



WMVS — WMVT-TV

Financial Statements

*As of and for the years ended
June 30, 2020 and 2019*

WMVS – WMVT-TV

FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

WMVS – WMVT-TV

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Milwaukee Area Technical College District
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the WMVS - WMVT - TV, an enterprise fund of the Milwaukee Area Technical College District, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Directors
Milwaukee Area Technical College District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the WMVS - WMVT - TV, an enterprise fund of the Milwaukee Area Technical College District, as of June 30, 2020 and 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020 on our consideration of the overall Milwaukee Area Technical College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the overall Milwaukee Area Technical College District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the overall Milwaukee Area Technical College District's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use off the Milwaukee Area Technical College District's management, the Milwaukee Area Technical College District Board, the Wisconsin Technical College System, and for filing with the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

Baker Tilly US, LLP (formally known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
November 17, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

(Unaudited)

Introduction and Reporting Entity

The following management’s discussion and analysis is an overview of the financial position and activities of the WMVS – WMVT-TV, an enterprise fund of the Milwaukee Area Technical College District (District) as of and for the years ended June 30, 2020 and 2019. Management of WMVS – WMVT-TV has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section.

The WMVS – WMVT-TV is an instrumentality of the District and is governed by the Board of Directors, who is appointed by a District Board appointment committee.

The WMVS – WMVT-TV's primary functions are to promote and establish noncommercial educational telecommunications within the District and to provide transmission facilities for noncommercial educational telecommunications programs throughout the District.

Overview of the Financial Statements

The Statement of Net Position includes Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position of WMVS – WMVT-TV. This statement is classified into Current and Non-Current Assets and Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources with Net Position classified in the categories as noted below. The Statement of Revenues, Expenses and Changes in Net Position depicts the operating revenues and expenses resulting in Operating Income (Loss), which is combined with Non-Operating Revenues (Expenses) to provide the total Change in Net Position. The Statement of Cash Flows shows the sources and uses of cash from operations, cash flows from non-operating activities and cash flows from capital and related financial activities. The notes to the financial statements help explain information in the financial statements and provide more detailed data.

Below is condensed financial information.

Statement of Net Position	2020	2019	2018
Assets:			
Current Assets and Other Assets	\$ 12,548,332	\$ 12,763,176	\$ 12,116,274
Property and Equipment	12,340,754	11,373,344	12,335,171
Total Assets	<u>24,889,086</u>	<u>24,136,520</u>	<u>24,451,445</u>
Deferred outflow s of Resources	<u>3,686,937</u>	<u>2,499,585</u>	<u>1,319,031</u>
Liabilities:			
Current Liabilities	6,575,134	6,805,523	6,713,045
Long Term Liabilities	6,357,045	7,839,772	7,000,921
Total Liabilities	<u>12,932,179</u>	<u>14,645,295</u>	<u>13,713,966</u>
Deferred inflow s of Resources	<u>6,743,611</u>	<u>3,211,910</u>	<u>3,429,001</u>
Net Position:			
Net Investment in capital assets	5,831,790	5,109,184	6,145,119
Restricted for pensions	866,862	-	879,402
Unrestricted	2,342,749	3,669,717	1,602,988
Total Net Position	<u>\$ 9,041,401</u>	<u>\$ 8,778,900</u>	<u>\$ 8,627,509</u>
Statement of Revenues, Expenses and Changes in Net Position			
Operating Revenues	\$ 11,397,562	\$ 12,789,848	\$ 12,100,714
Operating Expenses	(15,401,358)	(17,478,118)	(17,396,096)
Operating Loss	<u>(4,003,796)</u>	<u>(4,688,270)</u>	<u>(5,295,382)</u>
General Appropriations	3,991,619	4,564,078	5,204,642
Sale of Property	-	-	1,602,400
Loss on Disposal of Capital Assets	-	(6,029)	(918,068)
Investment Income/(Loss)	282,747	439,316	644,914
Interest Expense	<u>(309,472)</u>	<u>(306,787)</u>	<u>(214,444)</u>
Non-Operating Income	3,964,894	4,690,578	6,319,444
Transfer In	<u>301,403</u>	<u>149,083</u>	<u>140,000</u>
Change in Net Position	262,501	151,391	1,164,062
Net Position, Beginning of the Year	8,778,900	8,627,509	7,463,447
Net Position, End of the Year	<u>\$ 9,041,401</u>	<u>\$ 8,778,900</u>	<u>\$ 8,627,509</u>
Statement of Cash Flows			
Net Cash Flow s from Operating Activities	\$ 701,253	\$ (1,440,323)	\$ (2,391,106)
Net Cash Flow s from Non-Operating Activities	3,991,619	4,564,078	5,204,642
Net Cash Flow s from Investing Activities	(8,013)	366,978	322,039
Net Cash Flow from Capital and Related Financing Activities	<u>(4,684,859)</u>	<u>(3,490,733)</u>	<u>(3,135,575)</u>
Net Increase (Decrease) in Cash	-	-	-
Cash and Cash Equivalents, Beginning of Year	-	-	-
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Financial Highlights

2020 Compared to 2019

The financial position of WMVS – WMVT-TV increased. Net Position totaled \$9,041,401 and \$8,778,900 for the years ended June 30, 2020 and 2019. WMVS - WMVT-TV's Net Position increased by \$262,501 for the year ended June 30, 2020 compared to an increase in Net Position of \$151,391 for the year ended June 30, 2019.

Operating Revenues totaled \$11,397,562 and \$12,789,848 for the years ended June 30, 2020 and 2019, respectively; while Operating Expenses totaled \$15,401,358 and \$17,478,118 at June 30, 2020 and 2019, respectively. Operating Revenue decreased by \$1,392,286 in 2020 compared to 2019. Operating Expenses decreased by \$2,076,760 in 2020 compared to 2019. The Net Operating Loss for Fiscal Year 2020 is \$4,003,796 which includes non-cash depreciation and amortization expense of \$4,250,590 while the Net Operating Loss for FY2019 was \$4,688,270 which included non-cash depreciation and amortization expense of \$4,427,708. The Net Non-Operating Income for Fiscal Year 2020 is \$3,964,894 compared to Fiscal Year 2019 Net Non-operating Income of \$4,690,578. Non-operating revenue decreased by \$729,078 in 2020 compared to a decrease of \$2,448,562 in 2019. Non-operating expense decreased by \$3,344 in 2020 which includes a loss on disposal of asset of \$0, compared to 2019 non-operating expense decrease of \$819,696.

During fiscal year 2020 Milwaukee Area Technical College issued \$3,078,100 of General Obligation Notes at a premium of \$142,003 on behalf of WMVS – WMVT-TV compared to \$4,331,400 of General Obligation Notes at a premium of \$152,510 in fiscal year 2019. These bonds were issued primarily for the purchase of program acquisition, program production, equipment and building remodeling and improvement projects. In addition, at June 30, 2020 WMVS – WMVT-TV still had \$5,451,770 of General Obligation Bonds outstanding which were issued in fiscal year 2015 thru fiscal year 2020. WMVS – WMVT-TV's property and equipment, net of depreciation, totaled \$11,473,892 and \$11,373,344 at June 30, 2020 and 2019, respectively. Property and equipment additions totaled \$4,351,139 and \$3,471,910 in fiscal year 2020 and fiscal year 2019 respectively.

Current assets consist primarily of accounts receivable and receivables due from other funds. Non-Current Assets consist primarily of property and equipment, net pension asset, and deferred outflows of resources. Property and equipment are presented net of accumulated depreciation of \$34,909,903 and \$33,203,942 at June 30, 2020 and 2019, respectively. Current Liabilities consist of accounts payable, accrued liabilities, notes payable and unearned revenues. Non-Current Liabilities consist primarily of notes payable, other post-employment benefits, net position liability, and deferred inflows of resources.

Operating revenues consist primarily of fees for services, state revenues, Corporation for Public Broadcasting service grants and development revenues. Operating expenses consist primarily of programming and production, broadcasting, management and general, programming information and depreciation expense. Non-operating revenues consist primarily of general appropriations from MATC and investment income and loss. Non-operating expenses consist primarily of interest expense on bonds and loss on disposal of capital assets.

The net cash flows from operating activities, appropriations and proceed from bond issues were used primarily for the purchase of equipment and for debt service payments.

2019 Compared to 2018

The financial position of WMVS – WMVT-TV increased. Net Position totaled \$8,778,900 and \$8,627,509 for the years ended June 30, 2019 and 2018. WMVS - WMVT-TV's Net Position increased by \$151,391 for the year ended June 30, 2019 compared to an increase in Net Position of \$1,164,062 for the year ended June 30, 2018.

Operating Revenues totaled \$12,789,848 and \$12,100,714 for the years ended June 30, 2019 and 2018, respectively; while Operating Expenses totaled \$17,478,118 and \$17,396,096 at June 30, 2019 and 2018, respectively. Operating Revenue increased by \$689,134 in 2019 compared to 2018. Operating Expenses increased by \$82,022 in 2019 compared to 2018. The Net Operating Loss for Fiscal Year 2019 is \$4,688,270 which includes non-cash depreciation and amortization expense of \$4,427,708, while the Net Operating Loss for FY2018 was \$5,295,382 which included non-cash depreciation and amortization expense of \$4,919,635. The Net Non-Operating Income for Fiscal Year 2019 is \$4,690,578 compared to Fiscal Year 2018 Net Non-operating Income of \$6,319,444 which includes proceeds from sale of property of \$1,602,400. Non-operating revenue decreased by \$2,448,562 in 2019 compared to an increase by \$2,325,460 in 2018. Non-operating expense decreased by \$819,696 in 2019 which includes loss on disposal of asset of \$6,029 compared to 2018 increase of \$926,740.

During fiscal year 2019 Milwaukee Area Technical College issued \$4,331,400 of General Obligation Notes at a premium of \$152,510 on behalf of WMVS – WMVT-TV compared to \$3,796,560 of General Obligation Notes at a premium of \$112,919 in fiscal year 2018. These bonds were issued primarily for the purchase of equipment, program acquisition, program production and building remodeling and improvement projects. In addition, at June 30, 2019 WMVS – WMVT-TV still had \$6,078,317 of General Obligation Bonds outstanding which were issued in fiscal year 2014 thru fiscal year 2019. WMVS – WMVT-TV's property and equipment, net of depreciation, totaled \$11,373,344 and \$12,335,171 at June 30, 2019 and 2018, respectively. Property and equipment additions totaled \$3,471,910 and \$3,475,137 in fiscal year 2019 and fiscal year 2018 respectively.

Current assets consist primarily of accounts receivable and receivables due from other funds. Non-Current Assets consist primarily of property and equipment, and deferred outflows of resources. Property and equipment are presented net of accumulated depreciation of \$33,203,942 and \$51,316,138 at June 30, 2019 and 2018, respectively. Current Liabilities consist of accounts payable, accrued liabilities, notes payable and unearned revenues. Non-Current Liabilities consist primarily of notes payable, other post-employment benefits, net position liability, and deferred inflows of resources.

Operating revenues consist primarily of fees for services, state revenues, Corporation for Public Broadcasting service grants and development revenues. Operating expenses consist primarily of programming and production, broadcasting, management and general, programming information and depreciation expense. Non-operating revenues consist primarily of general appropriations from MATC and investment income and loss. Non-operating expenses consist primarily of interest expense on bonds and loss on disposal of capital assets.

The net cash flows from operating activities, appropriations and proceed from bond issues were used primarily for the purchase of equipment and for debt service payments.

Request for Information

This financial report is designed to provide donors, members, investment manager, foundations and tax payers with a general overview of the WMVS-WMVT-TV finances and to account for the funding it receives. Additional details can be requested by mail at the following address.

WMVS – WMVT-TV

1036 North 8th Street
Milwaukee, WI 53233

BASIC FINANCIAL STATEMENTS

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WMVS - WMVT-TV
STATEMENTS OF NET POSITION
As of June 30, 2020 and 2019

ASSETS	2020	2019
Current Assets:		
Due from MATC - General Fund		
Unrestricted	\$ 2,993,657	\$ 4,025,552
Accounts receivable	9,554,675	8,737,624
Total current assets	<u>12,548,332</u>	<u>12,763,176</u>
Noncurrent Assets:		
Net pension asset	866,862	-
Television studio, broadcast equipment and programming rights	46,383,795	44,577,286
Less: accumulated depreciation and amortization	<u>(34,909,903)</u>	<u>(33,203,942)</u>
Total noncurrent assets	<u>12,340,754</u>	<u>11,373,344</u>
TOTAL ASSETS	<u>24,889,086</u>	<u>24,136,520</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows related to pensions	3,686,937	2,499,585
Deferred outflows related to OPEB	<u>141,168</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,828,105</u>	<u>2,499,585</u>
LIABILITIES		
Current liabilities:		
Accounts payable	137,176	23,218
Accrued interest	18,011	-
Accrued liabilities	238,787	317,774
Compensated absences	20,718	25,012
Due to other funds	3,945,524	3,945,524
Current portion of notes payable	<u>2,214,918</u>	<u>2,493,995</u>
Total current liabilities	<u>6,575,134</u>	<u>6,805,523</u>
Long-term liabilities:		
Net pension liability	-	1,051,061
Notes payable	3,427,184	3,770,165
Compensated absences	138,657	155,496
Net OPEB liability	<u>2,791,204</u>	<u>2,863,050</u>
Total long-term liabilities	<u>6,357,045</u>	<u>7,839,772</u>
TOTAL LIABILITIES	<u>12,932,179</u>	<u>14,645,295</u>
DEFERRED INFLOW OF RESOURCES		
Deferred inflows related to OPEB	319,035	156,379
Deferred inflows related to pensions	4,393,729	1,211,438
Unearned revenue	<u>2,030,847</u>	<u>1,844,093</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,743,611</u>	<u>3,211,910</u>
NET POSITION		
Net investment in capital assets	5,831,790	5,109,184
Restricted for pensions	866,862	-
Unrestricted	<u>2,342,749</u>	<u>3,669,717</u>
TOTAL NET POSITION	<u>\$ 9,041,401</u>	<u>\$ 8,778,900</u>

See accompanying notes to financial statements

WMVS - WMVT-TV

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Fees for services and advertising	\$ 188,045	\$ 202,773
General appropriations from MATC	-	-
Federal revenues	57,555	53,047
Corporation for Public Broadcasting service grants	2,044,093	1,832,894
Auction revenue	-	247,963
Contributed support	2,036,963	2,953,280
Membership income	6,426,399	4,989,441
Underwriting income	515,825	918,028
Spectrum income	11,424	1,500,000
Special event income	117,258	92,422
Total operating revenues	<u>11,397,562</u>	<u>12,789,848</u>
OPERATING EXPENSES		
Programming and production	1,869,174	1,934,275
Broadcasting	2,439,075	2,892,361
Fund raising	449,415	749,271
Management and general	3,699,466	4,747,280
Member benefits/Sales and marketing	2,169,349	2,178,690
Program information	524,289	548,533
Depreciation and amortization	4,250,590	4,427,708
Total operating expenses	<u>15,401,358</u>	<u>17,478,118</u>
Operating loss	<u>(4,003,796)</u>	<u>(4,688,270)</u>
NONOPERATING REVENUES (EXPENSES)		
General appropriations from MATC - tax levy	3,991,619	4,564,078
Loss on asset disposal	-	(6,029)
Investment income (loss)	282,747	439,316
Interest expense	(309,472)	(306,787)
Total nonoperating revenues (expenses)	<u>3,964,894</u>	<u>4,690,578</u>
Change in net position before transfers	<u>(38,902)</u>	<u>2,308</u>
TRANSFERS IN	<u>301,403</u>	<u>149,083</u>
Change in Net Position	262,501	151,391
NET POSITION - BEGINNING OF YEAR	<u>8,778,900</u>	<u>8,627,509</u>
NET POSITION - END OF YEAR	<u>\$ 9,041,401</u>	<u>\$ 8,778,900</u>

See accompanying notes to financial statements

WMVS - WMVT-TV**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for services	\$ 7,434,281	\$ 6,461,826
Cash received from federal and state grants	2,101,648	1,885,941
Cash received (payment to) from other funds	226,268	46,034
Cash payments for materials and services	(2,801,127)	(3,811,312)
Cash payments to employees	(6,259,817)	(6,022,812)
Net cash from operating activities	<u>701,253</u>	<u>(1,440,323)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local tax levy	<u>3,991,619</u>	<u>4,564,078</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(4,049,735)	(3,322,827)
Proceeds of borrowings for capital purposes	3,078,100	4,331,400
Premium on proceeds of borrowing	142,003	152,510
Principal repayments related to capital purposes	(3,704,647)	(4,282,754)
Interest paid	(150,580)	(369,062)
Net cash from capital and related financing activities	<u>(4,684,859)</u>	<u>(3,490,733)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>(8,013)</u>	<u>366,978</u>
Net change in cash and cash equivalents	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

WMVS - WMVT-TV

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (4,003,796)	\$ (4,688,270)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	4,250,590	4,427,708
Changes in assets, deferred outflows, liabilities and deferred inflows		
Accounts receivable	(817,051)	(468,320)
Due from other funds	1,031,895	(985,646)
Accrued liabilities	(105,766)	(28,130)
Accounts payable	113,958	(9,640)
Accrued interest	18,011	-
Deferred outflows	(1,328,520)	(1,180,554)
Deferred inflows	3,344,947	(228,290)
Net OPEB liability	(71,846)	(220,843)
Net pension liability (asset)	(1,917,923)	1,930,463
Unearned revenue	186,754	11,199
Net cash from operating activities	<u>\$ 701,253</u>	<u>\$ (1,440,323)</u>
Noncash investing activities		
Unrealized realized gains (losses) on investments held by Foundation	<u>\$ (8,013)</u>	<u>\$ 72,338</u>
Noncash capital related financing activities		
Transfers in related to capital purposes	<u>\$ 301,403</u>	<u>\$ 149,083</u>

See accompanying notes to financial statements

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 1 –NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

WMVS – WMVT-TV (the Stations) are operated by and reported as an enterprise fund of the Milwaukee Area Technical College District (MATC), Milwaukee, Wisconsin.

Basis of Presentation

The financial statements of WMVS – WMVT-TV have been prepared for the sole purpose of complying with the request of the Corporation for Public Broadcasting and are intended to present the financial position, results of operations and cash flows of only that portion of the financial reporting entity of the Milwaukee Area Technical College District that is attributable to the WMVS – WMVT television stations. The services of the Stations are provided primarily through user charges, property taxes, grants and gifts.

The accrual basis of accounting is used by the enterprise fund whereby revenues are recognized when earned and expenses are recorded when liabilities are incurred. In addition, depreciation and amortization expense are also recognized by the enterprise fund.

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

Measurement Focus

The measurement focus of enterprise funds is the cost of service concept. Under the cost of service concept, revenues and expenses are matched using the accrual basis of accounting. All capital assets are capitalized at historical cost and those capital assets accounted for in the Enterprise Funds are depreciated over their useful lives. In addition, programming rights are capitalized and amortized over the contract period.

Classification of Revenue and Expense

Operating revenues/expenses: Operating revenues and expenses include activities that have the characteristics of exchange transactions to provide goods or services related to the Stations principal ongoing operations. Operating revenues include (1) fees for services; (2) contributed support; and (3) underwriting income. Operating expenses include the cost of providing programming, production, broadcasting, administration expenses, and depreciation on capital assets.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 1 –NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Revenue and Expense (cont.)

Nonoperating revenues/expenses: Nonoperating revenues and expenses include activities that have the characteristics of no exchange transactions. Nonoperating revenues include (1) gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and the local property tax levy, and (2) any grants that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital programs. Nonoperating expenses include interest on long-term obligations.

Implementation of GASB 89.

In June 2018, the GASB issued statement No. 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was implemented July 1, 2019.

Cash and Cash Equivalents

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

Television Station Plant and Equipment

Television station plant and equipment is recorded at cost or, in the case of donated property, at its estimated fair value at the date received. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets ranging from five to twenty years. Expenses for repairs and maintenance are charged to expense as incurred.

Programming Rights

Programming rights are recorded at cost and amortized on the straight-line basis over the estimated useful lives of the programming rights ranging from two to five years.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

State Revenues

State aid is recorded as revenue when received or in the year for which the grant is intended.

Restricted grants are recorded as revenue when the legal and contractual requirements of the program are met. There are essentially two types of restricted grants. In one, monies must be expended on the specific purpose or project before any amounts will be paid; therefore, revenues are recognized when the expenses are incurred. In the other, monies are virtually unrestricted as to purpose of expense and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the amount is measurable and will be available to pay liabilities of the current period.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 1 –NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue

The Stations report unavailable or unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Compensated Absences

Employees are granted vacation and sick leave benefits in varying amounts in accordance with the provisions of the employee handbook and District policy. Liabilities for vacation and salary related payments, including social security taxes, are recorded when incurred. Vacation benefits lapse if not utilized in the year subsequent to that in which they are earned. In the event of retirement or death, the District is obligated to pay all unused vacation benefits.

In the event of retirement of an employee, the District is obligated to pay one half of unused sick leave up to 45 days at the current salary rate. The District has accrued sick leave and salary related payments based on the District's prior experience with employees remaining and receiving payment. The accrued sick leave is the amount reasonably expected to be paid out. The liability for sick leave consists of current and long-term portions. The current portion has been estimated based on prior experience. See Footnote No. 3 for outstanding balances as of June 30, 2020 and 2019.

Deferred Inflow of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The CPB service grant covers a two-year period. That portion of CPB funding received in advance of the year of intended use is deferred.

Underwriting Income

Underwriting income (i.e., airtime and program acquisitions and productions) is recorded as revenue when the cash is received.

Indirect Administrative Support

Indirect support from MATC consists of allocated institutional support and physical plant costs incurred by MATC for which the Stations receive benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses and Changes in Net Position as contributed support and also as expense in the management and general functional expense category.

Contributed Capital

Contributed capital reported in the financial statements represent capital asset acquisitions made by the MATC Capital Projects Fund and other external parties, transferred to the Enterprise Fund, free and clear of any long-term debt used to acquire the assets.

Pensions

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

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 1 –NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Postemployment Benefits Other than Pensions

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District OPEB Plan and additions to/deduction from District OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by District OPEB plan. For this purpose, District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Net Position

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less unexpended proceeds of long-term debt.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources as they are needed.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 2 –CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2020 and 2019 are as follows:

Capital assets being depreciated	Balance 7/1/19	Additions	Deletions	Balance 6/30/20
Building improvements	\$ 2,250,297	\$ -	\$ -	\$ 2,250,297
Transmission equipment	12,700,930	-	-	12,700,930
Equipment	19,817,751	1,402,659	-	21,220,410
Programming rights	9,808,307	2,948,480	(2,544,629)	10,212,158
Total Capital Assets Being Depreciated/Amortized	44,577,285	4,351,139	(2,544,629)	46,383,795
Less: Accumulated Depreciation /Amortization	(33,203,942)	(4,250,590)	2,544,629	(34,909,903)
Total Capital Assets, Net of Depreciation/Amortization	\$ 11,373,344	\$ 100,549	\$ -	\$ 11,473,892
Capital assets being depreciated	Balance 7/1/18	Additions	Deletions	Balance 6/30/19
Building improvements	\$ 2,250,297	\$ -	\$ -	\$ 2,250,297
Transmission equipment	12,700,930	-	-	12,700,930
Equipment	20,155,564	771,562	(1,109,375)	19,817,751
Programming rights	28,544,518	2,700,348	(21,436,559)	9,808,307
Total Capital Assets Being Depreciated/Amortized	63,651,309	3,471,910	(22,545,934)	44,577,285
Less: Accumulated Depreciation/Amortization	(51,316,138)	(4,427,708)	22,539,904	(33,203,942)
Total Capital Assets, Net of Depreciation/Amortization	\$ 12,335,171	\$ (955,798)	\$ (6,030)	\$ 11,373,344

Accumulated depreciation by class or function is not available.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 3 –LONG-TERM OBLIGATIONS

Long-term obligations activity for the years ended June 30, 2020 and 2019 are as follows:

	Balance 7/1/19	Additions	Deletions	Balance 6/30/20	Amounts Due Within One Year
Notes Payable	\$ 6,078,317	\$ 3,078,100	\$ 3,704,647	\$ 5,451,770	\$ 2,214,918
Plus:					
Unamortized premium	185,843	142,003	137,513	190,332	-
Total Notes Payable	6,264,160	3,220,103	3,842,160	5,642,102	2,214,918
Compensated absences	180,508	-	21,133	159,375	20,718
Net pension liability	1,051,061	-	1,051,061	-	-
Net OPEB liability	2,863,050	-	71,846	2,791,204	-
Total	\$ 10,358,779	\$ 3,220,103	\$ 4,986,200	\$ 8,592,681	\$ 2,235,636

	Balance 7/1/18	Additions	Deletions	Balance 6/30/19	Amounts Due Within One Year
Notes Payable	\$ 6,029,670	\$ 4,331,400	\$ 4,282,753	\$ 6,078,317	\$ 2,401,585
Plus:					
Unamortized premium	160,382	152,510	127,048	185,843	92,410
Total Notes Payable	6,190,052	4,483,910	4,409,801	6,264,160	2,493,995
Compensated absences	290,279	-	109,771	180,508	25,012
Net pension liability	-	1,051,061	-	1,051,061	-
Net OPEB liability	3,083,893	-	220,843	2,863,050	-
Total	\$ 9,564,224	\$ 5,534,971	\$ 4,740,415	\$ 10,358,779	\$ 2,519,007

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 3 –LONG-TERM OBLIGATIONS (continued)

Principal and interest is payable from irrevocable ad-valorem taxes levied on all taxable property in the Milwaukee Area Technical College District. Bonds payable represent the portion of MATC's long-term debt being repaid by the television enterprise fund as follows:

	2020	2019
2015-16C general obligation promissory notes, interest at 2.0 to 3%, annual amounts from \$3,280,000 to \$3,700,000 due on June 1 through 2020 (a)	\$ -	\$ 674,222
2016-17C general obligation promissory notes, interest at 2.0 to 3.0%, annual amounts from \$2,935,000 to \$3,445,000 due on June 1 through 2021 (b)	627,256	1,229,930
2017-18C general obligation promissory notes, interest at 2.0 to 4.0%, annual amounts from \$2,960,000 to \$6,450,000 due on June 1 through 2022 (c)	1,139,811	1,676,391
2018-19C general obligation promissory notes, interest at 3.0 to 4.0%, annual amounts from \$2,935,000 to \$6,590,000 due on June 1 through 2023 (d)	1,909,666	2,497,774
2019-20C general obligation promissory notes, interest at 2.0 to 4.0%, annual amounts from \$2,985,000 to \$6,590,000 due on June 1 through 2024 (e)	1,775,037	-
Total outstanding payable notes	5,451,770	6,078,317
Unamortized premium	190,332	185,843
	<u>\$ 5,642,102</u>	<u>\$ 6,264,160</u>

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 3 –NOTES PAYABLE (continued)

- (a) The General Obligation Promissory Notes dated September 15, 2015, were issued for \$22,500,000 moveable equipment and to finance building remodeling and improvement projects. Semi-annual interest payments are to be made on June 1 and December 1 of each year.
- (b) The General Obligation Promissory Notes dated September 15, 2016, were issued for \$22,500,000 moveable equipment and to finance building remodeling and improvement projects. Semi-annual interest payments are to be made on June 1 and December 1 of each year.
- (c) The General Obligation Promissory Notes dated September 12, 2017, were issued for \$22,500,000 moveable equipment and to finance building remodeling and improvement projects. Semi-annual interest payments are to be made on June 1 and December 1 of each year.
- (d) The General Obligation Promissory Notes dated September 12, 2018, were issued for \$22,500,000 moveable equipment and to finance building remodeling and improvement projects. Semi-annual interest payments are to be made on June 1 and December 1 of each year.
- (e) The General Obligation Promissory notes, 2.0% to 4.0%, payable in annual installments of \$2,985,000 to \$6,590,000, plus interest, to June 1, 2024 (issued for \$22,500,000 on September 12, 2019, through R.W. Baird & Co., to finance movable equipment, building remodeling and improvement projects).

Debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2021	\$ 2,214,918	\$ 216,135	\$ 2,431,053
2022	1,651,884	141,598	1,793,482
2023	1,114,362	63,399	1,177,761
2024	470,607	18,824	489,431
	<u>\$ 5,451,770</u>	<u>\$ 439,956</u>	<u>\$ 5,891,727</u>

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 4 –INCOME TAXES

MATC, including the activities of its television stations, is exempt from federal and state income taxes under Section 115(2) of the Internal Revenue Code.

NOTE 5 –COMMITMENTS AND CONTINGENCIES

MATC has entered into a 50 year lease for shared use of a private transmitter tower located on land owned by MATC. Under the terms of the lease, which expires in 2030, no rent is charged; however, the Stations are committed to share annual transmitter repair and maintenance costs on an equal basis with the lessor.

NOTE 6 –RISK MANAGEMENT

WMVS – WMVT-TV is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors, and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Districts Mutual Insurance Company (DMI)

In July 2004, all sixteen WTCS technical colleges created Districts Mutual Insurance Company (DMI). Districts Mutual Insurance Company is a fully-assessable mutual company authorized under Wisconsin statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$400,000 per occurrence; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

Details of the plan are disclosed in the basic financial statements of the MATC for the years ended June 30, 2020 and 2019.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 7 –WISCONSIN RETIREMENT SYSTEM – CURRENT YEAR

This note represents the District Wide Milwaukee Area Technical College proportionate share of the WRS net pension liability/(asset) and related inflows/outflows. WMVS-WMVT- TV does participate within the plan. WMVS-WMVT- TV's proportionate share is represented on the face of the financial statements.

Plan description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. Chapter 40 of the Wisconsin Statutes establishes WRS benefits and other plan provisions. 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 1200 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.

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 State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 7 – WISCONSIN RETIREMENT SYSTEM – CURRENT YEAR (CONTINUED)

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

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22%
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17
2019	0	(10)

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

During the reporting period, the WRS recognized \$7,393,435 in contributions from the employer.

Contribution rates for the year ended June 30, 2020 are:

	Employee	Employer
July 1, 2019 – December 31, 2019	6.55%	6.55%
January 1, 2020 - June 30, 2020	6.75%	6.75%

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 7 –WISCONSIN RETIREMENT SYSTEM – CURRENT YEAR (CONTINUED)

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

At June 30, 2020, the District reported an asset of \$23,391,244 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers.

At December 31, 2019, the District's proportion was 0.72543216%, which was a decrease of 0.02555542% from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$9,405,599.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 44,401,930	\$ 22,220,194
Changes in assumptions	1,822,799	-
Net differences between projected and actual earnings on pension plan investments	-	47,820,020
Changes in proportion and differences between employer contributions and proportionate share of contributions	280,463	154,740
Employer contributions subsequent to the measurement date	3,846,522	-
Total	\$ 50,351,714	\$ 70,194,954

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 7 – WISCONSIN RETIREMENT SYSTEM – CURRENT YEAR (CONTINUED)

\$3,846,522 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (6,872,286)
2022	(5,299,420)
2023	805,068
2024	(12,323,124)

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension asset for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 7 –WISCONSIN RETIREMENT SYSTEM – CURRENT YEAR (CONTINUED)

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

Asset Allocation Targets and Expected Returns

As of December 31, 2019

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

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

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 7 –WISCONSIN RETIREMENT SYSTEM – CURRENT YEAR (CONTINUED)

Single Discount rate - A single discount rate of 7.0% was used to measure the total pension liability (asset) for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.0% and a long-term bond rate of 2.75%. Because of the unique structure of WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
MATC's proportionate share of the net pension liability (asset)	\$ 60,236,635	\$ (23,391,244)	\$ (85,912,702)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 18-11.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 8 – WISCONSIN RETIREMENT SYSTEM – PRIOR YEAR

This note represents the District Wide Milwaukee Area Technical College proportionate share of the WRS net pension liability/(asset) and related inflows/outflows. WMVS-WMVT-TV does participate within the plan. WMVS-WMVT-TV's proportionate share is represented on the face of the financial statements.

Plan description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. Chapter 40 of the Wisconsin Statutes establishes WRS benefits and other plan provisions. 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 1200 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.

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 State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 8 –WISCONSIN RETIREMENT SYSTEM – PRIOR YEAR (CONTINUED)

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1%)	(42%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17

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

During the reporting period, the WRS recognized \$7,483,882 in contributions from the employer.

Contribution rates for the year ended June 30, 2019 are:

	Employee	Employer
July 1, 2018 - December 31, 2018	6.70%	6.70%
January 1, 2019 - June 30, 2019	6.55%	6.55%

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

At June 30, 2019, the District reported a liability of \$26,717,783 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 8 –WISCONSIN RETIREMENT SYSTEM – PRIOR YEAR (CONTINUED)

share of contributions to the pension plan relative to the contributions of all participating employers.

At December 31, 2018, the District's proportion was 0.75098758%, which was a decrease of 0.02018534% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$18,447,549.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 20,809,108	\$ 36,783,019
Changes in assumptions	4,503,642	-
Net differences between projected and actual earnings on pension plan investments	39,019,492	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	791,544	45,116
Employer contributions subsequent to the measurement date	3,982,301	-
Total	\$ 69,106,087	\$ 36,828,135

\$3,982,301 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$10,461,828
2021	2,747,341
2022	4,383,548
2023	10,702,934

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 8 –WISCONSIN RETIREMENT SYSTEM – PRIOR YEAR (CONTINUED)

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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:

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 8 – WISCONSIN RETIREMENT SYSTEM – PRIOR YEAR (CONTINUED)

Asset Allocation Targets and Expected Returns

As of December 31, 2018

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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

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

Single Discount rate - A single discount rate of 7.0% was used to measure the total pension liability, as opposed to a discount rate of 7.2% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.0% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability paid.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 8 – WISCONSIN RETIREMENT SYSTEM – PRIOR YEAR (CONTINUED)

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

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
MATC's proportionate share of the net pension liability (asset)	\$ 106,179,272	\$ 26,717,783	\$ (32,367,995)

NOTE 9 – OTHER POSTRETIREMENT BENEFITS – CURRENT YEAR

This note represents the District Wide Milwaukee Area Technical College proportionate share of the OPEB liability/(asset) and related inflows/outflows. WMVS-WMVT-TV does participate within the plan. WMVS-WMVT-TV's proportionate share is represented on the face of the financial statements.

Information in this note includes the disclosures for Milwaukee Area Technical College OPEB Trust required by GASB Statement No. 74 and No. 75.

(a) Plan Description

Plan administration - The District administers the Milwaukee Area Technical College OPEB Trust, a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible teachers and administrators.

Management of the OPEB Trust is vested in the Investment and OPEB Oversight Committee, which is comprised of the Vice President of Finance, District Board Treasurer and General Counsel.

Benefits provided - The plan provides medical and life insurance benefits to eligible retirees and their spouses through the District's group medical and life insurance plans, which cover both active and retired members. The eligibility requirements and the amount of the benefit vary based on retiree's position, years of service, and age at retirement. If eligible, the retiree may receive half of the medical insurance benefits paid once they reach the age of 65. The plan is administered by the District. The MATC Post-Employment Benefits Trust is accounted for and prescribed as a fiduciary fund and does not issue a stand-alone financial report. Plan eligibility is as follows:

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 9 – OTHER POSTRETIREMENT BENEFITS– CURRENT YEAR (CONTINUED)***Eligibility (Medical):***

Group	Subsidy Provided*	Age Requirement	Service Requirement
Faculty, Paraprofessionals (former 212) hired prior to 2/16/2014	Yes	55	15
Faculty, Paraprofessionals (former 212) hired between 2/16/2014 - 6/30/2015	Yes	60	20
Faculty, Paraprofessionals (former 212) hired on/after 7/1/2015	No	N/A	N/A
Staff (former 587) hired prior to 7/24/2007	Yes	55	20
Staff (former 587) hired between 7/24/2007 - 3/6/2013	Yes	60	20
Staff (former 587) hired on/after 3/7/2013	No	N/A	N/A
Administrator (former NR) hired prior to 1/1/2008	Yes	55	20
Administrator (former NR) hired between 1/1/2008 - 7/26/2013	Yes	60	20
Administrator (former NR) hired on/after 7/27/2013	No	N/A	N/A
MPTV (former 715) hired prior to 1/1/2008	Yes	55	20
MPTV (former 715) hired between 1/1/2008 - 3/21/2013	Yes	60	20
MPTV (former 715) hired on/after 3/22/2013	No	N/A	N/A

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 9 – OTHER POSTRETIREMENT BENEFITS— CURRENT YEAR (CONTINUED)***Eligibility (Life):***

Group	Life Insurance
Faculty, Paraprofessionals (former 212) hired prior to 7/1/2015	Yes
Faculty, Paraprofessionals (former 212) hired on/after 7/1/2015	No
Staff (former 587) hired prior to 3/7/2013	Yes
Staff (former 587) hired on/after 3/7/2013	No
Administrator (former NR) hired prior to 7/27/2013	Yes
Administrator (former NR) hired on/after 7/27/2013	No
MPTV (former 715) hired prior to 3/22/2013	Yes
MPTV (former 715) hired on/after 3/22/2013	No

Basis of accounting

The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Contributions

The MATC District Board grants the authority to establish and amend the contribution requirements of the District. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2019 and 2018, the District's average contribution rate was 8.99 percent and 8.4 percent of covered-employee payroll, respectively. Plan members are required to contribute to the plan.

Investment policy

The Trust's policy concerning the allocation of invested assets is established and may be amended by the MATC Board. It is the policy of the MATC Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Securities held in the Trust need not represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification the Securities of any company or government agency cannot exceed 10% (at Cost) of a

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 9 – OTHER POSTRETIREMENT BENEFITS– CURRENT YEAR (CONTINUED)

manager's total product, and no more than 40% of the total product may be invested in any one industry sector. Individual Securities may represent 50% of the total Product, while the total allocation to Treasury bond and notes may vary up to 100% of the Fund's Aggregate bond position.

Concentrations

The investment portfolio included the following concentrations over 5%:

Issuer	Investment Type	Percentage of Portfolio	
		2020	2019
PFM Multi Mgr Domestic Eq Fund	Mutual Fund Equity	46.3%	48.0%
PFM Multi Mgr Fixed Income Fund	Mutual Fund Fixed Income	25.6%	25.0%
PFM Multi Mgr International Eq Fund	ETF Equity	22.3%	24.0%

Rate of return

For the year ended June 30, 2020 and 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.61 percent and 5.19 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 9 – OTHER POSTRETIREMENT BENEFITS– CURRENT YEAR (CONTINUED)

(b) Net and Total OPEB liability of the Milwaukee Area Technical College District

Actuarial assumptions - The net OPEB liability and total OPEB liability were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Measurement dates	
For June 30, 2020 liabilities	June 30, 2020
For June 30, 2019 liabilities	June 30, 2019
Actuarial valuation date	July 1, 2019
Inflation	2.0 percent
Salary increases	2.0 percent
Investment rate of return	5.0 percent
Healthcare cost trend rates	8.0 percent initially, decreasing to an ultimate rate of 5.0 percent in 2023

As of June 30, 2019, the mortality rates are from the sex distinct RP-2014 White Collar Mortality table fully generational with projection scale MP2018. Prior to June 30, 2019 mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. The actuarial assumptions used in the June 30, 2019 and 2018; valuations were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2017.

Discount rate

The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Single Rate option

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 plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 9 – OTHER POSTRETIREMENT BENEFITS– CURRENT YEAR (CONTINUED)

Components of the Net and Total OPEB Liability

The components of the net and total OPEB liability of the District at June 30, 2020 and 2019 were as follows:

	2020	2019
Total OPEB Liability	\$ 134,595,723	\$ 133,079,903
Plan Fiduciary Net Position	(36,699,493)	(33,306,567)
Net OPEB Liability	<u>\$ 97,896,230</u>	<u>\$ 99,773,336</u>
Plan Fiduciary Net Position as a percent of Total OPEB Liability	27.27%	25.03%

Components of and Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2019	<u>\$ 133,079,903</u>	<u>\$ 33,306,567</u>	<u>\$ 99,773,336</u>
Changes for the year			
Service cost	1,358,197	-	1,358,197
Interest	7,927,836	-	7,927,836
Differences between expected and actual experience	(7,573,816)	(632,324)	(6,941,492)
Contributions - employer subsidy		6,822,193	
Expected Investment Income		1,998,394	(1,998,394)
Changes in assumptions	4,598,940		4,598,940
Benefit payments	(4,572,479)	(4,572,479)	-
Administrative expense	(222,858)	(222,858)	-
Net changes	<u>1,515,820</u>	<u>3,392,926</u>	<u>(1,877,106)</u>
Balance at June 30, 2020	<u>\$ 134,595,723</u>	<u>\$ 36,699,493</u>	<u>\$ 97,896,230</u>

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 9 – OTHER POSTRETIREMENT BENEFITS— CURRENT YEAR (CONTINUED)

**(b) Net and Total OPEB liability of the Milwaukee Area Technical College District
(continued)**

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.0 percent) or 1-percentage-point higher (7.0 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(4.00%)	(5.00%)	(6.00%)
Net OPEB Liability as of June 30, 2020	\$ 116,510,062	\$ 97,896,230	\$ 82,780,131

	1% Decrease	Discount Rate	1% Increase
	(5.00%)	(6.00%)	(7.00%)
Net OPEB Liability as of June 30, 2019	\$ 118,482,143	\$ 99,773,336	\$ 84,540,174

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (9.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost	1% Increase
	(7.00% Decreasing	Trend Rates	(9.00% Decreasing
	to 4.00%)	(8.00% Decreasing	to 6.00%)
		to 5.00%)	
Net OPEB Liability as of June 30, 2020	\$ 83,025,131	\$ 97,896,230	\$ 116,123,830

	1% Decrease	Healthcare Cost	1% Increase
	(6.50% Decreasing	Trend Rates	(8.50% Decreasing
	to 3.50%)	(7.50% Decreasing	to 5.50%)
		to 4.50%)	
Net OPEB Liability as of June 30, 2019	\$ 83,581,522	\$ 99,773,336	\$ 119,713,699

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 9 – OTHER POSTRETIREMENT BENEFITS– CURRENT YEAR (CONTINUED)

(c) OPEB expense and deferred outflows of resources and deferred inflows resources related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expenses of \$1,877,106. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,449,960
Changes in assumptions	3,688,258	2,139,931
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>199,853</u>
Total	<u>\$ 3,688,258</u>	<u>\$ 8,789,744</u>

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

Year Ended June 30	
2021	\$ (1,781,145)
2022	(1,781,145)
2023	(991,477)
2024	(518,259)
2025	<u>(29,460)</u>
Total	<u>\$ (5,101,486)</u>

(d) Payable to the Plan

The District did have a payable for the outstanding amount of contributions to the District OPEB Trust required for the year ended June 30, 2020 in the amount of \$1,000,000.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 10 – OTHER POSTRETIREMENT BENEFITS— PRIOR YEAR

This note represents the District Wide Milwaukee Area Technical College proportionate share of the OPEB liability/(asset) and related inflows/outflows. WMVS-WMVT- TV does participate within the plan. WMVS-WMVT-TV's proportionate share is represented on the face of the financial statements.

Information in this note includes the disclosures for Milwaukee Area Technical College OPEB Trust required by GASB Statement No. 74 and No. 75.

(a) Plan Description

Plan administration - The District administers the Milwaukee Area Technical College OPEB Trust, a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible teachers and administrators.

Management of the OPEB Trust is vested in the Investment and OPEB Oversight Committee, which is comprised of the Vice President of Finance, District Board Treasurer and General Counsel.

Benefits provided - The plan provides medical and life insurance benefits to eligible retirees and their spouses through the District's group medical and life insurance plans, which cover both active and retired members. The eligibility requirements and the amount of the benefit vary based on retiree's position, years of service, and age at retirement. If eligible, the retiree may receive half of the medical insurance benefits paid once they reach the age of 65. The plan is administered by the District. The MATC Post-Employment Benefits Trust is accounted for and prescribed as a fiduciary fund and does not issue a stand-alone financial report. Plan eligibility is as follows:

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 10 – OTHER POSTRETIREMENT BENEFITS– PRIOR YEAR (CONTINUED)***Eligibility (Medical):***

Group	Subsidy Provided*	Age Requirement	Service Requirement
Faculty, Paraprofessionals (former 212) hired prior to 2/16/2014	Yes	55	15
Faculty, Paraprofessionals (former 212) hired between 2/16/2014 - 6/30/2015	Yes	60	20
Faculty, Paraprofessionals (former 212) hired on/after 7/1/2015	No	N/A	N/A
Staff (former 587) hired prior to 7/24/2007	Yes	55	20
Staff (former 587) hired between 7/24/2007 - 3/6/2013	Yes	60	20
Staff (former 587) hired on/after 3/7/2013	No	N/A	N/A
Administrator (former NR) hired prior to 1/1/2008	Yes	55	20
Administrator (former NR) hired between 1/1/2008 - 7/26/2013	Yes	60	20
Administrator (former NR) hired on/after 7/27/2013	No	N/A	N/A
MPTV (former 715) hired prior to 1/1/2008	Yes	55	20
MPTV (former 715) hired between 1/1/2008 - 3/21/2013	Yes	60	20
MPTV (former 715) hired on/after 3/22/2013	No	N/A	N/A

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 10 – OTHER POSTRETIREMENT BENEFITS– PRIOR YEAR (CONTINUED)**(a) Plan Description (continued)*****Eligibility (Life):***

Group	Life Insurance
Faculty, Paraprofessionals (former 212) hired prior to 7/1/2015	Yes
Faculty, Paraprofessionals (former 212) hired on/after 7/1/2015	No
Staff (former 587) hired prior to 3/7/2013	Yes
Staff (former 587) hired on/after 3/7/2013	No
Administrator (former NR) hired prior to 7/27/2013	Yes
Administrator (former NR) hired on/after 7/27/2013	No
MPTV (former 715) hired prior to 3/22/2013	Yes
MPTV (former 715) hired on/after 3/22/2013	No

Basis of accounting

The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Contributions

The MATC District Board grants the authority to establish and amend the contribution requirements of the District. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2019 and 2018, the District's average contribution rate was 8.99 percent and 8.4 percent of covered-employee payroll, respectively. Plan members are required to contribute to the plan.

Investment policy

The Trust's policy concerning the allocation of invested assets is established and may be amended by the MATC Board. It is the policy of the MATC Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Securities held in the Trust need not represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification the Securities of any company or government agency cannot exceed 10% (at Cost) of a

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 10 – OTHER POSTRETIREMENT BENEFITS— PRIOR YEAR (CONTINUED)

manager's total product, and no more than 40% of the total product may be invested in any one industry sector. Individual Securities may represent 50% of the total Product, while the total allocation to Treasury bond and notes may vary up to 100% of the Fund's Aggregate bond position.

Concentrations

The investment portfolio included the following concentrations over 5%:

Issuer	Investment Type	Percentage of Portfolio	
		2019	2018
PFM Multi Mgr Domestic Eq Fund	Mutual Fund Equity	48.0%	0.0%
PFM Multi Mgr Fixed Income Fund	Mutual Fund Fixed Income	25.0%	0.0%
PFM Multi Mgr International Eq Fund	ETF Equity	24.0%	0.0%
Fidelity Salem Street Trust	Mutual Fund Equity	0.0%	9.5%
Fidelity Large Cap Value Index	Mutual Fund Equity	0.0%	9.2%
Fidelity Concord Street Trust	Mutual Fund Equity	0.0%	7.2%
Touchstone Sands Cap Growth Fund	Mutual Fund Fixed Income	0.0%	5.5%
T Rowe Price Large Cap Growth Fund	Mutual Fund Fixed Income	0.0%	5.3%
Glenmede Large Cap Growth Fund	Mutual Fund Fixed Income	0.0%	4.9%

Rate of return

For the year ended June 30, 2019 and 2018, the annual money-weighted rate of return on investments, net of investment expense, was 5.19 percent and 11.33 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 10 – OTHER POSTRETIREMENT BENEFITS— PRIOR YEAR (CONTINUED)

(b) Net and Total OPEB liability of the Milwaukee Area Technical College District

Actuarial assumptions - The net OPEB liability and total OPEB liability were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Measurement dates	
For June 30, 2019 liabilities	June 30, 2019
For June 30, 2018 liabilities	June 30, 2018
Actuarial valuation date	July 1, 2017
Inflation	2.0 percent
Salary increases	2.0 percent, average, including inflation
Investment rate of return	5.19 percent, net OPEB plan investment expense, including inflation
Healthcare cost trend rates	Medical: 7.5 percent to grade uniformly to 4.5 percent over a 6 year trend

As of June 30, 2019, the mortality rates are from the sex distinct RP-2014 White Collar Mortality table fully generational with projection scale MP2018. Prior to June 30, 2019 mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. The actuarial assumptions used in the June 30, 2019 and 2018; valuations were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2017.

Discount rate

The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Single Rate option

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 plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 10 – OTHER POSTRETIREMENT BENEFITS— PRIOR YEAR (CONTINUED)

Components of the Net and Total OPEB Liability

The components of the net and total OPEB liability of the District at June 30, 2019 and 2018 were as follows:

	2019	2018
Total OPEB Liability	\$ 133,079,903	\$ 135,550,433
Plan Fiduciary Net Position	(33,306,567)	(30,101,213)
Net OPEB Liability	\$ 99,773,336	\$ 105,449,220
Plan Fiduciary Net Position as a percent of Total OPEB Liability	25.03%	22.21%

Components of and Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of June 30, 2018	\$ 135,550,433	\$ 30,101,213	\$ 105,449,220
Changes for the year			
Service cost	1,574,694	-	1,574,694
Interest	6,692,663	-	6,692,663
Differences between expected and actual experience	(275,064)	-	(275,064)
Changes in assumption and other inputs	(3,838,289)	-	(3,838,289)
Contributions - employer	-	8,268,691	(8,268,691)
Net investment income	-	1,561,197	(1,561,197)
Benefit payments	(6,624,534)	(6,412,060)	(212,474)
Administrative expense	-	(212,474)	212,474
Net changes	(2,470,530)	3,205,354	(5,675,884)
Balance at June 30, 2019	\$ 133,079,903	\$ 33,306,567	\$ 99,773,336

WMVS – WMVT-TV

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 10 – OTHER POSTRETIREMENT BENEFITS— PRIOR YEAR (CONTINUED)

(b) Net and Total OPEB liability of the Milwaukee Area Technical College District (continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability as of June 30, 2019	\$ 118,482,143	\$ 99,773,336	\$ 84,540,174

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability as of June 30, 2018	\$ 146,857,641	\$ 105,449,220	\$ 75,721,650

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.50% Decreasing to 3.50%)	Healthcare Cost Trend Rates (7.50% Decreasing to 4.50%)	1% Increase (8.50% Decreasing to 5.50%)
Net OPEB Liability as of June 30, 2019	\$ 83,581,522	\$ 99,773,336	\$ 119,713,699

	1% Decrease (7.00% Decreasing to 4.00%)	Healthcare Cost Trend Rates (8.00% Decreasing to 5.00%)	1% Increase (9.00% Decreasing to 6.0%)
Net OPEB Liability as of June 30, 2018	\$ 90,799,529	\$ 105,449,220	\$ 122,859,685

WMVS – WMVT-TV**NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended June 30, 2020 and 2019

NOTE 10 – OTHER POSTRETIREMENT BENEFITS— PRIOR YEAR (CONTINUED)**(c) OPEB expense and deferred outflows of resources and deferred inflows resources related to OPEB (continued)**

For the year ended June 30, 2019, the District recognized OPEB expenses of \$5,675,884. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 492,404
Changes in assumptions		2,989,110
Net difference between projected and actual earnings on OPEB plan investments	-	1,058,569
Total	<u>\$ -</u>	<u>\$ 4,540,083</u>

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

Year Ended June 30	
2020	\$ (1,318,530)
2021	(1,318,530)
2022	(1,318,528)
2023	(528,856)
2024	(55,639)
Total	<u>\$ (4,540,083)</u>

(d) Payable to the Plan

The District did have a payable for the outstanding amount of contributions to the District OPEB Trust required for the year ended June 30, 2019 in the amount of \$2,000,000.

REQUIRED SUPPLEMENTARY INFORMATION

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MILWAUKEE AREA TECHNICAL COLLEGE DISTRICT

SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND CONTRIBUTIONS

As of and for the years ended June 30, 2020 and 2019

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.72543216%	0.75098758%	0.77117292%	0.78316003%	0.81721999%	0.855349490%
Proportionate share of the net pension liability (asset)	\$ (23,391,244)	\$ 26,717,783	\$ (22,897,039)	\$ 6,455,108	\$ 13,279,666	\$ (21,003,946)
Covered employee payroll	\$ 112,868,151	\$ 111,634,556	\$ 110,658,697	\$ 113,221,442	\$ 111,687,265	\$ 109,043,390
Employer's proportionate share of the net pension liability (asset)						
percentage of its covered payroll	20.72%	23.93%	20.69%	5.70%	11.89%	19.26%
Plan fiduciary net position as percentage of the total pension liability	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

Schedule of Contributions - Wisconsin Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 7,485,545	\$ 7,483,882	\$ 7,426,406	\$ 7,611,658	\$ 7,662,571	\$ 7,643,646
Contributions in relation to the contractually required contributions	\$ (7,485,545)	\$ (7,483,882)	\$ (7,426,406)	\$ (7,611,658)	\$ (7,662,571)	\$ (7,643,646)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 112,553,252	\$ 113,305,120	\$ 110,782,554	\$ 110,377,761	\$ 110,788,839	\$ 111,227,194
Contribution as a percentage of covered-employee payroll	6.65%	6.61%	6.70%	6.90%	6.92%	6.87%

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Milwaukee Area Technical College

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
As of and for the years ended June 30, 2020 and 2019

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 1,358,197	\$ 1,574,694	\$ 1,321,231	\$ 1,258,315
Interest	7,927,836	6,692,663	6,473,329	6,392,187
Differences between expected and actual experience	(7,573,816)	(275,064)	(389,473)	(57,500)
Changes of assumptions and other inputs	4,598,940	(3,838,289)	-	-
Benefit payments	(4,572,479)	(6,412,060)	(5,521,427)	(6,748,858)
Administrative Expenses	(222,858)	(212,474)	(511,650)	(253,683)
Net Change in Total OPEB Liability	1,515,820	(2,470,530)	1,372,010	590,461
Total OPEB Liability - Beginning	133,079,903	135,550,433	134,178,423	133,587,962
Total OPEB Liability - Ending (a)	\$ 134,595,723	\$ 133,079,903	\$ 135,550,433	\$ 134,178,423
Plan Fiduciary Net Position				
Contributions	\$ 6,822,193	\$ 8,268,691	\$ 7,580,617	\$ 9,380,577
Net investment income	1,366,070	1,561,197	3,010,870	3,143,569
Benefit payments	(4,572,479)	(6,412,060)	(6,033,077)	(9,406,516)
Administrative expenses	(222,858)	(212,474)	(511,650)	(253,681)
Net Change in Plan Fiduciary Net Position	3,392,926	3,205,354	4,046,760	2,863,945
Plan Fiduciary Net Position - Beginning	33,306,567	30,101,213	26,054,453	23,190,508
Plan Fiduciary Net Position - Ending (b)	\$ 36,699,493	\$ 33,306,567	\$ 30,101,213	\$ 26,054,453
Net OPEB Liability - Ending (a) - (b)	\$ 97,896,230	\$ 99,773,336	\$ 105,449,220	\$ 108,123,970
Plan fiduciary net position as a percentage of the total OPEB liability	27.27%	25.03%	22.21%	19.42%
Covered-employee payroll				
	\$ 83,937,190	\$ 91,998,007	\$ 90,194,124	\$ 88,425,612
Net OPEB liability as a percentage of covered-employee payroll	116.63%	108.45%	116.91%	122.28%

Notes to Schedule:

The District implemented GASB Statement No. 74 in fiscal year 2017. The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior is not available.

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Milwaukee Area Technical College

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB
As of and for the years ended June 30, 2020 and 2019

	2020	2019	2018	2017
Actuarially determined contribution	\$ 7,495,382	\$ 6,896,186	\$ 9,528,358	\$ 9,732,734
Contributions in relation to the actuarially determined contribution	<u>6,822,193</u>	<u>8,268,691</u>	<u>7,580,617</u>	<u>6,906,771</u>
Contribution deficiency (excess)	<u>\$ 673,189</u>	<u>\$ (1,372,505)</u>	<u>\$ 1,947,741</u>	<u>\$ 2,825,963</u>
Covered-employee payroll	\$83,937,190	\$ 91,998,007	\$ 90,194,124	\$ 88,425,612
Contributions as a percentage of covered-employee payroll	8.13%	8.99%	8.40%	7.81%

Valuation date: July 1, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.0 percent
Healthcare cost trend rates	8.0 percent initially, decreasing to an ultimate rate of 5.0 percent in 2025
Salary increases	2.0 percent, average, including inflation
Investment rate of return	5.0 percent
Average assumed retirement age	63
Mortality	RP-2014 white collar mortality table fully generational with projection scale MP2019

Notes to Schedules:

The District implemented GASB Statement No. 74 in fiscal year 2017. The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior is not available.

See independent auditors' report and notes to required supplementary information.

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Milwaukee Area Technical College

SCHEDULE OF INVESTMENT RETURNS
As of and for the years ended June 30, 2020 and 2019

	2020	2019	2018	2017
Annual Money-weighted rate of return, net of investment expense	4.61%	5.19%	11.33%	13.64%

Notes to Schedule:

The District implemented GASB Statement No. 74 in fiscal year 2017. The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior is not available.

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MILWAUKEE AREA TECHNICAL COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the years ended June 30, 2020 and 2019

Wisconsin Retirement System

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

The District is required to present the last ten fiscal years data; however the standards allow the District to present as many years as are available until ten fiscal years are presented.

There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

There were no changes in assumptions.