</b>	<b>1,021,456</b>	<b>-</b>	<b>1,021,456</b>	<b>971,229</b>

# Mid-State Technical College

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Other financing sources (uses):						
Operating transfers in	\$ -	\$ -	\$ 65,274	-	\$ 65,274	\$ 65,274
Operating transfers (out)	(972,259)	(972,259)	(1,025,124)	-	1,025,124	(52,865)
Total other financing sources (uses)	(972,259)	(972,259)	(959,850)	-	(959,850)	12,409
Net change in fund balance	(54,153)	(922,032)	61,606	-	61,606	983,638
Fund balance - Beginning of year	176,838	176,838	176,905	-	176,905	67
Fund balance - End of year	\$ 122,685	\$ (745,194)	\$ 238,511	-	\$ 238,511	\$ 983,705
Analysis of fund balance:						
Reserve for prepaid items			\$ 3,750			
Designated for subsequent year expenditures			\$ 84,531			
Designated for operations			150,230			
Fund balance - End of year			\$ 238,511			

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

# Mid-State Technical College

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Intergovernmental:						
Federal	\$ 6,797,708	\$ 6,797,708	\$ 5,290,745	\$ -	\$ 5,290,745	\$ (1,506,963)
State	730,000	730,000	927,442	-	927,442	197,442
Tuition and fees:						
Other student fees	359,368	359,368	360,432	-	360,432	1,064
Institutional	611,500	360,000	430,449	-	430,449	70,449
<b>Total revenues</b>	<b>8,498,576</b>	<b>8,247,076</b>	<b>7,009,068</b>	<b>-</b>	<b>7,009,068</b>	<b>(1,238,008)</b>
Expenditures:						
Student Aid	-	-	6,520,361	-	6,520,361	(6,520,361)
Student services	8,208,785	8,211,493	455,196	-	455,196	7,756,297
General institutional	290,150	790,150	42,197	-	42,197	747,953
<b>Total expenditures</b>	<b>8,498,935</b>	<b>9,001,643</b>	<b>7,017,754</b>	<b>-</b>	<b>7,017,754</b>	<b>1,983,889</b>
Revenue over (under) expenditures	(359)	(754,567)	(8,686)	-	(8,686)	745,881
Other financing uses:						
Operating transfer out	(500,000)	(500,000)	-	-	-	500,000
Net change in fund balance	(500,359)	(1,254,567)	(8,686)	-	(8,686)	1,245,881
Fund balance - Beginning of year	6,659,729	6,659,729	221,675	-	221,675	(6,438,054)
<b>Fund balance - End of year</b>	<b>\$ 6,159,370</b>	<b>\$ 5,905,162</b>	<b>\$ 212,989</b>	<b>\$ -</b>	<b>\$ 212,989</b>	<b>\$ (5,692,173)</b>

# Mid-State Technical College

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Analysis of fund balance:						
Reserved for student financial assistance			\$ 127,954			
Reserved for student government and organizations			72,113			
Assigned			12,922			
Fund balance - End of year			\$ 212,989			

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Intergovernmental:						
State	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ -	(70,000)
Federal	130,585	11,601,005	2,569,908	-	2,569,908	(9,031,097)
Institutional	614,548	7,878,908	8,102,137	-	8,102,137	223,229
<b>Total revenues</b>	<b>815,133</b>	<b>19,549,913</b>	<b>10,672,045</b>	<b>-</b>	<b>10,672,045</b>	<b>(8,877,868)</b>
Expenditures:						
Instruction	1,249,437	1,406,332	1,100,331	-	1,100,331	306,001
Instructional resources	141,801	81,534	760,773	-	760,773	(679,239)
Student services	515,500	516,014	469,064	-	469,064	46,950
General institutional	6,016,501	7,480,319	5,826,205	-	5,826,205	1,654,114
Physical plant	2,011,421	4,679,862	3,893,737	338,638	4,232,375	447,487
<b>Total expenditures</b>	<b>9,934,660</b>	<b>14,164,061</b>	<b>12,050,110</b>	<b>338,638</b>	<b>12,388,748</b>	<b>1,775,313</b>
Revenues over (under) expenditures	(9,119,527)	5,385,852	(1,378,065)	(338,638)	(1,716,703)	(7,102,555)
Other financing sources:						
Operating transfer in	-	225,000	225,000	-	225,000	-
Issuance of long-term debt	8,200,000	7,642,502	8,044,299	-	8,044,299	401,797
<b>Total other financing sources</b>	<b>8,200,000</b>	<b>7,867,502</b>	<b>8,269,299</b>	<b>-</b>	<b>8,269,299</b>	<b>401,797</b>



**Mid-State Technical College**  
**Capital Projects Fund- Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**- Budget and Actual**  
**(Non-GAAP Budgetary Basis) (Continued)**

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Net change in fund balance	\$ (919,527)	\$ 13,253,354	\$ 6,891,234	\$ (338,638)	\$ 6,552,596	\$ (6,700,758)
Fund balance - Beginning of year	1,191,400	1,191,400	1,371,972	(180,573)	1,191,399	(1)
Fund balance - End of year	\$ 271,873	\$ 14,444,754	\$ 8,263,206	\$ (519,211)	\$ 7,743,995	\$ (6,700,759)
Analysis of fund balance:						
Reserved for encumbrances			\$ 519,211			
Reserved for capital projects			7,743,995			
Fund balance - End of year			\$ 8,263,206			

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

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

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Revenues:						
Local government	\$ 6,999,451	\$ 6,999,451	\$ 6,999,451	\$ -	\$ 6,999,451	\$ -
Institutional	100,500	500	28,106	-	28,106	27,606
<b>Total revenues</b>	<b>7,099,951</b>	<b>6,999,951</b>	<b>7,027,557</b>	<b>-</b>	<b>7,027,557</b>	<b>27,606</b>
Expenditures:						
Physical plant	7,174,874	7,174,874	7,617,716	-	7,617,716	(442,842)
<b>Total expenditures</b>	<b>7,174,874</b>	<b>7,174,874</b>	<b>7,617,716</b>	<b>-</b>	<b>7,617,716</b>	<b>(442,842)</b>
Revenues over (under) expenditures	(74,923)	(174,923)	(590,159)	-	(590,159)	(415,236)
Other financing sources:						
Premium on notes issued	-	657,498	810,203	-	810,203	152,705
<b>Total other financing sources</b>	<b>-</b>	<b>657,498</b>	<b>810,203</b>	<b>-</b>	<b>810,203</b>	<b>152,705</b>
Net change in fund balance	(74,923)	482,575	220,044	-	220,044	(262,531)
Fund balance - Beginning of year	757,391	757,391	757,391	-	757,391	-
<b>Fund balance - End of year</b>	<b>\$ 682,468</b>	<b>\$ 1,239,966</b>	<b>\$ 977,435</b>	<b>\$ -</b>	<b>\$ 977,435</b>	<b>\$ (262,531)</b>
Analysis of fund balance:						
Reserved for debt service			\$ 977,435			

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

**Mid-State Technical College**  
**Enterprise Fund- Schedule of Revenues, Expenses, and Changes in Net Position -**  
**Budget and Actual (Non-GAAP Budgetary Basis)**

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Local government	\$ -	\$ -	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
Auxiliary revenue	1,113,505	1,113,505	984,175	-	984,175	(129,330)
<b>Total operating revenues</b>	<b>1,113,505</b>	<b>1,113,505</b>	<b>1,234,175</b>	<b>-</b>	<b>1,234,175</b>	<b>120,670</b>
Operating expenses:						
Auxiliary services	1,187,841	1,187,841	1,496,462	-	1,496,462	(308,621)
<b>Total operating expenses</b>	<b>1,187,841</b>	<b>1,187,841</b>	<b>1,496,462</b>	<b>-</b>	<b>1,496,462</b>	<b>(308,621)</b>
Operating income (loss)	(74,336)	(74,336)	(262,287)	-	(262,287)	(187,951)
Operating transfers:						
Operating transfer in	-	-	72,878	-	72,878	72,878
Operating transfer (out)	(120,000)	(120,000)	-	-	-	120,000
<b>Total operating transfers</b>	<b>(120,000)</b>	<b>(120,000)</b>	<b>72,878</b>	<b>-</b>	<b>72,878</b>	<b>192,878</b>
Change in net position	(194,336)	(194,336)	(189,409)	-	(189,409)	4,927
Net position - Beginning of year	1,074,856	1,074,856	1,075,370	-	1,075,370	514
<b>Net position - End of year</b>	<b>\$ 880,520</b>	<b>\$ 880,520</b>	<b>\$ 885,961</b>	<b>\$ -</b>	<b>\$ 885,961</b>	<b>\$ 5,441</b>
Analysis of net position:						
Unrestricted			\$ 885,961			

See Independent Auditor's Report.  
See accompanying notes to Budgetary Comparison Schedules.

**Mid-State Technical College**  
**Internal Service Funds Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual (Non-GAAP Budgetary Basis)**

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Positive (Negative)
Operating revenues:						
Institutional	\$ -	\$ -	\$ 110,238	\$ -	\$ 110,238	\$ 110,238
Auxiliary revenue	6,133,200	6,133,200	6,335,406	-	6,335,406	202,206
<b>Total operating revenues</b>	<b>6,133,200</b>	<b>6,133,200</b>	<b>6,445,644</b>	<b>-</b>	<b>6,445,644</b>	<b>312,444</b>
Operating expenses:						
Auxiliary services	6,035,200	6,035,200	6,884,933	-	6,884,933	(849,733)
<b>Total operating expenses</b>	<b>6,035,200</b>	<b>6,035,200</b>	<b>6,884,933</b>	<b>-</b>	<b>6,884,933</b>	<b>(849,733)</b>
Change in net position	98,000	98,000	(439,289)	-	(439,289)	(537,289)
Net position - Beginning of year	2,939,974	2,939,974	2,939,974	-	2,939,974	-
<b>Net position - End of year</b>	<b>\$ 3,037,974</b>	<b>\$ 3,037,974</b>	<b>\$ 2,500,685</b>	<b>\$ -</b>	<b>\$ 2,500,685</b>	<b>\$ (537,289)</b>
Analysis of net position:						
Unrestricted			\$ 2,500,685			

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedules.

# Mid-State Technical College

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

Year Ended June 30, 2023

	General Fund	Special Revenue Aidable Funds	Special Revenue Non-Aidable Funds	Capital Projects	Debt Service	Enterprise Funds	Internal Service Funds	Totals	Reconciling Items	Statement of Revenues, Expenses, and Changes in Net Position
Revenues:										
Local Government	\$ 6,606,235	\$ -	\$ -	\$ -	\$ 6,999,451	\$ 250,000	\$ -	\$ 13,855,686	\$ -	\$ 13,855,686
Intergovernmental:										
State	18,115,341	-	927,442	-	-	-	-	19,042,783	-	19,042,783
Federal	1,567,783	1,687,886	5,290,745	2,569,908	-	-	-	11,116,322	-	11,116,322
Tuition and Fees:										
Statutory program fees	5,475,371	30,836	-	-	-	-	-	5,506,207	(972,033)	4,534,174
Material fees	263,030	8,236	-	-	-	-	-	271,266	(49,139)	222,127
Other student fees	323,891	73,022	360,432	-	-	-	-	757,345	(186,329)	571,016
Institutional	755,856	1,825,851	430,449	8,102,137	28,106	-	110,238	11,252,637	-	11,252,637
Auxiliary services revenue	-	-	-	-	-	984,175	6,335,406	7,319,581	(6,335,406)	984,175
<b>Total revenues</b>	<b>33,107,507</b>	<b>3,625,831</b>	<b>7,009,068</b>	<b>10,672,045</b>	<b>7,027,557</b>	<b>1,234,175</b>	<b>6,445,644</b>	<b>69,121,827</b>	<b>(7,542,907)</b>	<b>61,578,920</b>
Expenditures/Expenses:										
Instruction	19,051,202	2,096,254	-	1,100,331	-	-	-	22,247,787	(2,169,656)	20,078,131
Instructional resources	1,074,027	30,994	-	760,773	-	-	-	1,865,794	(55,154)	1,810,640
Student services	4,528,159	329,050	455,196	469,064	-	-	-	5,781,469	(278,419)	5,503,050
General institutional	6,249,362	5,221	42,197	5,826,205	-	-	-	12,122,985	(3,249,736)	8,873,249
Physical plant	2,436,108	142,856	-	4,232,375	7,617,716	-	-	14,429,055	(12,889,318)	1,539,737
Auxiliary services	-	-	-	-	-	1,496,462	6,884,933	8,381,395	(6,868,789)	1,512,606
Depreciation	-	-	-	-	-	-	-	-	3,846,345	3,846,345
Student aid	-	-	6,520,361	-	-	-	-	6,520,361	(1,238,512)	5,281,849
Interest expense	-	-	-	-	-	-	-	-	659,371	659,371
<b>Total expenditures/expenses</b>	<b>33,338,858</b>	<b>2,604,375</b>	<b>7,017,754</b>	<b>12,388,748</b>	<b>7,617,716</b>	<b>1,496,462</b>	<b>6,884,933</b>	<b>71,348,846</b>	<b>(22,243,868)</b>	<b>49,104,978</b>

# Mid-State Technical College

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

Year Ended June 30, 2023

	General Fund	Special Revenue Aidable Funds	Special Revenue Non-Aidable Funds	Capital Projects	Debt Service	Enterprise Funds	Internal Service Funds	Totals	Reconciling Items	Statement of Revenues, Expenses, and Changes in Net Position
Revenues over (under) expenditures/expenses	\$ (231,351)	\$ 1,021,456	\$ (8,686)	\$ (1,716,703)	\$ (590,159)	\$ (262,287)	\$ (439,289)	\$ (2,227,019)	\$ 14,700,961	\$ 12,473,942
Other financing (uses) sources:										
Operating transfer in	886,972	65,274	-	225,000	-	72,878	-	1,250,124	(1,250,124)	-
Operating transfer (out)	(225,000)	(1,025,124)	-	-	-	-	-	(1,250,124)	1,250,124	-
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	(29,512)	(29,512)
Issuance of long-term debt	-	-	-	8,044,299	-	-	-	8,044,299	(8,044,299)	-
Premium on notes issued	-	-	-	-	810,203	-	-	810,203	(810,203)	-
Total other financing (uses) sources	661,972	(959,850)	-	8,269,299	810,203	72,878	-	8,854,502	(8,884,014)	(29,512)
Net change in fund balance/net position	430,621	61,606	(8,686)	6,552,596	220,044	(189,409)	(439,289)	6,627,483	5,816,947	12,444,430
Fund balance/net position - Beginning of year	10,734,236	176,905	221,675	1,191,399	757,391	1,075,370	2,939,974	17,096,950	16,549,578	33,646,528
Fund balance/net position - End of year	\$ 11,164,857	\$ 238,511	\$ 212,989	\$ 7,743,995	\$ 977,435	\$ 885,961	\$ 2,500,685	\$ 23,724,433	\$ 22,366,525	\$ 46,090,958

See Independent Auditor's Report.

See accompanying notes to Budgetary Comparison Schedules.

# Mid-State Technical College

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

Year Ended June 30, 2023

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### Note 1: Summary of Significant Accounting Policies

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

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

# Mid-State Technical College

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

Year Ended June 30, 2023

### Note 2: Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and the Statement of Revenues, Expenses, and Changes in Net Position

#### Revenues

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

General Fund	\$ 33,107,507
Special Revenue Aidable Funds	3,625,831
Special Revenue Non-Aidable Funds	7,009,068
Capital Projects Fund	10,672,045
Debt Service Fund	7,027,557
Enterprise Funds	1,234,175
Internal Service Funds	6,445,644

69,121,827

Adjustments:

Interfund charges from internal service are eliminated for GAAP reporting	(6,335,406)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting	(1,176,490)
Summer tuition is recognized on the cash basis rather than the accrual basis	(31,011)

Reconciled revenues \$ 61,578,920

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

Operating revenues	\$ 28,020,598
Property taxes	13,855,686
Federal grants	1,790,594
State nonoperating appropriations	17,205,321
Investment income	706,721

Total \$ 61,578,920



# Mid-State Technical College

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

Year Ended June 30, 2023

### Note 2: Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and the Statement of Revenues, Expenses, and Changes in Net Position (Continued)

#### Expense

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

General Fund	\$ 33,338,858
Special Revenue Aidable Funds	2,604,375
Special Revenue Non-Aidable Funds	7,017,754
Capital Projects Fund	12,388,748
Debt Service Fund	7,617,716
Enterprise Funds	1,496,462
Internal Service Funds	6,884,933

71,348,846

#### Adjustments:

Interfund charges from internal service and fiduciary funds are eliminated for GAAP reporting	(6,335,406)
Scholarship allowances are included in expenditures for budgetary purposes but offset revenue for GAAP reporting	(1,176,490)
Summer tuition is recognized on the cash basis rather than the accrual basis	(737)
Budgetary basis expenditures adjusted to accrual basis for GAAP reporting:	
Amortization of deferred premiums	(290,064)
Amortization of loss on advance refunding	27,336
Interest expense	42,116
Compensated absences	(14,442)
Other post employment and pension benefits	1,479,874
The acquisition of capital assets is reported as an expenditure for budgetary purposes	(12,593,481)
Repayment of principal on long-term debt is a budgetary expenditure	(6,643,620)
Repayment of principal on lease obligations is a budgetary expenditure	(63,159)
Eliminate accrued encumbrance activity	(522,140)
Depreciation recorded for GAAP purposes	3,846,345

Reconciled expenditures	\$ 49,104,978
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# Mid-State Technical College

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

Year Ended June 30, 2023

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### Note 2: Explanation of Differences Between Revenues, Expenditures, and Other Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and the Statement of Revenues, Expenses, and Changes in Net Position (Continued)

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

Operating expenses	\$ 48,445,607
Interest expense	659,371

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Total	\$ 49,104,978
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Other financing sources and uses such as operating transfers in (out) and issuance of long-term debt are not recognized as revenues or expenses for GAAP reporting.

# Other Reports

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Mid-State Technical College  
Wisconsin Rapids, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Mid-State Technical College (the "College") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 5, 2023. The financial statements of the Mid-State Technical College Foundation, Inc. (the "Foundation"), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

## **The College's Responses to Findings**

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

## **Purpose of This Report**

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



Wipfli LLP

December 5, 2023  
Madison, Wisconsin

## **Independent Auditor's Report on Compliance for Each Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Wisconsin Single Audit Guidelines**

Board of Directors  
Mid-State Technical College  
Wisconsin Rapids, Wisconsin

### **Report on Compliance for Each Major Federal and State Program**

#### ***Opinion on Each Major Federal and State Program***

We have audited the Mid-State Technical College's (the "College") compliance with the types of compliance requirements described identified as subject to audit in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal and State Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State of Wisconsin Single Audit Guidelines* we:

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

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

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Wipfli LLP  
December 5, 2023  
Madison, Wisconsin



**Mid-State Technical College**  
**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2023

Grantor Agency/Pass-through Agency/ Grant Title	Federal AL Number	Grant Number	Grant Period	Federal Grant Amount	Revenues		Total Expenditures	Subrecipient Payments
					Federal	Match		
<u>U.S. Department of Interior</u>								
Direct Program								
Indian Education - Higher Education Grant Program	15.114	N/A	7/1/2022-6/30/2023	\$ 5,524	\$ 5,524	\$ -	\$ 5,524	-
<u>U.S. Department of Transportation</u>								
Direct Program								
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703							
Hazardous Materials Training		N/A	7/1/2022-6/30/2023	3,600	3,600	-	3,600	-
Hazardous Material Emergency Preparedness		14-542-138-232	5/1/2022-8/31/2022	8,748	8,623	-	8,623	-
Total Department of Transportation				12,348	12,223	-	12,223	-
<u>U.S. Department of Administration</u>								
Coronavirus State and Local Recovery Funds								
Meat Talent Development Grant EDA	21.027	14-493-138-253	6/1/2022-12/30/2024	196,384	87,461		87,461	-
Governor's Allocation				2,000,000	-	-	-	-
Workforce Innovation Grant		SLFRP0135	12/14/2021 - 6/30/2025	4,000,000	771,631	-	771,631	-
Total Department of Administration				9,000,000	2,066,199	-	2,066,199	-
				15,196,384	2,925,291	-	2,925,291	-
<u>U.S. Department of Labor</u>								
Youth Apprenticeship - Start College Now	17.285	14-872-155-262	10/1/2021-6/30/2023	23,740	12,763		12,763	-
<u>U.S. Department of Education</u>								
Wisconsin Technical College System								
Adult Education - Basic Grants to States	84.002							
Adult Basic Education - Comprehensive Services		14-052-146-123	7/1/2022-6/30/2023	267,695	115,171	152,524	267,695	-
Re-entry Jail grant		14-352-146-113	7/1/2022-6/30/2023	60,533	45,400	15,133	60,533	-
Target Focus Disabilities		14-452-146-173	7/1/2022-6/30/2023	33,333	25,000	8,334	33,334	-
Innovative IET		14-492-146-182	7/1/2021-9/30/2022	14,315	10,736	3,579	14,315	-
Innovative IET		14-492-146-183	7/1/2022-6/30/2023	35,000	26,250	8,750	35,000	-
				410,876	222,557	188,320	410,877	-
Career and Technical Education - Basic Grants to States	84.048							
Student Success		14-253-150-233	7/1/2022-6/30/2023	512,501	296,094	216,407	512,501	-
Strengthening Programs		14-283-150-253	7/1/2022-6/30/2023	78,958	78,958	-	78,958	-
Nontraditional Occupations		14-293-150-263	7/1/2022-6/30/2023	19,740	17,046	-	17,046	-
Career Prep		14-363-150-213	7/1/2022-6/30/2023	39,435	39,435	-	39,435	-
Equity and Inclusion		14-782-150-222	7/1/2021-9/30/2022	25,036	24,444	-	24,444	-
Equity and Inclusion		14-783-150-222	7/1/2021-6/30/2023	34,144	33,984	-	33,984	-
				709,814	489,961	216,407	706,368	-

**Mid-State Technical College**  
**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2023

Grantor Agency/Pass-through Agency/ Grant Title	Federal AL Number	Grant Number	Grant Period	Federal Grant Amount	Revenues		Total Expenditures	Subrecipient Payments
					Federal	Match		
<b>Direct Programs</b>								
Student Financial Aid Assistance Cluster:								
Federal Supplemental Educational Opportunity Grants								
Grants to Students	84.007	P007A224517	7/01/2022-6/30/2023	88,176	79,400	-	79,400	-
				<u>88,176</u>	<u>79,400</u>	<u>-</u>	<u>79,400</u>	<u>-</u>
Federal Work - Study Program								
Payments to Students	84.033	P033A224517	7/01/2022-6/30/2023	76,553	71,282	-	71,282	-
Administrative Cost Allowance		P033A224517	7/01/2022-6/30/2023	-	7,534	-	7,534	-
				<u>76,553</u>	<u>78,816</u>	<u>-</u>	<u>78,816</u>	<u>-</u>
Federal Pell Grant Program								
Grants to Students	84.063	P063P222668	7/01/2022-6/30/2023	2,999,797	2,999,797	-	2,999,797	-
Administration		P063Q222668	7/01/2022-6/30/2023	4,500	4,475	-	4,475	-
				<u>3,004,297</u>	<u>3,004,272</u>	<u>-</u>	<u>3,004,272</u>	<u>-</u>
Federal Direct Student Loans								
Direct Loans - Subsidized	84.268	P268K232668	7/01/2022-6/30/2023	1,407,331	1,406,334	-	1,406,334	-
Direct Loans - Unsubsidized		P268K232668	7/01/2022-6/30/2023	620,028	620,028	-	620,028	-
				<u>2,027,359</u>	<u>2,026,362</u>	<u>-</u>	<u>2,026,362</u>	<u>-</u>
Total Student Financial Aid Program Cluster				5,196,385	5,188,850	-	5,188,850	-
COVID-19 Education Stabilization Fund:								
HEERF Student Aid Portion	84.425E	P425E200966	4/22/2020-06/30/2023	4,493,164	102,708	-	102,708	-
HEERF Institutional Portion	84.425F	P425F201181	5/05/2020-06/30/2023	6,270,250	1,902,906	-	1,902,906	-
HEERF Strengthening Institutions Program	84.425M	P425M200288	6/01/2020-06/30/2023	470,420	255,400	-	255,400	-
Total COVID-19 Education Stabilization Fund				<u>11,233,834</u>	<u>2,261,014</u>	<u>-</u>	<u>2,261,014</u>	<u>-</u>
Total Department of Education				17,550,909	8,162,382	404,727	8,567,109	-
<u>U.S. Department of Homeland Security</u>								
Assistance to Firefighters								
FEMA Assistance to Firefighters	97.044	14-522-153-112	12/1/2021-11/30/2022	4,498	-	-	-	-
Total Department of Homeland Security				<u>4,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 32,793,403</u>	<u>\$ 11,118,182</u>	<u>\$ 404,727</u>	<u>\$ 11,522,909</u>	<u>\$ -</u>

**Mid-State Technical College**  
**Schedule of Expenditures of State Awards**  
Year Ended June 30, 2023

Grantor Agency/Pass-through Agency/ Grant Title	State ID Number	Grant Number	Grant Period	State Grant Amount	Revenue		Total Expenditures
					State	Match	
<u>Wisconsin Department of Agriculture, Trade and Consumer Protection</u>							
Nutrient Management	115.400	NA	1/1/2022-12/31/2022	18,750	1,808	-	1,808
Total Wisconsin Department of Agriculture, Trade and Consumer				18,750	1,808	-	1,808
<u>Wisconsin Department of Transportation</u>							
Driver Education	20.395(4)						
Motorcycle Safety		0094-20-12	7/1/2022-6/30/2023	36,000	8,053	27,000	27,416
Total Wisconsin Department of Transportation				36,000	8,053	27,000	27,416
<u>Wisconsin Higher Educational Aids Board</u>							
Remission of Fees for Veterans & Dependents	235.102	N/A	7/1/2022-6/30/2023	33,252	33,252	108,181	141,433
Wisconsin Higher Education Grants	235.105	N/A	7/1/2022-6/30/2023	865,861	865,861	-	865,861
Minority Retention Grant	235.107	N/A	7/1/2022-6/30/2023	2,180	2,180	-	2,180
Academic Excellence Scholarship	235.109	N/A	7/1/2022-6/30/2023	5,625	5,625	-	5,625
Technical Excellence Scholarship	235.119	N/A	7/1/2022-6/30/2023	30,376	30,376	-	30,376
Talent Incentive Program	235.114	N/A	7/1/2022-6/30/2023	14,400	14,400	-	14,400
Nursing Student Loan	235.117	N/A	7/1/2022-6/30/2023	9,000	9,000	-	9,000
Total Wisconsin Higher Educational Aids Board				960,694	960,694	108,181	1,068,875
<u>Wisconsin Technical College System Board</u>							
Student Emergency Fund	292.104	14-463-104-113	7/1/2022-6/30/2023	15,707	15,707	-	15,707
				15,707	15,707	-	15,707
State Aids for Technical Colleges	292.105	N/A	7/1/2022-6/30/2023	4,261,987	4,261,987	-	4,261,987
Core Industry	292.124						
Hospitality		14-343-124-133	7/1/2022-6/30/2024	131,775	121,232	-	115,459
Business Management		14-422-124-132	7/1/2021-6/30/2023	168,062	144,528	-	137,646
Nursing		14-442-124-132	7/1/2021-6/30/2023	114,918	84,199	-	78,794
Completion	292.124						
Enhancing Student Persistence and Completion		14-372-124-162	7/1/2021-9/30/2022	27,806	20,855	6,951	26,495
Enhancing Student Persistence and Completion		14-333-124-163	7/1/2022-6/30/2023	300,000	225,000	75,000	285,932

**Mid-State Technical College**  
**Schedule of Expenditures of State Awards**  
Year Ended June 30, 2023

Grantor Agency/Pass-through Agency/ Grant Title	State ID Number	Grant Number	Grant Period	State Grant Amount	Revenue		Total Expenditures
					State	Match	
<b>Developing Markets</b>							
Culinary	292.124	14-462-124-142	7/1/2021-6/30/2023	95,688	95,688	-	94,955
Metal Fabrication		14-413-124-143	7/1/2022-6/30/2024	90,825	7,682	-	7,316
Manufacturing Operations Management YR2		14-441-124-141	7/1/2020-9/30/2022	63,546	31,120	-	28,585
Building Workforce Leadership		14-673-124-133	7/1/2022-6/30/2024	124,386	81,370	-	77,496
<b>Professional Growth</b>							
Supporting Students by Supporting Faculty	292.124	14-393-124-153	7/1/2022-6/30/2023	65,487	43,658	21,829	62,487
<b>Professional Growth - Occupational</b>							
Supporting Faculty Through Workplace Learning Exp	292.124	14-483-124-153	7/1/2022-6/30/2023	16,000	5,905	5,905	11,810
<b>Apprentice-Related Instruction</b>							
Maintenance Tech Apprenticeship	292.124	14-203-124-113	7/1/2022-6/30/2023	4,173	4,173	-	4,173
Millwright Apprenticeship		14-263-124-113	7/1/2022-6/30/2023	4,173	4,173	-	4,173
Machinist Apprenticeship		14-623-124-113	7/1/2022-6/30/2023	16,067	16,066	-	16,066
Electrical and Instrumentation Apprenticeship		14-653-124-113	7/1/2022-6/30/2023	29,180	29,180	-	29,180
<b>Workforce Advancement Training</b>							
WAT Erco -improving leadership skills and safety	292.124	14-022-124-172	6/24/2021-11/30/2022	12,848	5,300	-	5,300
WAT Marshfield Furniture - addressing skills gap		14-042-124-172	7/1/2021-11/30/2022	9,431	-	-	-
WAT H&S Manufacturing		14-113-124-173	7/1/2022-8/31/2023	2,792	2,673	-	2,673
WAT CNA/MA		14-123-124-173	7/1/2022-8/31/2023	33,753	23,622	-	23,622
WAT Skills and Retention		14-133-124-173	7/1/2022-8/31/2023	10,816	8,704	-	8,704
WAT CNA Collab with Madison College		NA	7/1/2022-8/31/2023	10,622	8,659	-	8,659
WAT Workforce Communications		14-223-124-173	7/1/2022-8/31/2023	5,924	5,802	-	5,802
WAT Kerry Ingredients - improving leadership communication		14-832-124-172	7/1/2021-11/30/2022	5,175	4,773	-	4,773
<b>Statewide &amp; Other Projects</b>							
Enrollment and Transition Grant	292.124	14-193-124-193	7/1/2022-9/30/2023	200,000	150,215	-	147,215
Articulation Grant		14-423-124-183	7/1/2022-6/30/2024	90,000	44,224	-	42,118
WIDS Curriculum		14-443-124-183	7/1/2022-6/30/2023	233,100	233,100	-	222,000
WIDS Apprentice Related Instruction		14-453-124-113	7/1/2022-6/30/2023	38,325	33,520	-	32,000
IET Expansion Grant		14-533-124-203	7/1/2022-6/30/2023	200,000	187,279	-	178,360
AAC&U Conference Leadership Grant		14-603-124-183	1/1/23-6/30/2023	3,000	1,533	-	1,533
AMN-NW passed through CVTC		N/A	10/1/22-9/30/2023	5,000	1,201	-	1,201
<b>Total Grants to District Boards</b>				<b>2,112,872</b>	<b>1,625,435</b>	<b>109,685</b>	<b>1,664,527</b>

**Mid-State Technical College**  
**Schedule of Expenditures of State Awards**  
Year Ended June 30, 2023

Grantor Agency/Pass-through Agency/ Grant Title	State ID Number	Grant Number	Grant Period	State Grant Amount	Revenue		Total Expenditures
					State	Match	
Property Tax Relief Aid	292.162	N/A	7/1/2022-6/30/2023	11,783,161	11,783,161	-	11,783,161
Fire Fighter Training 2%	292.137	N/A	7/1/2022-6/30/2023	16,262	16,262	-	16,262
Total Wisconsin Technical College System Board				18,189,989	17,702,551	109,685	17,741,644
<u>Wisconsin Department of Workforce Development</u>							
Local Youth Apprenticeship Grants	445.107	N/A	7/1/2022-6/30/2023	124,300	116,109	-	115,736
WI Fastforward Training Teachers to Teach	445.109	N/A	7/1/2022-8/31/2023	129,338	54,087	-	43,285
Total Wisconsin Department of Workforce Development				253,638	170,196	-	159,021
Total Expenditures of State Awards				<u>\$ 19,459,071</u>	<u>\$ 18,843,303</u>	<u>\$ 244,866</u>	<u>\$ 18,998,764</u>

# Mid-State Technical College

## Notes to the Schedules of Expenditures of Federal and State Awards

Year Ended June 30, 2023

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### **Note 1: Basis of Presentation**

The accompanying Schedules of Expenditures of Federal and State Awards include the federal grant and state grant activity of Mid-State Technical College District (the "College") and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State of Wisconsin State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of the College. Because the schedules present only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

### **Note 2: Significant Accounting Policies**

Revenues and expenditures in the schedules are presented in accordance with the accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the College's fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State of Wisconsin State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state programs that exceed recorded expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

### **Note 3: Oversight and Cognizant Agencies**

The College's federal oversight agency for audit is the U.S. Department of Education. The College's state cognizant agency is the Wisconsin Technical College System.

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

### **Note 4: Indirect Cost Rate**

The College has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# Mid-State Technical College

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

### Section I - Summary of Auditor's Results

#### *Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to the financial statements noted?	No

#### *Federal Awards*

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

#### **Assistance Listing Number**

#### **Name of Federal Program or Cluster**

21.027

Coronavirus State and Local Recovery Funds

84.425

COVID-19 - Education Stabilization Fund

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

\$750,000

Auditee qualified as a low-risk auditee?

Yes

#### *State Financial Assistance*

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the <i>State of Wisconsin Single Audit Guidelines</i> ?	No
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# Mid-State Technical College

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

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

Identification of major state programs:

State ID Number	Name of State Program
292.105	State Aids for Technical Colleges
292.162	Property Tax Relief Aid
235.102	Wisconsin Higher Education Grants
235.119	Technical Excellence Scholarship

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

\$250,000

Auditee qualified as a low-risk auditee?

Yes

### Section II - Financial Statement Findings

2023-001: Account Reconciliations and Reviews

**Criteria** - An accounting system should provide timely and accurate information for management. College accounting personnel should reconcile and review general ledger accounts to grant documentation in accordance with the terms of the grant agreements.

**Condition** - The College recognized \$8,907,186 in federal grant revenue in the current fiscal year related to additional AMETA Center project funding that was not earned and therefore it should not have been accrued as revenue and grants receivable.

**Context** - In planning our audit procedures we obtained an understanding of the design and implementation of internal controls for significant audit areas, including grant revenue and tested the accounts for proper recognition.

**Effect** - Without reconciling accounts in relation to the terms of grant agreements, information provided to management may not be accurate and the conditions of those grants may not be met.

**Cause** - Additional AMETA Center project funding was a new source of grant revenue in the current year and due to all the changes brought on by AMETA Center project, it was overlooked that the grant amounts were not earned until there were qualifying expenditures with the terms of the grant.

**Recommendation** - The College should review the terms of all of its grants to determine if there are any restrictions. If amounts are not earned until they are expended for qualifying purposes, the grant receipts should be recorded as unearned grant revenue.

**Management's Response** - The College agrees with the finding and has prepared a Corrective Action Plan.



# Mid-State Technical College

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2023

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### Section III - Federal and State Findings and Questioned Costs

None

### Section IV - Other Issues

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

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

Department of Agriculture, Trade and Consumer Protection	No
Department of Transportation	No
Higher Educational Aids Board	No
Technical College System Board	No
Department of Workforce Development	No

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



Name of Partner

Brian Anderson

Date

December 5, 2023