



WISCONSIN ECONOMIC
DEVELOPMENT CORPORATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Including Independent Auditor's Report

For the fiscal year ended June 30, 2020 A component unit of the State of Wisconsin

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
Madison, Wisconsin
(A component unit of the State of Wisconsin)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Independent Auditors' Report

For the Fiscal Year Ended

June 30, 2020

Prepared by:

The Dedicated Staff of WEDC's Finance Division

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

TABLE OF CONTENTS

As of and For the Year Ended June 30, 2020

INTRODUCTORY SECTION

	Page
Transmittal Letter	1 – 5
Certificate of Achievement	6
Organizational Chart	7
Directory of WEDC Officials	8

FINANCIAL SECTION

Independent Auditors' Report	9 – 11
Management's Discussion and Analysis	12 – 21
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements	
Balance Sheet – Governmental Funds	24
Reconciliation of the Balance Sheet to the Statement of Net Position	25
Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	28 – 29

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

TABLE OF CONTENTS

As of and For the Year Ended June 30, 2020

	Page
Index to Notes to Financial Statements	30
Notes to Financial Statements	31 – 57
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of WEDC's Proportionate Share of the Net Pension Liability (Asset)	58
Schedule of WEDC Contributions to the WRS	58
Notes to Required Supplementary Information	58
Schedule of WEDC's Proportionate Share of the Total OPEB Liability	59
Schedule of WEDC Contributions to the State Retiree Health Insurance	59
Notes to Required Supplementary Information	59
SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – By Object – (With comparative actuals) – General Fund	60
STATISTICAL SECTION	
Statistical Section Contents	61
Changes in Net Position	62
Net Position by Component	63
Changes in Fund Balances of Governmental Funds	64
Fund Balances of Governmental Funds	65

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
TABLE OF CONTENTS
As of and For the Year Ended June 30, 2020

	Page
Collectible Loan Balances	66 – 67
Ten Largest Loans	68
Ratios of Outstanding Debt	69
Personal Income Statistics	70
Employment Statistics	71
Employees by Function/Program	72 – 73
Operating Indicators by Function	74 – 75
Schedule of Capital Assets	76



INTRODUCTORY SECTION



October 29, 2020

To the Wisconsin Economic Development Corporation Board and the Citizens of the State of Wisconsin:

The Comprehensive Annual Financial Report of Wisconsin Economic Development Corporation (WEDC) as of and for the year ended June 30, 2020, is herein submitted.

Management assumes full responsibility for the completeness and reliability of the information presented in this report based on a comprehensive internal control framework that has been established for this purpose. As the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Sikich LLP has issued an unmodified (“clean”) opinion on Wisconsin Economic Development Corporation’s financial statements for the year ended June 30, 2020. The independent auditor’s report is located at the front of the financial section of this report. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to WEDC for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 7th consecutive year that WEDC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

201 W. Washington Avenue
Madison, WI 53703

608.210.6700
855-INWIBIZ
InWisconsin.com

THINK·MAKE·HAPPEN.

ABOUT WEDC

WEDC was created in 2011 Wisconsin Act 7 to serve as the State's lead economic development entity. WEDC works collaboratively with economic development partner organizations, educational institutions, and other local and state government entities to advance our shared mission of helping businesses and communities in Wisconsin take advantage of new opportunities for growth and job creation through innovative, market-driven programs. Program results for each fiscal year can be found in WEDC's Annual Report on Economic Development (ARED Report). WEDC encourages economic growth by focusing on:

- Business and Community Development – With a goal to increase and deploy capital to drive business expansion and relocation.
- Entrepreneurship and Innovation – With a goal to increase startups in Wisconsin.
- Global Trade and Investment – With a goal to grow Wisconsin's exports, to increase awareness of Wisconsin as a destination for businesses to expand or relocate by promoting the state, and to advance high impact economic development projects that produce a competitive advantage for Wisconsin.
- Rural Development – With a goal to develop long-term strategies that will support the economic growth of rural communities.

LONG RANGE PLANNING AND FINANCIAL POLICIES

The COVID-19 crisis has adversely affected Wisconsin's economic performance and unemployment in the 4th quarter of Fiscal Year 2020, as it has throughout the country and the world.

Wisconsin's unemployment rate at June 30, 2019 was 3.3% (vs. the national average of 3.7%), and at June 30, 2020 it was 8.6% (vs the national average of 11.1%). Where this time last year the focus was on how to address the challenges of employers who struggled to fill positions due to the low unemployment rate, the current focus is on addressing immediate business needs and longer term infrastructure solutions during the COVID-19 crisis.

WEDC has continued to leverage our connections with our state government agency partners and key strategic partners throughout the State to coordinate services to ensure the resources are made available to the businesses, institutions, industry groups and local economic development representatives, all of whom are working together to maintain Wisconsin's workforce leadership.

Initiatives implemented during this crisis to address immediate needs of businesses in the State of Wisconsin have included the following:

SB20/20

In April, 2020, to help small businesses maintain cash flow in the face of unprecedented business disruption brought on by COVID-19, the Wisconsin Economic Development Corporation (WEDC) leveraged the strong relationships the state's community development financial institutions (CDFIs) have with their clients to deploy \$5 million in emergency capital. Preference was given to service and retail businesses. Businesses were granted up to two months of payroll and rent expenses, up to a maximum of \$20,000. Through June 30, 2020 WEDC has funded the full \$5.0 million to 642 businesses throughout the State.

COVID-19 Loan Deferral

In March 2020, WEDC implemented a six-month principal and interest deferral program for its own loan portfolio. All requests for deferrals were approved by WEDC, if the loan was in current payment status as of February 15, 2020. Through June 30, 2020 WEDC has deferred 26 loans with an outstanding principal balance of \$5.4 million.

EMEG

Beginning in May 2020, under the Ethnic Minority Emergency Grants (EMEG) initiative, 1,000 ethnically diverse micro-businesses that have suffered losses due to the coronavirus pandemic were eligible to receive grants of \$2,500 each. The \$2.5 million initiative is focused on aiding businesses that have not received U.S. Small Business Administration Paycheck Protection Program or state disaster relief. The EMEG grants were marketed and administered in collaboration with Wisconsin's 19 ethnic and diverse chambers of commerce, regional economic development organizations and other partners across the state. Through June 30, 2020 WEDC has funded approximately 900 awards totaling \$2.2 million.

WSBG

Beginning in June, 2020, the \$75 million We're All In Small Business Grant (WSBG) Program started providing \$2,500 grants to up to 30,000 small businesses and is designed to help small businesses recover from the COVID-19 pandemic, while also encouraging them to adopt best practices to keep employees, customers and communities safe. Funded primarily by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, the grants will help small businesses with the costs of business interruption or health and safety improvements, wages and salaries, rent, mortgages and inventory. Through August 31, 2020 WEDC has funded approximately 26,000 awards totaling \$64.9 million.

We're All In Initiative

The We're All In initiative is an effort by the Wisconsin Economic Development Corporation (WEDC) and its partners to create a "community of communities" in support of public health and safety measures. The initiative aims to reach every person in every corner of Wisconsin through social media, advertising and other outreach efforts and give them opportunities to actively participate in the state's recovery effort. We're All In is a collaborative initiative built upon a rallying cry that reminds us all that when it comes to the well-being of Wisconsin, We're All In this together." Citizens and businesses can show their support for and participate in the We're All In initiative by following the campaign on social media. Website: <https://www.weareallinwi.com/>

In addressing longer-term infrastructure solutions for businesses and residents of the State of Wisconsin, WEDC is working on the following initiatives:

Blue Ribbon Commission – Rural Prosperity

Governor Tony Evers established both the Blue-Ribbon Commission on Rural Prosperity and the Office of Rural Prosperity in his 2020 State of the State message. The governor asked the commission to engage and learn from residents throughout the state in order to develop long-term strategies that will “best support the needs of rural Wisconsinites and rural communities.” The commission aims to collect public input early this fall and then present Governor Evers with a report by October 31, 2020 that will help shape the governor’s state budget proposal next year.

Entrepreneurship and Innovation Committee

The WEDC board created the Entrepreneurship and Innovation Committee in response to a request from Governor Tony Evers earlier this year. The governor noted at the time that Wisconsin lags other states in small business creation. He said the committee would complement WEDC’s existing programs to assist entrepreneurs.

Governor Evers welcomed the committee’s creation. “In order for Wisconsin’s economy to thrive, we must foster a culture that supports entrepreneurship and innovation, and invests in the quality-of-life priorities that will attract and retain the workforce of the future,” he said.

Wisconsin Tomorrow Report

The state’s COVID-19 relief legislation, 2019 Act 185, directed WEDC to submit a plan “for providing support to the major industries in this state that have been adversely affected by the COVID-19 public health emergency, including tourism, manufacturing, agriculture, forest products, construction, retail and services.” The 150-page report, “[Wisconsin Tomorrow – An Economy for All](#),” was submitted to lawmakers and Governor Tony Evers on June 30, 2020.

WEDC and other state agencies worked with stakeholders around the state in business, education and local government in writing the report. Many stakeholders advised that assessments of the economic consequences of the pandemic continue to evolve—as must any plans for a full economic recovery.

In light of the evolving nature of the pandemic and its still-unfolding impact on the state’s economy, the report calls for the state to focus on three priorities:

- **Get Everyone Back to Work:** The report notes that COVID-19 has transformed Wisconsin’s workforce. Many service-sector jobs, particularly in retail and restaurants, have been eliminated and are not likely to return. It will be crucial to reskill and train people who lost their jobs. The pandemic has reinforced access to high-quality childcare, early childhood education and health care as essential to the economy.
- **Fix Broadband:** The pandemic has highlighted the digital divide in our state. Education, e-commerce, remote working and even contact with government depend on access to computers and high-speed internet.

- **Support Innovation:** Innovation fuels job growth, as well as flexibility and resiliency in our businesses. In a time of constrained resources and risk aversion, Wisconsin has the chance to use its innovative, entrepreneurial spirit to launch its recovery.

WEDC Secretary and CEO Missy Hughes also calls out “another equally important, but more longstanding, crisis that will determine our state’s economic future: the crisis of racial disparity and inequity. As the state’s leader in economic development, we know by advancing the economic well-being of every Wisconsinite, we can make a difference.”

Recognizing the challenges looming for every region and industry in the state and the need for collaboration and cooperation in finding solutions, the report calls for a “spirited yet productive debate, one that reflects Wisconsin’s history of big ideas and ground-breaking innovation and lays the groundwork for Wisconsin’s strongest economy.” The report can be found online at: wedc.org/wisconsin-tomorrow

Our long-range plan is to continue to address the needs of Wisconsin businesses and residents during the COVID-19 crisis, make investments, implement collaborative strategies, encourage and support entrepreneurship and rural development, help Wisconsin companies tap global markets, to extend Wisconsin’s industry leadership, and to maintain Wisconsin’s exceptional quality of life.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Budget and Finance Department. We wish to also thank all departments for their assistance in providing the data necessary to prepare this report. Credit also is due to our Board of Directors, and the Audit and Budget Committee members of WEDC for their support for maintaining the highest standards of professionalism in the management of Wisconsin Economic Development Corporation’s finances.

Respectfully submitted,



Brian Nowicki, CPA, CFA
Chief Financial Officer



Natalya Krutova
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Wisconsin Economic Development
Corporation**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

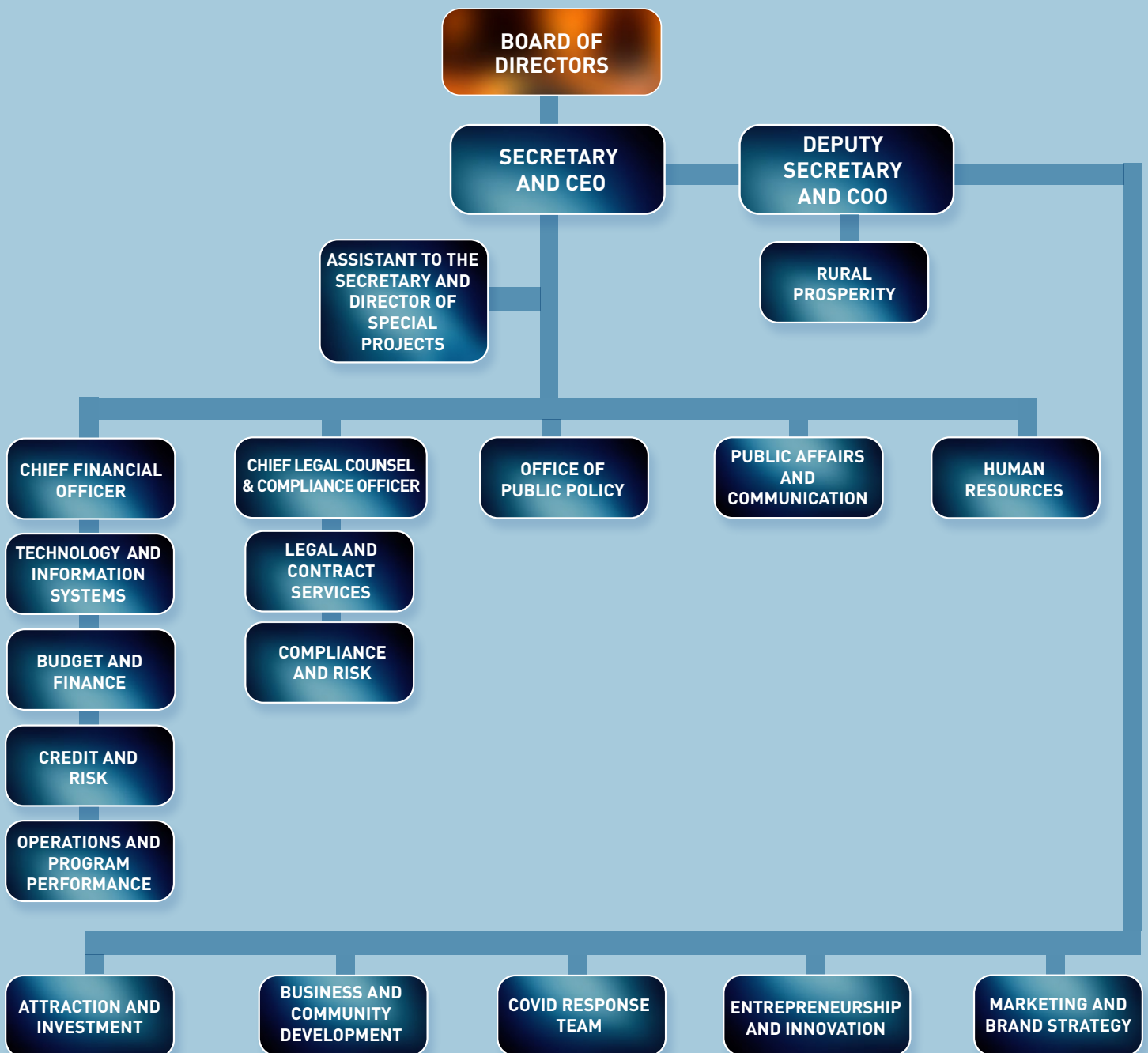
June 30, 2019

Christopher P. Morill

Executive Director/CEO



ORGANIZATIONAL CHART



WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

DIRECTORY OF OFFICIALS

BOARD OF DIRECTORS

Henry C. Newell	Chair
Lisa Mauer	Vice Chair
Rebecca Cooke	Secretary
John Oathout	Treasurer
John Brogan	Board Member
Sen. Tim Carpenter	Board Member
Sen. Daniel Feyen	Board Member
Rep. Gordon Hintz	Board Member
Randy Hopper	Board Member
Rep. Rob Hutton	Board Member
Joe Kirgues	Board Member
Mike Kunesh	Board Member
Jim Ladwig	Board Member
John Peterson	Board Member
Eugenia Podesta	Board Member
Thelma Sias	Board Member
Peter Barca	Ex-Officio – Department of Revenue
Joel Brennan	Ex-Officio – Department of Administration

ADMINISTRATORS

Melissa Hughes	Chief Executive Officer/ Secretary
Sam Ridders	Chief Operation Officer & Deputy Secretary
Jennifer Campbell	Chief Legal Counsel
Brian Nowicki	Chief Financial Officer
Aaron Hagar	Vice President of Entrepreneurship & Innovation
Anne Jesko	Vice President of Human Resources
Mary Gage	Vice President of Business & Community Development
Joshua Robbins	Vice President of Technology & Information Systems
Katy Sinnott	Vice President of Global Trade & Investment
Kelly Lietz	Vice President of Marketing & Brand Strategy
Amy Young	Senior Director - Office of Public Policy
Shelly Braun	Senior Financial Underwriting Director - Credit and Risk
Rick Cushman	Senior Financial Servicing Director - Credit and Risk
Natalya Krutova	Controller
Kelliann Blazek	Director of The Office of Rural Prosperity
David Callender	Director of Communications



FINANCIAL SECTION

13400 Bishops Lane, Suite 300
Brookfield, WI 53005
262.754.9400

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wisconsin Economic Development Corporation
Madison, Wisconsin

We have audited the accompanying financial statements of the governmental activities and major fund of the Wisconsin Economic Development Corporation (WEDC), a component unit of the State of Wisconsin, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise WEDC's basic financial statements as listed in the accompanying 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to WEDC'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 WEDC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred above present fairly, in all material respects, the financial position of Wisconsin Economic Development Corporation as of June 30, 2020, and the changes in financial position and the respective budgetary comparison statement for the General Fund for the year then ended in conformity 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 management's discussion and analysis and the required supplementary information 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WEDC's basic financial statements. The introductory, statistical sections, and budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenditures, and changes in fund balance - budget and actual - by object is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, WEDC's basic financial statements for the year ended June 30, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities and major fund. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WEDC's basic financial statements as a whole. The June 30, 2019 summarized information in the schedule of revenues, expenditures, and changes in fund balance - budget and actual - by object is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting information and other records used to prepare the 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the June 30, 2019 summarized information in the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sikich LLP

Brookfield, Wisconsin
October 29, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and For the Year Ended June 30, 2020

(Unaudited)

Wisconsin Economic Development Corporation's management offers this narrative overview and analysis of WEDC's financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found preceding the independent auditor's report.

FINANCIAL HIGHLIGHTS

The more significant activity that impacted WEDC's government-wide financial picture during 2020 were:

- Unrestricted Net Position decreased by \$4.6 million
- Total Assets increased by \$40.4 million
- Total Liabilities increased by \$49.5 million

The overall financial position of WEDC has remained strong. Total assets increased by \$40.4 million compared to FY19 as a result of \$75 million received from the State to fund Wisconsin Small Business Grants (WSBG) under CARE's Act and partially offset by a \$25 million payment of unassigned fund balance, made to the State per their request. WEDC's loan receivable balance also declined by approximately \$6.0 million, as we continue to shift our program funding to other grant programs, including our COVID-19 response in FY20.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to WEDC's basic financial statements. WEDC's basic financial statements are comprised of three components:

- 1) government-wide financial statements,
- 2) fund financial statements, and
- 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of WEDC's finances, in a manner similar to a private-sector business. They are presented in two statements, the Statement of Net Position and the Statement of Activities (pages 22-23).

GOVERNMENT-WIDE - STATEMENT OF NET POSITION

The following table summarizes WEDC's Statements of Net Position from 2019 and 2020.

	Governmental activities			
	2019	2020	Change	% Chg
Current and other assets	\$ 125,451	\$ 166,155	\$ 40,704	32.45%
Capital assets	917	575	(342)	-37.34%
Total assets	126,368	166,730	40,362	31.94%
Deferred outflows of resources	4,694	3,886	(808)	-17.22%
Long-term debt	2,795	3,618	823	29.43%
Other liabilities	36,608	85,276	48,668	132.94%
Total liabilities	39,403	88,893	49,490	125.60%
Deferred inflows of resources	2,922	5,380	2,458	84.11%
Net investment in capital assets	917	575	(342)	-37.34%
Restricted	48,449	41,037	(7,412)	-15.30%
Unrestricted	39,372	34,730	(4,642)	-11.79%
 Total net position	 \$ 88,737	 \$ 76,342	 (12,395)	 -13.97%

Current and other assets primarily represent cash, investments, receivables, prepaid items, and loans receivable. Total current and other assets increased by \$40.7 million, due mainly to an increase in cash and cash equivalents of \$47.4 million and an increase in the net pension assets of \$1.7 million which is partially offset by a decrease in loan receivables of \$6.0 million and investments of \$1.8 million.

The increase in cash and cash equivalents is due to the \$75.0 million received from the State to fund Wisconsin Small Business Grants (WSBG) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and partially offset by a \$25.0 million funds transfer payment made to the State in fiscal year 2020.

Loans receivable decreased by \$6.0 million. During the fiscal year, WEDC disbursed approximately \$3.0 million in new loan awards, received \$8.5 million in loan repayments, forgave \$3.2 million in principal balance for loans that met contracted criteria for forgiveness, wrote off \$1.3 million in principal balance, and reduced allowances for loan loss by \$3.9 million.

Capital assets and long-term debt are described in more detail in those sections of this report, see page 43.

Deferred outflows of resources have decreased by \$0.8 million and deferred inflows of resources have increased by \$2.5 million. All deferred outflows of resources and deferred inflow of resources are a direct result of our annual pension and OPEB accruals. WEDC is reporting a net pension asset of \$1.7 million and a total OPEB liability of \$0.9 million as of June 30, 2020. For additional information on the pension plan, see pages 46-51. For additional information on the OPEB, see pages 51-54.

Other liabilities have increased by \$48.7 million and include accounts payable, accrued payroll, payroll liabilities, OPEB liability, and accruals for awards not yet disbursed. The increase in the other liabilities is due to the \$75.0 million received from the State to fund Wisconsin Small Business Grants (WSBG) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and partially offset by special \$25.0 million funds transfer to the State of Wisconsin in fiscal year 2020.

A portion of WEDC's net position represents the net investment in its capital assets, based on historical cost. Capital assets are used to provide services; consequently, these assets are not available for future spending. Capital assets are described in more detail on page 43 of this report.

A portion of WEDC's net position represents resources that are subject to external restrictions on how they may be used. The restricted net position primarily consists of contractual obligations that WEDC has made related to its economic development programs and awards.

The remaining portion of WEDC's net position represents resources that are unrestricted. The unrestricted net position is comprised primarily of commitments made to its economic development programs and awards, its long-term receivables which consists mainly of loans, and funds otherwise unassigned.

WEDC provides grants and loans to businesses, nonprofits, and communities to encourage economic growth. A commitment represents an award that has been fully approved through WEDC's award process, but the awarded contract has not yet been executed (signed) by the awardee and WEDC.

Unrestricted net position decreased \$4.6 million from the previous year.

GOVERNMENT-WIDE - STATEMENT OF ACTIVITIES

The Statement of Activities presents information showing how WEDC's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The table below summarizes the Statements of Activities for 2019 and 2020.

	Governmental activities			
	2019	2020	Change	% Chg
REVENUE				
Program revenues				
Charges for services	\$ 178	\$ 126	\$ (52)	-29.2%
Operating grants & contributions	3,041	1,533	(1,508)	-49.6%
General revenues				
Intergovernmental revenues not restricted to specific programs	40,551	39,551	(1,000)	-2.5%
Investment income	3,827	3,215	(612)	-16.0%
Miscellaneous	543	277	(266)	-49.0%
Total Revenues	48,140	44,702	(3,438)	-7.1%
EXPENSES				
General administration	10,060	10,302	242	2.4%
Marketing & brand strategy	8,874	7,190	(1,684)	-19.0%
Economic development	36,171	39,524	3,353	9.3%
Interest and fiscal charges	110	81	(29)	-26.4%
Total Expenses	55,215	57,097	1,882	3.3%
Special items	25,000	-	(25,000)	100.0%
Total Change in Net Position	(32,075)	(12,395)	19,680	-61.4%
NET POSITION - BEGINNING OF YEAR	120,812	88,737		
NET POSITION - END OF YEAR	<u>\$ 88,737</u>	<u>\$ 76,342</u>		

Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function.

Charges for services decreased by \$52,000 due primarily to decreases in loan origination fees and tax transfer fees.

Operating grants and contributions decreased by \$1.5 million as a result of \$1.7 million received for the federal grant for the Department of Defense in FY19, which was partially offset by an increase of \$176,000 in other federal grant program funds, including the Small Business Administration's State Trade and Export Promotion (STEP) grant program.

Intergovernmental revenues not restricted to specific programs decreased \$1.0 million as State reduced General Purpose Revenue (GPR) funding by \$1.0 million as a part of the COVID-19 crisis.

Investment income reduced by \$0.6 million, as investment income decreased by \$458,000 and loan interest income decreased by \$154,000.

Miscellaneous revenues decreased \$0.3 million representing other revenues, including penalty fees and deferred revenues.

General administration expenditures increased \$0.2 million due primarily to increases in information technology and software expenses of \$0.3 million, and professional expenses of \$0.2 million. These increases were partially offset by decrease in the payroll and benefits by \$0.1million and decrease in leasehold improvements and rent of \$0.1 million.

Marketing and communication expenditures decreased \$1.7 million as expenses related to advertisement placing and event and conferences decreased significantly as a result of COVID-19 in the last quarter.

Economic development expenditures increased \$3.4 million which include WEDC's direct award programs of \$3.8 million, key strategic partnership expenditures of \$0.7 million and payroll and benefits 0.1 million. These increases were partially offset by a decrease in federal grant pass-through activity of \$1.1 million, and event, conferences and sponsorship expenses of \$0.2 million.

Interest and fiscal charges decreased by \$29,000 as the State's calculation of WEDC's percentage allocation of the pension obligation was slightly lower than in fiscal year 2019.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. WEDC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. WEDC only has one fund, the General Fund. The General Fund is a governmental fund type. The fund financial statements can be found on pages 24 and 26 of this report.

Since WEDC only reports one fund, the results of operations for the General Fund are similar to the government-wide financial statements. The primary difference being that the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. In practical terms, this means that capital assets, which represent assets to be used in future periods, and debt, which is expected to be paid in future periods, are not included in the fund financial statements. The details of these adjustments are found within the Reconciliation of the Balance Sheet to the Statement of Net Position and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, see pages 25 and 27.

Although similar to the government-wide financial statements, the fund financial statements can be useful in evaluating a government's near-term financing requirements and provide a more detailed breakdown of WEDC's net position composition.

GENERAL FUND – FUND BALANCE

At year-end, WEDC's total fund balance was \$78.5 million. Total fund balance decreased by \$11.7 million in fiscal year 2020 as WEDC continues to budget expenses that exceed revenues and using loan principal repayments and other cash inflows to cover the difference. WEDC's general fund balance is categorized into four components:

1. Non-spendable,
2. Restricted,
3. Assigned, and

4. Unassigned.

These categories give the reader some idea about how available the funds are for spending.

The non-spendable fund balance for fiscal year 2020 was \$20.5 million, compared to \$26.6 million in fiscal year 2019, and primarily represents loans receivable from awardees. Although these loans represent assets to WEDC, the payments on them are not due in the near term and therefore are not available for spending. The \$6.1 million decrease is due primarily to a reduction in our loan receivable balance as loan repayments exceeded loan originations for the year.

The restricted fund balance for fiscal year 2020 was \$41.0 million, compared to \$48.4 million in fiscal year 2019. The restricted fund balance of the general fund and the restricted net position of the government-wide statement of fund balance are very similar, both representing revenues that can only be used for certain purposes, primarily on economic development programs. The \$7.4 million decrease is due primarily to a decrease in the contracted economic development awards, which were expended in fiscal year 2020.

The assigned fund balance for fiscal year 2020 was \$10.7 million, compared to \$7.8 million in fiscal year 2019, and represents funds for the talent attraction and retention initiative, open economic development award commitments, as well as relief efforts for COVID-19. The \$2.9 million increase is mainly due to funds assigned for COVID-19 relief programs in fiscal year 2021 of \$6.1 million and which is partially offset against a \$4.0 million decrease in fiscal year 2021 funding of the talent attraction and retention initiative.

The unassigned fund balance for fiscal year 2020 was \$6.2 million, compared to \$7.3 million in fiscal year 2019, and represents the residual classification for the General Fund. Amounts over the established target of one-sixth of WEDC's annual administrative costs will be used to help fund future operating budgets or to increase program spending in the current fiscal year. The \$1.1 million decrease is in accordance with the decrease in the total fund balance.

GENERAL FUND - BUDGETARY HIGHLIGHTS

WEDC adopts an annual budget for its General Fund. A budgetary comparison schedule can be found on pages 28-29 of this report. There were four budget amendments completed during the year. A general summary of actual to budget variances follow:

	General Fund				
	Original	Final	Actual	Variance with	% Chg
	Budget	Budget			
2020	2020	2020	Final Budget		
REVENUE					
Intergovernmental revenues	\$ 41,872	\$ 41,212	\$ 41,083	\$ (129)	-0.3%
Charges for services	230	205	126	(79)	-38.5%
Investment income	3,169	2,885	3,215	330	11.4%
Miscellaneous	453	490	571	81	16.5%
Total Revenues	45,724	44,792	44,995	203	0.5%
EXPENDITURES					
Program grants	25,705	29,342	27,726	(1,616)	-5.5%
Loan loss reserve	1,000	500	600	100	20.0%
Key strategic partners	5,033	4,987	4,961	(26)	-0.5%
Marketing & brand strategy	7,158	6,496	6,135	(361)	-5.6%
Payroll and benefits	12,214	12,137	12,231	94	0.8%
Operations and general	5,755	5,659	4,861	(798)	-14.1%
Capital	30	30	-	(30)	-100.0%
Debt service	225	225	194	(31)	-13.8%
Total Expenditures	57,120	59,376	56,708	(2,669)	-4.5%
Net Change in Fund Balance	\$ (11,396)	\$ (14,584)	(11,713)	\$ 2,871	
NET POSITION - BEGINNING OF YEAR			90,197		
FUND BALANCES - END OF YEAR			\$ 78,484		

Revenues – favorable variance of \$0.2 million, or 0.5%:

- \$0.2 million favorable variance due primarily to investment income, as recognition of unrealized gains in investments increased due to the favorable market conditions prevailing as end of the fiscal year 2020. In addition, WEDC received a partial settlement on a loan which was previously written off.

Expenditures – favorable variance of \$2.7 million, or 4.5%:

- \$1.6 million favorable variance in program grants as actual cash disbursements from current and prior year program awards were less than their program budgets (which, in addition to current year cash disbursements, also include current year commitments and contract activity). To the extent that committed and contracted activity are not recognized as an expenditure in the current fiscal year, the funds are restricted on the balance sheet.

- \$0.1 million unfavorable variance related to the recognition of additional loan loss reserves, due to a \$0.6 million additional recognition from the E&I division Technology Development Loan (TDL) portfolio which was partially offset by a \$0.5 million reduction from BCD Division.
- \$0.4 million favorable variance in marketing and brand strategy as last quarter marketing activities were reduced to provide program funding for COVID-19 initiatives.
- \$94,000 unfavorable variance related to payroll and benefits, due primarily to lower than budgeted position vacancy rates experienced during the fiscal year.
- \$0.8 million favorable variance related to general operational expenditures, due primarily to savings in professional fees, travel, software services, events and conferences, and supplies and equipment.
- \$30,000 favorable variance in capital as there were no vehicles purchased as budgeted for the year.
- \$31,000 favorable variance in debt service as the State's calculation of WEDC's percentage allocation of the State's pension obligation decreased slightly from budgeted estimates.

Changes in Fund Balance – Expenditures exceeded revenues for the fiscal year 2020 by \$11.7 million, which is \$2.9 million less than budgeted.

The Fiscal Year 2020 Program Activity - For the fiscal year 2020, we continue to see solid demand for our programs, and at year-end, we have disbursed, committed, or contracted for \$30.8 million in grants and loans. Compared to our budgeted goal of \$34.3 million, this represents a 90% placement rate for the fiscal year 2020 funds.

Changes from Original Budget to Final Budget - When compared to WEDC's original budget, the final budget included a decrease in total revenue of \$0.9 million (from \$45.7 million to \$44.8 million) and an increase in total expenditures of \$2.3 million (from \$57.1 million to \$59.4 million). Budgeted revenue decreased primarily due to a reduction in State GPR funding. Budgeted expenditures increased primarily due to \$3.6 million in net additional program grant funding that was approved for COVID-19 initiatives, and which was partially offset by \$0.5 million in savings related to the cancellation of foreign travel and event and conferences, and a \$0.5 million decrease in marketing and brand strategy expenses.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 31-57 of this report. The information provided below on capital assets and long-term debt can also be found within the footnotes to the financial statements. The notes to the required supplementary information can be found on pages 58-59.

CAPITAL ASSETS

WEDC's capital asset activity for 2019 and 2020 is summarized below.

Description	Governmental Activities	
	2019	2020
Software	\$ 1,618,890	\$ 1,618,890
Furniture and fixtures	69,728	69,728
Leasehold improvements	476,625	476,625
Vehicles	161,411	161,411
Total Capital Assets	<u>2,326,654</u>	<u>2,326,654</u>
Less accumulated depreciation	<u>(1,409,701)</u>	<u>(1,752,097)</u>
Capital assets, net of depreciation	<u>\$ 916,953</u>	<u>\$ 574,557</u>

Total capital assets have not changed from the previous year.

Additional information on WEDC's capital assets can be found in Note III C on page 43.

LONG-TERM DEBT

WEDC does not have a debt limit. The long-term debt consists of OPEB liability, compensated absences and notes payable to the State of Wisconsin. Total long-term debt increased by \$264,953. This increase is due to the increase in OPEB liability of \$206,416 and increase in compensated absences of \$184,367 which partially offset by the decrease in notes payable to the State of Wisconsin of \$125,830.

This note is recalculated annually based on WEDC's retirement contributions as compared to the retirement contributions of all State agencies. This percentage is then applied to the total outstanding bonds that were issued for the payment of the prior service pension cost liability. The change in WEDC's share of these obligations is reported as an addition or deletion to the outstanding balance annually. For the fiscal year 2020, this resulted in a change of \$125,830.

	Governmental Activities	
	2019	2020
OPEB liability	\$ 697,142	\$ 903,558
Compensated absences	679,602	863,969
Notes payable - State of Wisconsin	<u>2,269,701</u>	<u>2,143,871</u>
Total	<u>\$ 3,646,445</u>	<u>\$ 3,911,398</u>

Additional information on WEDC's long-term debt can be found in Note III D on page 44.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

WEDC annually reviews all grant and loan programs to find more ways to encourage business growth within the State of Wisconsin. WEDC along with the other state agencies working with stakeholders around the state in business, education and local government in assessing the economic consequences of the pandemic continue to evolve—as must any plans for a full economic recovery. The identified industries, along with the people of Wisconsin, are still during the crisis and have not yet fully formed their plans for recovering. WEDC plans to continue to address the needs of Wisconsin businesses and residents during the COVID-19 crisis, make investments, implement collaborative strategies, encourage and support entrepreneurship and rural development, help Wisconsin companies tap global markets, to extend Wisconsin's industry leadership, and to maintain Wisconsin's exceptional quality of life.

Some of the more significant changes that are included in the fiscal year 2021 budget are:

- Providing \$75 million to fund up to 30,000 grants to Wisconsin small businesses through the Wisconsin Small Business Grant (WSBG) program.
- Providing a \$5.0 million increase to three current programs, but which are incentivizing activity to assist in COVID-19 recovery, including: 1) a \$3.8 million increase in Community Development Investment grants, 2) a \$0.9 million increase in Capacity Building grants and 3) a \$0.3 million increase in Capacity Building grants.
- Providing a \$2.6 million increase in Targeted Industry Project grants.
- Creating a new Entrepreneurship & Innovation Pilot program for \$0.5 million to allow for limited equity investment in Qualified New Business Venture (QNBV) businesses.

In addition, WEDC is budgeting approximately \$4.5 million to continue the COVID-19 recovery public service campaign titled We're All In for fiscal year 2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of WEDC's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 201 West Washington Ave, Madison, WI 53703.

General information relating to WEDC, Wisconsin, can be found at WEDC's website, <http://inwisconsin.com/>.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION

As of June 30, 2020

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 91,617,088
Investments	50,628,233
Accounts receivable	1,116,243
Accrued interest on investments	188,352
Prepaid items	141,581
Loans receivable (net of allowances of \$15,102,208)	20,374,080
Interest on loans receivable (net of allowances of \$885,569)	415,041
Net pension asset	1,674,048
Capital assets	
Other capital assets, net of depreciation	574,557
Total Assets	166,729,223
Deferred outflows of resources	
Deferred outflow of resources - pension	3,622,606
Deferred outflow of resources - OPEB	262,923
Total deferred outflows of resources	3,885,529
LIABILITIES	
Accounts payable	2,366,250
Accrued liabilities	7,615,181
Unearned revenue	75,000,000
Noncurrent liabilities	
Due within one year	293,741
Due in more than one year	3,617,657
Total Liabilities	88,892,829
Deferred inflows of resources	
Deferred inflow of resources - pension	5,032,276
Deferred inflow of resources - OPEB	347,336
Total deferred inflows of resources	5,379,612
NET POSITION	
Net investment in capital assets	574,557
Restricted for:	
Economic development	37,262,159
Brownfield site assessments	1,915,915
SSBCI	1,859,372
Unrestricted	34,730,309
TOTAL NET POSITION	\$ 76,342,312

See accompanying notes to financial statements

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

As of June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental Activities				
General administration	\$ 10,301,894	\$ 126,325	\$ 14,633	\$ (10,160,936)
Marketing & brand strategy	7,189,698	-	-	(7,189,698)
Economic development	39,523,962	-	1,517,928	(38,006,034)
Interest and fiscal charges	80,770	-	-	(80,770)
Total Governmental Activities	<u>\$ 57,096,324</u>	<u>\$ 126,325</u>	<u>\$ 1,532,561</u>	<u>(55,437,438)</u>
General Revenues				
Intergovernmental revenues not restricted to specific programs				
State general purpose revenues				4,936,650
Segregated funds				34,614,050
Investment income				3,214,981
Miscellaneous				276,987
Total General Revenues				<u>43,042,668</u>
Change in Net Position				(12,394,770)
NET POSITION - BEGINNING OF YEAR				<u>88,737,082</u>
NET POSITION - END OF YEAR				<u>\$ 76,342,312</u>

See accompanying notes to financial statements

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2020

	General
ASSETS	
Cash and cash equivalents	\$ 91,617,088
Investments	50,628,233
Accounts receivable	1,116,243
Accrued interest on investments	188,352
Prepaid items	141,581
Loans receivable (net of allowances of \$15,102,208)	20,374,080
Interest on loans receivable (net of allowances of \$885,569)	415,041
TOTAL ASSETS	\$ 164,480,618
LIABILITIES	
Accounts payable	\$ 2,366,249
Accrued awards	7,173,384
Accrued wages	350,903
Payroll related liabilities	90,894
Unearned revenue	75,000,000
Total Liabilities	84,981,430
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	1,015,405
Total Deferred Inflows of Resources	1,015,405
FUND BALANCES	
Nonspendable - prepaids	141,581
Nonspendable - long-term receivables	20,374,080
Restricted for	
Economic development	37,262,159
Brownfield site assessment	1,915,915
SSBCI	1,859,372
Assigned for	
Loan guarantees	330,000
Compensated absences	863,969
Note payable to State of Wisconsin	2,143,871
Open commitments	1,250,000
COVID-19 relief programs FY21	6,140,000
Unassigned	6,202,836
Total Fund Balances	78,483,783
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 164,480,618

See accompanying notes to financial statements

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
As of June 30, 2020

Fund balances - total governmental funds		\$ 78,483,783
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds		
Software	\$ 1,618,890	
Furniture and fixtures	69,728	
Leasehold improvements	476,625	
Vehicles	161,411	
Less: accumulated depreciation	<u>(1,752,097)</u>	
Total adjustment for capital assets		574,557
Net pension assets are not current financial resources and, therefore, are not reported in the government funds		
		1,674,048
Deferred outflows related to pensions are not current financial resources and, therefore, are not reported in the government funds		
Pension differences between projected and actual experiences	3,177,726	
Change in proportional share & difference in actual contributions	13,485	
Pension contributions after measurement date	300,943	
Pension changes of actuarial assumptions	<u>130,452</u>	
Total adjustment for pension deferred outflows		3,622,606
Deferred outflows related to OPEB are not current financial resources and, therefore, are not reported in the government funds		
OPEB change in proportion	40,304	
OPEB changes of assumptions	75,203	
OPEB subsequent contributions after measurement date	79,206	
OPEB change in proportional share & difference in actual contributions	<u>68,210</u>	
Total adjustment for OPEB deferred outflows		262,923
Deferred inflows related to pensions are not current finance resources and, therefore, are not reported in the government funds		
Net pension difference between projected and actual investment earnings on pension plan investment	(3,422,350)	
Pension changes in proportion and differences between employer contributions and proportionate share of contributions	(19,687)	
Pension differences between projected and actual experiences	<u>(1,590,239)</u>	
Total adjustment for pension deferred inflows		(5,032,276)
Deferred inflows related to OPEB are not current finance resources and, therefore, are not reported in the government funds		
OPEB changes of assumptions	(343,302)	
OPEB changes in proportion	(128)	
OPEB differences between expected and actual experience	<u>(3,906)</u>	
Total adjustment for OPEB deferred inflows		(347,336)
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements		1,015,405
Total OPEB liability are not current financial resources and, therefore, are not reported in the government funds		(903,558)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds		
The details of this adjustment are as follows		
Net adjustment for compensated absences	(863,969)	
Notes payable to State	<u>(2,143,871)</u>	
Total adjustment for long-term obligations		<u>(3,007,840)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 76,342,312</u>

See accompanying notes to financial statements

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
As of June 30, 2020**

	<u>General</u>
REVENUES	
Intergovernmental	\$ 41,083,261
Charges for services	126,325
Interest income	3,214,981
Other revenues	570,814
Total Revenues	<u>44,995,381</u>
EXPENDITURES	
Current	
General administration	9,936,186
Marketing & brand strategy	7,047,876
Economic development	39,530,572
Debt Service	
Principal retirement	113,250
Interest and fiscal charges	80,770
Total Expenditures	<u>56,708,654</u>
Net Change in Fund Balance	(11,713,273)
FUND BALANCES - BEGINNING OF YEAR	<u>90,197,056</u>
FUND BALANCES - END OF YEAR	<u>\$ 78,483,783</u>

See accompanying notes to financial statements

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

As of June 30, 2020

Net change in fund balances - total governmental funds	\$ (11,713,273)
Amounts reported for governmental activities in the statement of activities are different because:	
Net pension liabilities and related deferred inflows/outflows are not current financial resources and, therefore, are not reported in the governmental funds	(5,484)
Total OPEB liabilities and related deferred inflows/outflows are not current financial resources and, therefore, are not reported in the governmental funds	18,747
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities	
Depreciation is reported in the government-wide statements	(342,396)
Receivables not currently available are reported as deferred inflows in the fund financial statements but are recognized as revenue when earned in the government-wide statements	(293,827)
Prior year deferred revenue reversed in current year	
Repayments of debt is an expenditure in the governmental funds, but the reduces debt in the statement of net position.	
Notes payable annual recalculation adjustment	12,580
Principal repaid	113,250
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	<u>(184,367)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (12,394,770)</u>

See accompanying notes to financial statements

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
As of June 30, 2020

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental				
Federal - STEP Grant	\$ 300,000	\$ 300,000	\$ 400,928	\$ 100,928
State general purpose revenue (GPR)	16,392,500	12,556,435	4,936,650	(7,619,785)
State economic development fund (SEG)	24,158,200	27,333,400	34,614,050	7,280,650
State brownfield site assessment	1,000,000	1,000,000	1,000,000	-
Other intergovernmental revenues	21,500	21,500	131,633	110,133
Total Intergovernmental	<u>41,872,200</u>	<u>41,211,335</u>	<u>41,083,261</u>	<u>(128,074)</u>
Charges for Services				
Bond servicing fees	80,000	80,000	30,150	(49,850)
Tax transfer fees	50,000	50,000	47,125	(2,875)
Loan origination fees	100,000	75,000	49,050	(25,950)
Total Charges for Services	<u>230,000</u>	<u>205,000</u>	<u>126,325</u>	<u>(78,675)</u>
Interest Income				
Interest on loans	1,460,000	1,460,000	1,236,869	(223,131)
Interest on investments	1,709,000	1,425,000	1,978,112	553,112
Total Interest Income	<u>3,169,000</u>	<u>2,885,000</u>	<u>3,214,981</u>	<u>329,981</u>
Other Revenues				
Sponsorship contributions	55,000	57,730	57,655	(75)
Miscellaneous revenue	397,400	432,551	513,159	80,608
Total Other Revenues	<u>452,400</u>	<u>490,281</u>	<u>570,814</u>	<u>80,533</u>
TOTAL REVENUES	<u>45,723,600</u>	<u>44,791,616</u>	<u>44,995,381</u>	<u>203,765</u>
EXPENDITURES				
General Administration				
Legal services & compliance	1,217,788	1,200,986	1,133,886	67,100
Executive office	1,253,832	1,470,854	1,379,617	91,237
Operations & program performance	572,034	545,469	536,011	9,458
Human resources	1,574,642	1,574,293	1,453,856	120,437
Finance	685,614	672,813	656,334	16,479
Technology & information systems	2,298,797	2,464,692	2,417,140	47,552
Credit and risk	1,347,899	1,326,969	1,354,586	(27,617)
Office of public policy	938,849	1,061,074	1,004,756	56,318
Total General Administration	<u>9,889,455</u>	<u>10,317,150</u>	<u>9,936,186</u>	<u>380,964</u>
Marketing & brand strategy	8,039,265	7,368,788	7,047,876	320,912

See accompanying notes to financial statements

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
As of June 30, 2020

(concluded)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Economic Development				
Entrepreneurship and innovation	\$ 7,186,763	\$ 6,838,884	\$ 7,237,523	\$ (398,639)
Business and community development	20,546,540	27,550,975	24,387,145	3,163,830
Business & investment attraction	1,132,787	1,115,683	643,332	472,351
Sector strategy development	6,597,926	3,033,765	4,756,438	(1,722,673)
International business development	3,501,872	2,925,810	2,506,134	419,676
Total Economic Development	<u>38,965,888</u>	<u>41,465,117</u>	<u>39,530,572</u>	<u>1,934,545</u>
Debt Service				
Principal retirement	130,000	130,000	113,250	16,750
Interest and fiscal charges	95,000	95,000	80,770	14,230
Total Debt Service	<u>225,000</u>	<u>225,000</u>	<u>194,020</u>	<u>30,980</u>
 TOTAL EXPENDITURES	 <u>57,119,608</u>	 <u>59,376,055</u>	 <u>56,708,654</u>	 <u>2,667,401</u>
 Net Change in Fund Balance	 <u><u>\$ (11,396,008)</u></u>	 <u><u>\$ (14,584,439)</u></u>	 <u><u>\$ (11,713,273)</u></u>	 <u><u>\$ (2,463,636)</u></u>
 FUND BALANCES - BEGINNING OF YEAR			 <u>90,197,056</u>	
 FUND BALANCES - END OF YEAR			 <u><u>\$ 78,483,783</u></u>	

See accompanying notes to financial statements

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

NOTE	Page
I. Summary of Significant Accounting Policies	31-37
A. Reporting Entity	31
B. Basis of Presentation	31-32
C. Measurement Focus and Basis of Accounting	32-33
D. Assets, Liabilities, and Net Position or Equity	33-37
1. Cash, Cash Equivalents, and Investments	33
2. Receivables	33
3. Inventories and Prepaid Expenses	33
4. Capital Assets	34
5. Pensions	34
6. Other Post-Employment Benefit Costs (OPEB)	34
7. Deferred Outflows/Inflows of Resources	34-35
8. Compensated Absences	35
9. Long-Term Obligations	35
10. Claims and Judgments	35-36
11. Equity Classifications	36-37
II. Stewardship, Compliance, and Accountability	38
A. Budgetary Information	38
B. Excess Expenditures Over Appropriations	38
III. Detailed Notes on All Funds	39-45
A. Cash, Cash Equivalents, and Investments	39-42
B. Receivables	42-43
C. Capital Assets	43
D. Long-Term Obligations	44
E. Lease Disclosures	45
F. Loan Guarantees	45
IV. Other Information	46-57
A. General Information about the Pension Plan	46-51
B. General Information about the OPEB Plan	51-54
C. Risk Management	55
D. Commitments and Contingencies	55
E. Effect of New Accounting Standards on Current Period Financial Statements	55-57

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Wisconsin Economic Development Corporation (WEDC), conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

On February 9, 2011, the Wisconsin Legislature passed legislation creating WEDC, which is a public body corporate and politic, to be known as the "Wisconsin Economic Development Corporation". WEDC was governed by a board of 12 voting members. 2017 Wisconsin Act 369 changed the board composition to 16 voting members, beginning September 1, 2019. The members of the board shall consist of 6 members nominated by the governor, 4 members appointed by the speaker of the assembly, one member appointed by the minority leader of the assembly, 4 members appointed by the senate majority leader, and one member appointed by the minority leader of the senate. The secretary of administration and secretary of revenue shall also serve on the board as non-voting members. Although WEDC was created on February 9, 2011, financial activity did not start until July 1, 2011, upon commencement of the State of Wisconsin 2011-12 budget and the initial transfer of funds.

The duties of the board are to develop and implement economic development programs to provide business support and expertise and financial assistance to companies that are investing and creating jobs in Wisconsin and to support new business start-ups and business expansion and growth in Wisconsin. The board may also develop and implement any other programs related to economic development in Wisconsin. WEDC is a discretely presented component unit of the State of Wisconsin.

The accompanying financial statements include all of the funds of WEDC and its component units, entities for which WEDC is considered to be financially accountable. Blended component units are, in substance, part of WEDC's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of WEDC. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. WEDC does not have component units required to be presented as either blended or discretely presented.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information of WEDC. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

significant extent on fees and charges to external customers for support. WEDC has no business-type activities. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

Fund Financial Statements

The fund financial statements provide information about WEDC's fund. All WEDC activities are reported within the General Fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest revenue is recognized as earned.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

Interest on investments is recognized as revenue when earned and received within the period of availability (within 60 days of year-end). Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Cash, Cash Equivalents, and Investments

WEDC considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash and cash equivalents.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

2. Receivables

WEDC administers two types of loans: loans to be repaid and performance-based loans. Loans to be repaid include loans made to businesses that have established repayment schedules. Performance-based loans include loans made to businesses that include certain provisions allowing for the total forgiveness of the loan upon the business meeting certain criteria as documented in the loan agreement.

WEDC uses the allowance method of providing for loan losses. The provision for loan losses charged to expense is based on the loan program type and an adjustment for specific loans based on their past due payment status. WEDC's allowance ranges from 2% to 100% on a per loan basis. WEDC also provides an allowance equal to the balance of all performance-based loans since it is anticipated that all conditions for forgiveness will be met by the loan recipient.

3. Inventories and Prepaid Expenses

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

4. Capital Assets

Capital assets, which include software and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the WEDC as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two (2) years. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Software	3-7 Years
Furniture and Fixtures	3-7 Years
Leasehold Improvements	Remaining life of the lease term
Vehicles	5 Years

In the government fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. 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.

6. Other Post-Employment Benefit Costs (OPEB)

The State Retiree Health Insurance Fund is a multiple-employer defined benefit OPEB plan offering group health insurance. The OPEB plan is reported in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Benefit expenses are recognized in the accounting period in which benefits are earned.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. WEDC has deferred outflows related to the pension and other post-employment benefits (OPEB). Pension and OPEB related deferred charged on refunding are reported in the government-wide financial statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. WEDC reports deferred inflows for unavailable revenue, within its governmental fund's balance sheet. The governmental funds report unavailable revenues for revenues which are earned and measurable but not available. These amounts are recognized as an inflow of resources in the period that the amounts become available. WEDC also has deferred inflows related to pension and OPEB. Pension and OPEB related deferred charged on refunding is reported in the government-wide financial statement of net position.

8. *Compensated Absences*

WEDC's policy allows employees to accumulate 240 hours of paid time off. Hours in excess of 240 or unused hours lapse. The compensated absences liability for paid time off is calculated based on the pay or salary rates in effect at year-end. Former department of commerce employees received an additional transitional credit upon transfer to WEDC. This credit was based on the employee's years of service and pay rate in effect at the time of the transition. This credit will be paid out to qualifying employees upon eligible retirement from WEDC.

Liabilities for these benefits are accrued when incurred in the government-wide financial statements. A liability for this amount is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

9. *Long-Term Obligations*

All long-term obligations to be repaid from governmental activities are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of compensated absences, capital leases, and notes payable.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt is reported as other financing sources and payments of principal and interest are reported as expenditures.

10. *Claims and Judgments*

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

incurred. Claims and judgments are recorded in the governmental fund financial statements as expenditures only if they are due and payable.

11. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their 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 does not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund equity is classified as fund balance. The fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned.

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of WEDC's highest level of decision-making authority. This action must occur prior to year-end. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

type of action is employed to previously commit those amounts. WEDC does not have any committed fund balance. WEDC's highest level of decision-making authority is WEDC's eighteen-member board and commitments made by the WEDC Board are done through the adoption of a resolution passed by a quorum of the Board.

- Assigned – includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing board itself or (b) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The WEDC board delegates authority to the CEO or the CFO to establish assignments of fund balance.

WEDC Board adopted FIN 104 Fund Balance Policy. The policy has established a target for its unassigned fund balance on June 30th of each fiscal year to equal one-sixth of the annual administrative expenditures

- Unassigned – fund balance is the residual classification for the General Fund. If the unassigned fund balance exceeds the established target, WEDC will look to ways of reducing the unassigned fund balance over time, which may include the use of a portion of the unrestricted fund balance to help fund future operating budgets or to increase program spending in the current fiscal year.

WEDC's fund balance policy specifies that when multiple classifications of fund balance are available, that fund balance shall be spent in the following order: restricted, committed, assigned then unassigned.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

NOTE II – Stewardship, Compliance, and Accountability

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting as described in Note I C.

A budget has been adopted for the General Fund. Appropriations lapse at year-end. Budgets are adopted at the department level of expenditure. The budgeted amounts presented include any amendments adopted during the year. Changes to the overall budget must be approved by a quorum of the Board.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The legal level of spending is at the fund level.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

NOTE III – Detailed Notes on All Funds

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

WEDC's deposits and investments at year-end were comprised of the following:

	Statement Balance	Carrying Value	Associated Risks
Demand deposits	\$ 3,173,934	\$ 2,878,588	Custodial credit risk
Money market	88,738,500	88,738,500	Custodial credit risk
US Agency	50,110,797	50,110,797	Custodial credit, credit, concentration of credit, and interest rate risk
State of WI Issue	517,436	517,436	Custodial credit, credit, concentration of credit, and interest rate risk
Total	<u>\$ 142,540,667</u>	<u>\$ 142,245,321</u>	

The difference between the statement balance and the carrying value is due to outstanding checks and deposits in transit.

WEDC's policy limits cash and investments to the following:

- a. Checking and savings accounts;
- b. Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation, such as the Local Government Investment Pool and Wisconsin Investment Series Cooperative;
- c. Non-negotiable certificates of deposits, certificates of deposit purchased through the Certificate of Deposit Account Registry Service (CDARS), other fully insured certificate of deposit programs such as the money market account offered by American Deposit Management Company or purchased via a registered investment advisor/company;
- d. Negotiable certificate of deposits if the issuer/financial institution has a rating in the second highest tier, or higher by a nationally recognized rating agency;
- e. Stable Net Asset Value Money market mutual funds regulated by Rule 2a-7 of the Securities and Exchange Commission and whose portfolios consist of only dollar-denominated securities;
- f. Bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government;
- g. Bonds of the State of Wisconsin;
- h. Commercial paper is rated in the highest tier by a nationally recognized rating agency; and
- i. Overnight repurchase agreements with a public depository as defined in statute 34.01 (5), provided that the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government and held by a third-party custodian. WEDC shall be informed of the specific collateral and investments in the repurchase agreements and the agreement shall be collateralized at least 102% of the value of WEDC's investment.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

Custodial Credit Risk

Deposits

For a deposit, custodial credit risk is the risk that in the event of a financial institution failure, WEDC's deposits may not be returned to WEDC. Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), and \$250,000 for interest-bearing demand deposit accounts. WEDC has collateral agreements in the amount of \$88.7 million for uninsured deposits that are held at the WEDC's primary bank and the American Deposit Management certificates of deposits as of June 30, 2020. American Deposit Management held the collateral agreement with Capital One Bank, N.A. Collateral agreement is to prohibit the release of pledged assets without WEDC's authorization, however, substitution of like collateral (valued and type) is allowed.

At year-end WEDC had no deposits that were exposed to custodial credit risk as all deposits were insured or collateralized.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, WEDC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, \$50.6 million of uninsured investment securities are held at the custodian bank in book-entry form.

Policy

WEDC's policy requires all deposits above federal insurance limits that are not registered in WEDC's name will be protected through collateral or letters of credit. The collateral shall be in bonds or securities issued by the federal government, its agencies or instrumentalities, held by an independent third-party custodian with whom WEDC has a current custodial agreement with a value of 102% of the uninsured balance.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. In general, the longer the time until an investment matures, the greater the sensitivity of its fair value to changes in market interest rates. WEDC's investment policy restricts investments to those with a maturity date less than five years.

Information about the sensitivity of the fair values of WEDC's investments to market interest rate fluctuations is provided by the following table that shows the distribution of WEDC's investments by maturity:

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

Investment	Maturity Term			Total
	< 1 Year	1 - 2 Years	2 - 3 Years	
Federal Home Loan Bank	\$ 1,069,730	\$ 1,683,458	\$ 2,026,522	\$ 4,779,710
Federal National Mortgage Association	2,530,623	1,814,468	4,488,909	8,834,000
Federal Home Loan Mortgage Corporation	-	-	5,495,907	5,495,907
Federal Farm Credit Banks	-	2,700,230	-	2,700,230
State of WI Issue	517,436	-	-	517,436
US Treasury	14,986,112	7,980,996	5,333,842	28,300,950
Total	\$ 19,103,901	\$ 14,179,152	\$ 17,345,180	\$ 50,628,233

Credit Risk

Credit risk is the risk that WEDC would lose money due to the default or potential default of a bond or securities issuer. WEDC reduces our exposure to this risk by restricting our allowed investments. WEDC is not subject to Wisconsin statutes section 66.0603 regulating allowable investments. WEDC limits cash assets and investments to the authorized deposits and investments listed above.

WEDC will diversify investments by type, length of maturity, and institution subject to limitations established in this policy, and to the extent practicable, considering safety of principal, yield, collateralization, investment costs, and available bidders.

Investment	AAA/Aa+	AA+/Aaa
Federal Home Loan Bank	\$ 4,779,710	\$ -
Federal National Mortgage Association	8,834,000	-
Federal Home Loan Mortgage Corporation	5,495,907	-
Federal Farm Credit Banks	2,700,230	-
State of WI Issue	-	517,436
US Treasury	28,300,951	-
Total	\$50,110,798	\$ 517,436

The Concentration of Credit Risk

The concentration of credit risk is the risk of loss attributed to having a large amount of investments in a single issuer. Diversifying the investment portfolio will also minimize this risk. WEDC limits investments in a single issuer to 5% of WEDC's total cash and investments balances; investments in bonds issued by the federal government or instrumentality of the federal government are exempt from this requirement.

Fair Value Measurement

WEDC categorized its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

WEDC has the following recurring fair value measurements as of June 30, 2020:

Investment	Level 1	Level 2	Level 3
US Government Issues	\$ 28,300,951	\$ 21,809,847	\$ -
State of WI Issue	-	517,436	-
Total Assets	\$ 28,300,951	\$ 22,327,283	\$ -

U.S. Treasury securities of \$28.3 million are valued using quoted market prices of these assets (Level 1 inputs).

Government Sponsored Entity (GSE) securities, which include FHLB, FNMA, and FHLMC, of \$21.8 million are valued using quoted market prices of these or similar assets using various market and industry inputs (Level 2 inputs).

State of WI Issue \$0.5 million are valued based on various market and industry inputs (Level 2 inputs).

B. RECEIVABLES

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, \$1,015,405 was considered to be earned but not available.

Loans Receivable

WEDC holds a number of loans with Wisconsin businesses, some of which are to be repaid and some which can be forgiven provided the business meets certain criteria detailed in each loan agreement. An allowance for uncollectible loans is provided on the outstanding balance. Performance-based loans are considered to be uncollectible as it is anticipated that the businesses will meet the specified criteria. The loans have varying interest rates and maturities.

Interest accrued but not received on outstanding loans is recorded as interest receivable. Similar to the loans themselves, an allowance has been provided for uncollectible interest on the outstanding balance. Interest accrued on performance-based loans is also considered to be uncollectible. Detail of the outstanding loans and interest receivable as of June 30, 2020, is as follows:

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

	Repayable Loans	Performance Based Loans	Total
Loans receivable	\$ 27,127,888	\$ 8,348,400	\$ 35,476,288
Allowance for uncollectible	(6,753,808)	-	(6,753,808)
Allowance for performance based loans	-	(8,348,400)	(8,348,400)
Net loans receivable	<u>\$ 20,374,080</u>	<u>\$ -</u>	<u>\$ 20,374,080</u>
Interest receivable	\$ 933,361	\$ 367,249	\$ 1,300,610
Allowance for uncollectible	(518,320)	-	(518,320)
Allowance for performance based loans	-	(367,249)	(367,249)
Net interest receivable	<u>\$ 415,041</u>	<u>\$ -</u>	<u>\$ 415,041</u>

C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

Capital Assets	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated				
Software	\$ 1,618,890	\$ -	\$ -	\$ 1,618,890
Furniture and fixtures	69,728	-	-	69,728
Leasehold improvements	476,625	-	-	476,625
Vehicles	161,411	-	-	161,411
Total Capital Assets Being Depreciated	<u>2,326,654</u>	<u>-</u>	<u>-</u>	<u>2,326,654</u>
Less: Accumulated Depreciation for				
Software	922,786	263,471	-	1,186,257
Furniture and fixtures	19,369	23,243	-	42,612
Leasehold improvements	417,715	23,399	-	441,114
Vehicles	49,831	32,283	-	82,114
Total Accumulated Depreciation	<u>1,409,701</u>	<u>342,396</u>	<u>-</u>	<u>1,752,097</u>
Total Capital Assets	<u>\$ 916,953</u>	<u>\$ (342,396)</u>	<u>\$ -</u>	<u>\$ 574,557</u>

Depreciation expense was charged to functions as follows:

Depreciation	
General administration	\$ 31,276
Marketing & brand strategy	140,301
Business & community development	24,406
Technology & information systems	146,413
Total Depreciation Expense	<u>\$ 342,396</u>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

D. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended June 30, 2020 was as follows:

Long-Term Obligation	Balance	Additions	Deletions	Balance	Current	Long-Term
Net pension liability	\$ 1,810,922	\$ -	\$ 1,810,922	\$ -	\$ -	\$ -
OPEB liability	697,142	903,558	697,142	903,558	36,766	866,792
Compensated absences	679,602	816,224	631,857	863,969	78,668	785,301
Note payable - State of Wisconsin	2,269,701	(12,580)	113,250	2,143,871	178,307	1,965,564
Total Long-Term Obligations	\$ 5,457,367	\$ 1,707,202	\$ 3,253,171	\$ 3,911,398	\$ 293,741	\$ 3,617,657

Compensated absences and notes payable liabilities will be funded from WEDC's General Fund.

Notes Payable – State of Wisconsin

The State of Wisconsin (the State) has issued appropriation bonds in order to pay off the unfunded prior service costs for state employees participating in the WRS. The first of these bonds was issued in 2003 and the current final maturity for all of the bonds is in 2032. The State has issued a total of six debt issuances, of which two are variable rate instruments. The total outstanding balance of all of these debt issuances was \$1,499,210,000 as of June 30, 2020. The full details of these debt issues can be found within the State's annual financial statements.

These bonds are an obligation of the State, not a direct obligation of WEDC. WEDC has assessed a portion of the State's debt service costs on an annual basis related to these bond issuances. This assessment is based on WEDC's retirement contributions in relation to the retirement contributions of the other State agencies.

The amount reported as WEDC's share of the total outstanding debt is calculated at 0.1430% as of July 1, 2019, the most recently available period. The liability reported above, and estimated repayment schedule shown below has been calculated using this percentage. The actual amounts owed will fluctuate from year to year based on WEDC's retirement contributions compared to the other agencies and the variable interest rate component of some of the debt issuances. Adjustments to the estimated amounts owed are shown as adjustments in the notes payable balance on an annual basis. The table shows the future payments under this obligation as currently calculated.

Governmental Activities		
Notes Payable		
Year	Principial	Interest
2021	\$ 178,307	\$ 69,445
2022	193,071	64,938
2023	209,838	59,571
2024	231,267	52,956
2025-2030	1,131,638	135,950
2031-2032	199,750	6,804
	<u>\$ 2,143,871</u>	<u>\$ 389,664</u>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

E. LEASE DISCLOSURES

Lessee - Operating Leases

WEDC has entered a long-term lease for office space in Milwaukee with Water Accelerator, LLC. The contract will be expired on December 31, 2023, with the option to renew. Also, WEDC signed a lease with the State of Wisconsin Department of Administration for the Madison office. The contract is intended to cover the period of March 16, 2018 through June 30, 2021, with no option to renew. The following is a schedule of future minimum rental payments expected to be required under the terms of the intended operating lease.

Year	Future Minimum Rental
2021	\$ 616,829
2022	79,786
2023	80,983
2024	40,793
Total	<u>\$ 818,391</u>

F. LOAN GUARANTEES

Part of WEDC’s mission includes providing loan guarantees to local businesses to aid in economic development and job creation. WEDC has guaranteed four bank loans for businesses within the State, with one guarantee outstanding as of June 30, 2020.

At year-end, the business was making payments in accordance with their loan agreement and management determined that it is not likely that WEDC will be required to make a payment on this guarantee. Accordingly, no liability is reported in the financial statements for this guarantee. The table below summarizes the amount of the guarantee along with the final maturity date of the underlying obligation.

Original Guarantee Amount	Remaining Balance Of Guarantee	Guarantee Agreement Date	Date of Final Maturity
\$ 330,000	\$ 330,000	September 14, 2015	September 14, 2020

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

NOTE IV – Other Information

A. GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State, 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.

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

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 are 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 ETF 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

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

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%	22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%

Contributions

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

During the reporting period, the WRS recognized \$560,786 in contributions from the employer. Contribution rates as of June 30, 2020 are:

Employee Category	Employee	Employer
General, Teachers, Executive & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	10.6%
Protective without Social Security	6.6%	15.0%

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

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

At June 30, 2020, WEDC reported an asset of \$1,674,048 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability (asset) used to calculate the net pension liability (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 WEDC's proportion of the net pension liability (asset) was based on the WEDC share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the WEDC proportion was 0.0519%, which was an increase of 2.0 % from its proportion measured as of December 31, 2018 which was 0.0509%.

For the year ended June 30, 2020, the WEDC recognized pension expense of \$579,813.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,177,726	\$ (1,590,239)
Changes in assumptions	130,452	-
Net differences between projected and actual earnings on pension plan investments	-	(3,422,350)
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,485	(19,687)
Employer contributions subsequent to the measurement date	300,943	-
Total	<u>\$ 3,622,606</u>	<u>\$ (5,032,276)</u>

\$300,943 reported as deferred outflows related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to a pension will be recognized in pension expense as follows:

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

Year Ended June 30	Net Deferred Outflows (Inflows) of Resources
2020	\$ (516,111)
2021	(378,755)
2022	62,093
2023	(877,840)
Thereafter	-

Actuarial Assumptions

The total pension liability on 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 Market 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.

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:

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

<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	49.0%	8.0%	5.1%
Fixed Income	24.5%	4.9%	2.1%
Inflation Sensitive Assets	15.5%	4.0%	1.2%
Real Estate	9.0%	6.3%	3.5%
Private Equity/Debt	8.0%	10.6%	7.6%
Multi-Asset	4.0%	6.9%	4.0%
Total Core Fund	110.0%	7.5%	4.6%
<u>Variable Fund Asset Class</u>			
US Equities	70.0%	7.5%	4.6%
International Equities	30.0%	8.2%	5.3%
Total Variable Fund	100.0%	7.8%	4.9%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate

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

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

The Sensitivity of the WEDC’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the WEDC’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the WEDC’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%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
WEDC’s proportionate share of the net pension liability (asset)	\$ 4,310,974	\$ (1,674,048)	\$ (6,148,541)

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 20-15.

At June 30, 2020, WEDC has no accrued payable to the defined benefit pension plan.

B. GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

The State of Wisconsin’s Health Insurance Plan defined as a single employer plan under Governmental Accounting Standards Boards Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, is an employer-sponsored program (not administered as a trust) offering group medical coverage to eligible employees and retirees of State and component unit employers. Created under Chapter 40 of the Wisconsin Statutes, the State Department of Employee Trust Funds and the Group Insurance Board have program administration and oversight responsibilities under Wis. Stat. Sections 15.165(2) and 40.03(6). As of January 2019, the most recent actuarial valuation date, there were 62,047 active and 7,934 retirees and beneficiaries and participating in the plan. There were also 1,442 vested terminated members that are entitled to receive benefits but are not currently participating.

Benefits Provided

Under this plan, retired employees of the State and participating component units pay the same healthcare premium as active employees, creating an implicit rate subsidy. The total amount by which the premiums are higher for active employees when they are pooled with inactive employees than when the active employees are separately rated is referred to as an implicit rate subsidy in relation to the benefits for the inactive employees.

The actuarially-determined implicit rate subsidy for pre-age 65 retirees is treated as another postemployment benefit (OPEB). At age 65, when eligible, retirees are required to enroll in Medicare.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

Contributions

Retiree health insurance OPEB benefits are paid on a “pay-as-you-go” basis. There is no trust and no assets have accumulated for the plan. In the fiscal year 2019 participating employers made actuarially-determined contributions of \$40,902,921 for the implicit rate subsidy. That is, the actuary determined that employer paid health insurance contributions for active employees were \$40.9 million higher than they would have been if they were rated separately from retired participants. \$57,776 was WEDC’s portion of the contribution.

Measurement Focus and Basis of Accounting

The Plan is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Premiums paid by retirees and benefits expenses are recognized in the accounting period in which the benefits are provided.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions:

Actuarial Valuation Date	January 1, 2019
Measurement Date of Total OPEB Liability	June 30, 2019
Reporting Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal, level percent of pay
Asset Valuation Method	N/A
Inflation	3.00%
Salary Increases	Separate merit and longevity increase rates by employer and service, plus 3%
Discount Rate	Discount rate was changed to 3.50% for the June 30, 2019 measurement from 3.87% for the June 30, 2018 measurement
Healthcare Cost Trend Rates	
Medical	4.00% for first year then 5.5% grading down 0.25% per year to 4.50%
Prescription Drug	2.10% for first year then 7.5% grading down 0.25% per year to 4.50%
Dental	0.00% for first year then 3.00% thereafter
Administrative Costs	7.30% for first year then 3.00% thereafter
Mortality Rates	Wisconsin 2017 Mortality Table

Discount Rate

The discount rate is equal to the yield or index rate of 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher in accordance with paragraph 155 of GASB 75 pertaining to nontrusted OPEB plans.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

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

The allocation of the employers' proportionate shares of the OPEB amounts for the fiscal year 2020 are based on the percentage of actual employer contributions during the fiscal year 2019 to correspond with the measurement date.

At June 30, 2020, WEDC reported a liability of \$903,558 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2019, with an actuarial valuation as of January 1, 2019, adjusted for expected changes from the census date to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The WEDC's proportion of the total OPEB liability was based on the WEDC share of contributions to the OPEB plan relative to the contributions of all participating employers. On June 30, 2019, the WEDC proportion was 0.1324%, increased by 2.48% from the prior year.

Total OPEB Liability – June 30, 2018	\$	697,142
Service cost		53,326
Interest		28,670
Differences between expected and actual experience		(28,637)
Change of assumptions		189,823
Benefit payments		(36,766)
Total OPEB Liability – June 30, 2019	<u>\$</u>	<u>903,558</u>

The Total Deferred Inflows and Outflows of Resources are amortized over the average active participant's service life of 11 years. Total Deferred Inflows and Outflows of Resources to be recognized in the current OPEB expense are as follows:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Changed in proportion	\$ 40,304	\$ (128)
Employer contributions subsequent to the measurement date	75,203	-
Difference between expected and actual experience	79,206	(3,906)
Changes in assumptions	68,210	(343,302)
Total	<u>\$ 262,923</u>	<u>\$ (347,336)</u>

\$75,203 as deferred outflows related to OPEB resulting from the State Retiree Health Plan contributions subsequent to the measurement date will be recognized as a reduction of the total

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2020

OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	Net Deferred Outflows (Inflows) of
2021	\$ (28,637)
2022	(28,637)
2023	(28,637)
2024	(28,637)
2025	(28,637)
Thereafter	(16,431)
Total	<u>\$ (159,616)</u>

For the year ended June 30, 2020, the WEDC recognized pension expense of \$57,776

Service cost	\$ 53,326
Interest	28,670
Recognition of deferred inflows	(24,220)
Total OPEB Expense	<u>\$ 57,776</u>

Sensitivity to Changes

The following presents the total WEDC's OPEB liability as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate.

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Total OPEB Liability	\$ 964,267	\$ 903,558	\$ 845,986

The table below shows the total WEDC's OPEB liability calculated if the healthcare cost trend rates were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates. The various healthcare trend rates can be found in the Actuarial Assumptions section of this report.

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Total OPEB Liability	\$ 807,419	\$ 903,558	\$ 1,017,571

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

C. RISK MANAGEMENT

WEDC is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; worker's compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

D. COMMITMENTS AND CONTINGENCIES

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

WEDC has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Approximately 91% of the funding for WEDC comes from the State.

WEDC has entered into contracts and provides offers of financial assistance to businesses and partners in the State for future financial assistance. The remaining unexpended balance on these contracts and commitments has been reported as either restricted or assigned fund balance as appropriate. At year end, \$42,287,446 was reported in total for these contracts, \$41,037,446 as restricted fund balance, and \$1,250,000 as assigned fund balance.

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following new accounting pronouncements:

- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, issued in June 2018. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. 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

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

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 statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

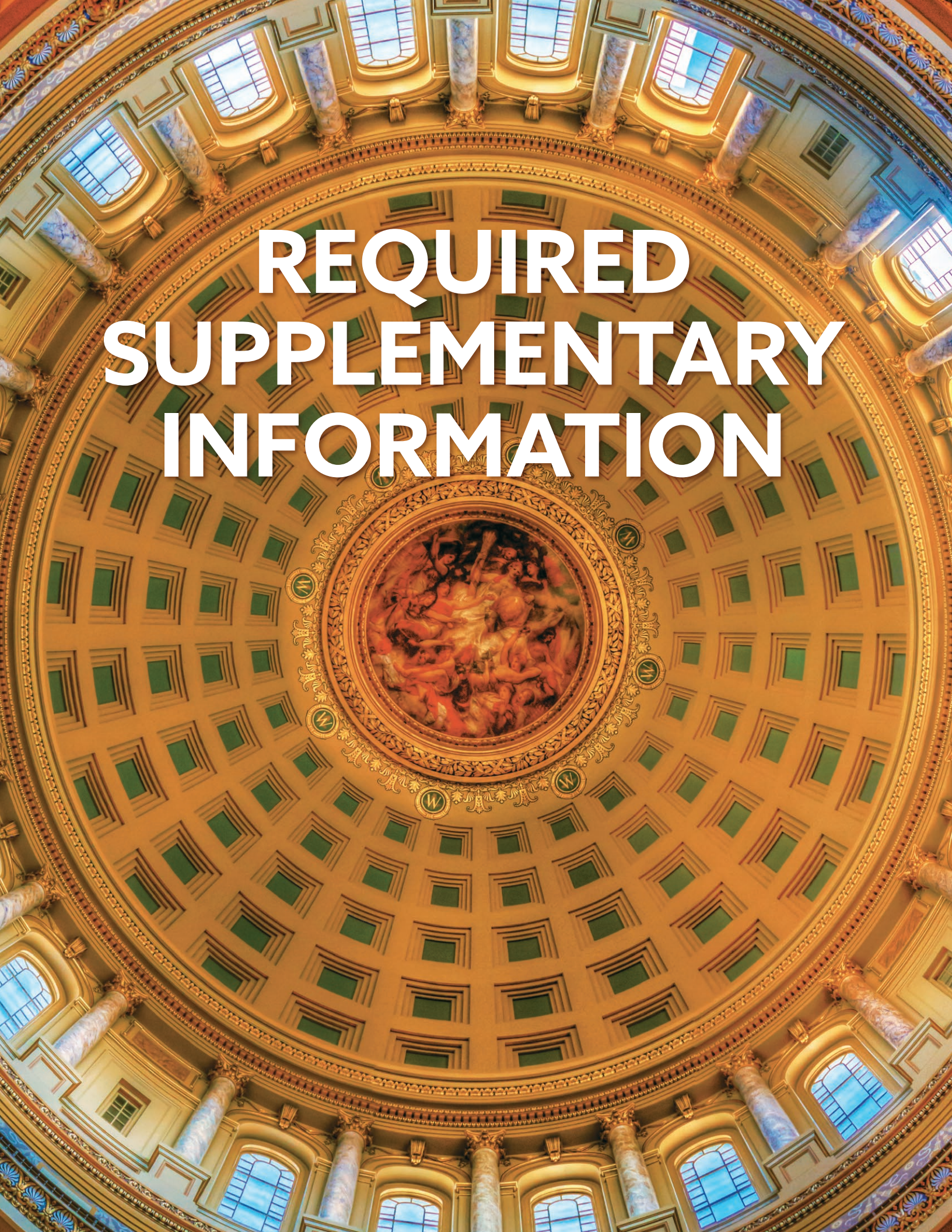
- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The effective date for each of this new statement is included above. GASB encourages early implementation of these new statements. Application of these standards may result in the restatement of portions of these financial statements.
- Statement No. 93, *Replacement of Interbank Offered Rates*. The London Interbank Offered Rate (LIBOR), a result of global reference rate reform, is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued to address tissues related to accounting and reporting for public-private and public-public partnership arrangements (PPPs). A PPP a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined in this Statement as a PPP in which (1) the operator collects and is

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended June 30, 2020

compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for the fiscal year ending June 30, 2023.

- Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement, which is effective upon issuance, allows, but does not require, governments to defer implementing the following pronouncements by 1 year from their original effective date as follows:
 - Statement 87: and Implementation Guide 2019—fiscal years beginning after June 15, 2021, and all reporting periods thereafter
 - Statement 89: reporting periods beginning after December 15, 2020
 - Statement 91: reporting periods beginning after December 15, 2021
 - Statement 92: paragraphs 6 and 7—fiscal years beginning after June 15, 2021
 - Statement 92: paragraphs 8, 9, and 12—reporting periods beginning after June 15, 2021
 - Statement 92: paragraph 10—government acquisitions occurring in reporting periods beginning after June 15, 2021
 - Statement 93: paragraphs 13 and 1—fiscal years beginning after June 15, 2021, and all reporting periods thereafter



**REQUIRED
SUPPLEMENTARY
INFORMATION**

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

**SCHEDULE OF WEDC'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)**

Wisconsin Retirement System

Last 10 Fiscal Years*

(restated)	2015	2016	2017	2018	2019	2020
WEDC's proportion of the net pension liability (asset)	0.0445%	0.0471%	0.0488%	0.0500%	0.0509%	0.0519%
WEDC's proportionate share of the net pension liability (asset)	\$ (1,094,106)	\$ 765,867	\$ 402,113	\$ (1,483,782)	\$ 1,810,922	\$ (1,674,048)
WEDC's covered payroll	\$ 6,574,065	\$ 6,960,140	\$ 7,291,932	\$ 7,495,150	\$ 6,343,336	\$ 8,561,631
WEDC's proportionate share of net pension liability (asset) as a percentage of covered payroll	-16.64%	11.00%	5.51%	-19.80%	28.55%	-19.55%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%

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

* Accounting standards requires that ten years of supplementary information be presented. WEDC will be displayed as it becomes available.

SCHEDULE OF WEDC CONTRIBUTIONS

Wisconsin Retirement System

Last 10 Fiscal Years*

(restated)	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 460,187	\$ 485,967	\$ 524,408	\$ 506,508	\$ 554,537	\$ 560,786
Contributions in relation to the contractually required contributions	460,187	485,967	524,408	506,508	554,537	560,786
Contributions deficiency (excess)	-	-	-	-	-	-
WEDC's covered payroll	6,574,065	6,960,140	7,291,932	7,495,150	6,343,336	8,561,631
Contributions as a percentage of covered payroll	7.0%	6.7%	6.7%	6.7%	6.6%	6.6%

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

* Accounting standards requires that ten years of supplementary information be presented. WEDC will be displayed as it becomes available.

**Notes to Required Supplementary Information
for the Year Ended June 30, 2020**

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

Changes of assumptions. There were no changes in the assumptions.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

**SCHEDULE OF WEDC'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)**

Wisconsin Retirement System

Last 10 Fiscal Years*

(restated)	2015	2016	2017	2018	2019	2020
WEDC's proportion of the net pension liability (asset)	0.0445%	0.0471%	0.0488%	0.0500%	0.0509%	0.0519%
WEDC's proportionate share of the net pension liability (asset)	\$ (1,094,106)	\$ 765,867	\$ 402,113	\$ (1,483,782)	\$ 1,810,922	\$ (1,674,048)
WEDC's covered payroll	\$ 6,574,065	\$ 6,960,140	\$ 7,291,932	\$ 7,495,150	\$ 6,343,336	\$ 8,561,631
WEDC's proportionate share of net pension liability (asset) as a percentage of covered payroll	-16.64%	11.00%	5.51%	-19.80%	28.55%	-19.55%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%

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

* Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is.

SCHEDULE OF WEDC CONTRIBUTIONS

Wisconsin Retirement System

Last 10 Fiscal Years*

(restated)	2015	2016	2017	2018	2019	2020
Contractually required contributions	\$ 460,187	\$ 485,967	\$ 524,408	\$ 506,508	\$ 554,537	\$ 560,786
Contributions in relation to the contractually required contributions	460,187	485,967	524,408	506,508	554,537	560,786
Contributions deficiency (excess)	-	-	-	-	-	-
WEDC's covered payroll	6,574,065	6,960,140	7,291,932	7,495,150	6,343,336	8,561,631
Contributions as a percentage of covered payroll	7.0%	6.7%	6.7%	6.7%	6.6%	6.6%

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

* Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is.

**Notes to Required Supplementary Information
for the Year Ended June 30, 2020**

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

Changes of assumptions. There were no changes in the assumptions.



SUPPLEMENTARY INFORMATION

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BY OBJECT
(WITH COMPARATIVE ACTUALS)

GENERAL FUND

For the Years Ended June 30, 2019 AND 2020

	June 30, 2019	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES					
Intergovernmental	\$ 43,591,724	\$ 41,872,200	\$ 41,211,335	\$41,083,261	(128,074)
Charges for services	178,429	230,000	205,000	126,325	(78,675)
Interest income	3,826,919	3,169,000	2,885,000	3,214,981	329,981
Other revenues	231,981	452,400	490,281	570,814	80,533
Total Revenues	<u>47,829,053</u>	<u>45,723,600</u>	<u>44,791,616</u>	<u>44,995,381</u>	<u>203,765</u>
EXPENDITURES					
Program grants	23,869,546	25,705,000	29,342,000	27,726,568	1,615,432
Loan loss reserve	458,801	1,000,000	500,000	600,273	(100,273)
Key strategic partners	4,609,350	5,032,500	4,986,445	4,960,714	25,731
Promotions	7,802,068	7,158,057	6,496,219	6,134,547	361,672
Payroll and benefits	11,292,613	12,214,202	12,137,423	12,231,123	(93,700)
Operations and general	5,681,773	5,754,848	5,658,968	4,861,409	797,559
Capital	255,355	30,000	30,000	-	30,000
Debt service	173,948	225,000	225,000	194,020	30,980
Total Expenditures	<u>54,143,454</u>	<u>57,119,607</u>	<u>59,376,055</u>	<u>56,708,654</u>	<u>2,667,401</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(6,314,401)</u>	<u>(11,396,007)</u>	<u>(14,584,439)</u>	<u>(11,713,273)</u>	<u>(2,463,636)</u>
Special items	<u>(25,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$(31,314,401)</u></u>	<u><u>\$(11,396,007)</u></u>	<u><u>\$(14,584,439)</u></u>	<u><u>(11,713,273)</u></u>	<u><u>\$ 2,871,166</u></u>
FUND BALANCES - BEGINNING OF YEAR				<u>90,197,056</u>	
FUND BALANCES - END OF YEAR				<u><u>\$78,483,783</u></u>	



STATISTICAL SECTION

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

STATISTICAL SECTION

This part of WEDC's Comprehensive Annual Financial Report presents detailed information as a framework for understanding what the information in the financial statements and note disclosures, says about the overall financial well-being of WEDC.

Contents	Page
Financial Trends	62 - 65
These schedules contain trend information to help the reader understand how WEDC's financial performance and well-being have changed over time.	
Revenue Capacity	66 - 68
These schedules contain information to help the reader assess WEDC's most significant own-source revenue source, interest on loans	
Debt Capacity	69
These schedules present information to help the reader assess the affordability of WEDC's current levels of outstanding debt and WEDC's ability to issue new debt in the future.	
Demographic and Economic Information	70 - 71
These schedules offer demographic and economic indicators to help the reader understand the environment within which WEDC's financial activities take place.	
Operating Information	72 - 76
These schedules contain service and infrastructure data to help the reader understand how the information in WEDC's financial report relates to the services WEDC provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is obtained from the comprehensive annual financial reports for the given year.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL TRENDS
CHANGES IN NET POSITION
Last Nine Fiscal Years

	Fiscal Year								
	(As Restated) 2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses									
General administration	\$ 13,056,584	\$ 19,848,912	\$ 6,201,310	\$ 7,621,160	\$ 7,963,400	\$ 8,369,482	\$ 8,234,566	\$ 10,059,902	\$ 10,301,894
Marketing & brand strategy	1,202,147	2,852,310	5,662,794	5,428,254	4,106,688	4,095,388	5,113,107	8,874,239	7,189,698
Economic development	13,056,977	20,820,325	27,750,545	25,148,978	36,907,171	31,132,493	31,281,848	36,170,819	39,523,962
Interest and fiscal charges	67,209	96,700	108,128	224,989	146,109	121,250	92,921	110,119	80,770
Total Government Activities Expenses	27,382,917	43,618,247	39,722,777	38,423,381	49,123,368	43,718,613	44,722,442	55,215,079	57,096,324
Program Revenues									
Charges for services	936,876	818,021	191,796	245,162	184,108	223,762	149,989	178,429	126,325
Operating grants and contributions	46,074,090	5,181,444	1,759,196	2,541,024	1,393,199	2,699,810	2,643,910	3,041,024	1,532,561
Total Governmental Activities Program Revenues	47,010,966	5,999,465	1,950,992	2,786,186	1,577,307	2,923,572	2,793,899	3,219,453	1,658,886
Net (Expense)/Revenue	19,628,049	(37,618,782)	(37,771,785)	(35,637,195)	(47,546,061)	(40,795,041)	(41,928,543)	(51,995,626)	(55,437,438)
General Revenues and Other Changes in Net Position									
Intergovernmental revenues not restricted to specific programs	55,207,206	55,238,288	39,900,700	58,300,700	28,750,700	34,250,700	57,681,563	40,550,700	39,550,700
Investment income	693,739	837,391	1,135,416	1,648,401	1,511,244	1,822,528	1,741,684	3,826,919	3,214,981
Miscellaneous	-	891,168	58,969	195,541	379,681	701,616	798,049	542,809	276,987
Total Governmental Activities General Revenues	55,900,945	56,966,847	41,095,085	60,144,642	30,641,625	36,774,844	60,221,296	44,920,428	43,042,668
Special items	-	-	-	-	-	-	-	25,000,000	-
Change in Net Position	\$ 75,528,994	\$ 19,348,065	\$ 3,323,300	\$ 24,507,447	\$ (16,904,436)	\$ (4,020,197)	\$ 18,292,753	\$ (32,075,198)	\$ (12,394,770)

Notes:

In 2012 and 2013 loan loss reserve and performance based loan reserve expenses were reported with in the general administration function.

Beginning in 2014 these expenses are reported within the economic development function.

Accounting standards requires that ten years of trend information be presented.

WEDC has only been in operation since June, 2011 (fiscal year 2012), only those years are presented.

Sources:

Wisconsin Economic Development Corporation

<http://inwisconsin.com/>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL TRENDS
NET POSITION BY COMPONENT
Last Nine Fiscal Years

	Fiscal Year								
	(As Restated) 2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities									
Net investment in capital assets	\$ 153,039	\$ 934,111	\$ 1,872,245	\$ 1,501,464	\$ 723,500	\$ 934,349	\$ 1,015,137	\$ 916,953	\$ 574,557
Restricted	15,249,905	17,984,574	25,471,389	33,799,765	30,074,692	41,738,826	52,928,688	48,448,573	41,037,446
Unrestricted	60,126,050	75,958,374	72,415,740	88,965,592	76,563,193	59,846,352	66,868,455	39,371,556	34,730,309
Total	\$ 75,528,994	\$ 94,877,059	\$ 99,759,374	\$ 124,266,821	\$ 107,361,385	\$ 102,519,527	\$ 120,812,280	\$ 88,737,082	\$ 76,342,312

Notes:

Accounting standards requires that ten years of trend information be presented.

WEDC has only been in operation since June, 2011 (fiscal year 2012), only those years are presented.

Sources:

Wisconsin Economic Development Corporation

<http://inwisconsin.com/>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL TRENDS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Nine Fiscal Years

	Fiscal Year								
	(As Restated) 2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues									
Intergovernmental	\$ 56,044,552	\$ 60,419,732	\$ 41,580,556	\$ 60,800,655	\$ 30,143,899	\$ 36,950,510	\$ 60,235,473	\$ 43,591,724	\$ 41,083,261
Charges for services	-	320,281	221,258	256,675	184,108	223,762	149,989	178,429	126,325
Interest on loans	693,739	806,294	1,102,791	1,661,869	1,511,244	1,822,528	1,741,684	3,826,919	3,214,981
Other revenues	936,876	922,265	138,309	242,791	270,391	259,666	419,602	231,981	570,814
Total Revenues	57,675,167	62,468,572	43,042,914	62,961,990	32,109,642	39,256,466	62,546,748	47,829,053	44,995,381
Expenditures									
Current									
General administration	12,972,916	19,510,784	5,474,861	6,793,593	6,766,661	7,882,348	7,968,542	9,038,736	9,936,186
Marketing & brand strategy	1,152,183	2,754,902	5,286,566	5,317,052	3,831,345	3,806,912	4,953,572	8,670,380	7,047,876
Economic development	12,982,036	20,554,445	27,734,152	25,014,023	36,761,125	31,334,435	31,274,949	36,005,035	39,530,572
Capital outlay	370,407	934,967	1,555,670	110,498	148,449	291,761	432,036	255,355	-
Debt Service									
Principal	67,312	88,607	161,929	89,631	85,090	81,424	85,668	63,829	113,250
Interest and fiscal charges	67,209	96,700	108,128	114,491	146,109	121,250	92,921	110,119	80,770
Total Expenditures	27,612,063	43,940,405	40,321,306	37,439,288	47,738,779	43,518,130	44,807,688	54,143,454	56,708,654
Excess (Deficiency) of Revenues									
Over/(Under) Expenditures	30,063,104	18,528,167	2,721,608	25,522,702	(15,629,137)	(4,261,664)	17,739,060	(6,314,401)	(11,713,273)
Other Financing Sources (Uses)									
Proceeds on capital lease	224,585	-	-	-	-	-	-	-	-
Contributions from State of Wisconsin	46,513,032	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	46,737,617	-	-	-	-	-	-	-	-
Special items									
	-	-	-	-	-	-	-	(25,000,000)	-
Net Change in Fund Balances	\$ 76,800,721	\$ 18,528,167	\$ 2,721,608	\$ 25,522,702	\$ (15,629,137)	\$ (4,261,664)	\$ 17,739,060	\$ (31,314,401)	\$ (11,713,273)
Capital Asset Additions	\$ 370,407	\$ 826,220	\$ 1,209,599	\$ 110,498	\$ 148,449	\$ 302,819	\$ 441,842	\$ 263,755	\$ -
Debt service as a percentage of noncapital expenditures	0.5%	0.4%	0.7%	0.5%	0.5%	0.5%	0.4%	0.3%	0.3%

Notes:
In 2012 and 2013 loan loss reserve and performance based loan reserve expenses were reported within the general administration function. Beginning in 2014 these expenses are reported within the economic development function. Accounting standards requires that ten years of trend information be presented.
WEDC has only been in operation since June, 2011 (fiscal year 2012), only those years are presented.

Sources:
Wisconsin Economic Development Corporation
<http://inwisconsin.com/>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL TRENDS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Nine Fiscal Years

	Fiscal Year								
	(As Restated) 2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund									
Nonspendable	\$ 33,527,569	\$ 29,573,758	\$ 35,538,497	\$ 42,556,241	\$ 43,185,830	\$ 38,991,331	\$ 31,236,400	\$ 26,641,664	\$ 20,515,661
Restricted	15,249,905	17,984,574	25,471,389	33,799,765	30,074,692	41,738,826	52,928,688	48,448,573	41,037,446
Assigned	-	13,722,294	21,434,223	45,180,264	31,671,775	19,693,031	3,419,326	7,779,303	10,727,840
Unassigned	28,023,247	34,048,262	15,606,387	2,036,928	3,326,707	3,259,209	33,927,043	7,327,516	6,202,836
Total General Fund	\$ 76,800,721	\$ 95,328,888	\$ 98,050,496	\$ 123,573,198	\$ 108,259,004	\$ 103,682,397	\$ 121,511,457	\$ 90,197,056	\$ 78,483,783

Notes:

Accounting standards requires that ten years of trend information be presented.

WEDC has only been in operation since June, 2011 (fiscal year 2012), only those years are presented.

Sources:

Wisconsin Economic Development Corporation

<http://inwisconsin.com/>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

REVENUE CAPACITY
COLLECTIBLE LOAN BALANCES
Last Nine Fiscal Years

(continued)

Program	Loan Balance 2012	Interest Rate 2012	Loan Balance 2013	Interest Rate 2013	Loan Balance 2014	Interest Rate 2014	Loan Balance 2015	Interest Rate 2015
Technology business development investments	\$ 12,065,512	2.6%	\$ 16,106,002	3.8%	\$ 17,348,908	4.1%	\$ 18,347,227	4.1%
Business expansion and retention investment	6,596,272	2.0%	10,712,994	2.0%	12,151,861	2.0%	10,574,580	2.0%
Business development loan	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Business opportunity loan fund	-	0.0%	-	0.0%	5,273,126	2.7%	13,585,556	2.4%
Wisconsin energy independence fund	1,672,737	2.0%	1,537,989	2.0%	396,445	2.0%	228,388	2.0%
Special project fund	-	-	-	-	-	-	500,000	5.0%
Commerce - other	16,350,610	2.3%	9,713,231	2.4%	5,357,039	2.5%	4,103,610	2.2%
Total Balance	\$ 36,685,132		\$ 38,070,216		\$ 40,527,379		\$ 47,339,362	

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

REVENUE CAPACITY
COLLECTIBLE LOAN BALANCES
Last Nine Fiscal Years

(concluded)

Program	Loan Balance 2016	Interest Rate 2016	Loan Balance 2017	Interest Rate 2017	Loan Balance 2018	Interest Rate 2018	Loan Balance 2019	Interest Rate 2019	Loan Balance 2020	Interest Rate 2020
Technology business development investments	\$ 18,461,990	4.4%	\$ 18,532,149	4.7%	\$ 18,159,925	5.1%	\$ 16,438,944	5.1%	\$ 15,553,979	5.0%
Business expansion and retention investment	6,364,011	2.0%	5,401,631	2.0%	5,285,425	2.0%	2,098,357	2.0%	1,430,664	2.0%
Business development loan	-	0.0%	-	0.0%	-	0.0%	415,849	4.8%	337,067	3.9%
Business opportunity loan fund	21,857,415	2.4%	23,277,014	2.4%	17,882,236	2.4%	13,845,929	2.1%	9,061,640	2.2%
Wisconsin energy independence fund	190,334	2.0%	182,189	2.0%	174,631	2.0%	160,260	2.0%	134,125	2.0%
Special project fund	786,793	5.0%	752,119	5.0%	529,978	5.0%	529,877	5.0%	262,640	5.0%
Commerce - other	2,242,740	2.2%	1,378,590	2.2%	532,907	2.2%	406,182	1.4%	347,773	1.3%
Total Balance	\$ 49,903,283		\$ 49,523,692		\$ 42,565,102		\$ 33,895,398		\$ 27,127,888	

Notes:

Accounting standards requires that ten years of trend information be presented.

WEDC has only been in operation since June, 2011 (fiscal year 2012), only those years are presented.

Sources:

Wisconsin Economic Development Corporation

<http://inwisconsin.com/>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

REVENUE CAPACITY
TEN LARGEST LOANS
Eight Years ago and Current Year

Collectible Loan	Rank	Loan Balance 2012	Percent of Total	Rank	Loan Balance 2020	Percent of Total
SHINE Medical Technologies, Inc.	-	-	-	1	\$ 3,325,920	30.7%
Menasha Corporation	-	-	-	2	1,486,975	13.7%
Trilliant Food & Nutrition, LLC	-	-	-	3	1,057,408	9.8%
Russ Davis Wholesale	-	-	-	4	918,806	8.5%
Expera Specialty Solutions, LLC	-	-	-	5	799,983	7.4%
Forward Health Group, Inc	-	-	-	6	717,580	6.6%
Exodus Machines Incorporated	-	-	-	7	672,808	6.2%
Fi-Med Management, Inc.	-	-	-	8	647,608	6.0%
Pegex, Inc	-	-	-	9	625,000	5.8%
Ritalka, Inc.	-	-	-	10	582,495	5.4%
Kestrel Aircraft Company	1	\$ 2,000,000	5.5%	-	-	-
Flambeau River Biofuels Financial Group, Inc.	2	2,000,000	5.5%	-	-	-
J.L. French, LLC	3	1,386,133	3.8%	-	-	-
Green Box NA Green Bay, LLC	4	1,116,000	3.0%	-	-	-
Flambeau River Biofuels Financial Group, Inc.	5	1,000,000	2.7%	-	-	-
Milwaukee Forge, LLC	6	871,627	2.4%	-	-	-
Flambeau River Papers, LLC	7	727,350	2.0%	-	-	-
Prolitec Inc.	8	650,890	1.8%	-	-	-
Flambeau River Papers, LLC	9	624,355	1.7%	-	-	-
Flambeau River Papers, LLC	10	624,321	1.7%	-	-	-
		<u>11,000,677</u>	<u>30.0%</u>		<u>10,834,584</u>	<u>39.9%</u>
Total Loans Outstanding		<u>\$ 36,685,132</u>			<u>\$ 27,127,888</u>	

Notes:

Accounting standards requires that ten years of trend information be presented.

WEDC has only been in operation since June, 2011 (fiscal year 2012), only current year and seven years ago is presented.

Sources:

Wisconsin Economic Development Corporation

<http://inwisconsin.com/>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

DEBT CAPACITY RATIOS OF OUTSTANDING DEBT Last Nine Fiscal Years

Year	Capital Lease	Note Payable	Total Debt	Personal Income* (in millions)	% of Personal Income	Population (in thousands)	Debt per Capita
(Restated)							
2012	\$ 174,075	\$ 1,111,475	\$ 1,285,550	\$ 232,664	0%	5,709	0.2252
2013	108,649	1,510,326	1,618,975	243,576	0%	5,726	0.2827
2014	31,900	1,850,356	1,882,256	245,382	0%	5,743	0.3277
2015	-	2,102,329	2,102,329	255,753	0%	5,758	0.3651
2016	-	2,630,967	2,630,967	264,988	0%	5,768	0.4561
2017	-	2,134,044	2,134,044	273,189	0%	5,779	0.3693
2018	-	1,945,360	1,945,360	274,729	0%	5,792	0.3359
2019	-	2,269,701	2,269,701	295,073	0%	5,814	0.3904
2020	-	2,143,871	2,143,871	311,983	0%	5,822	0.3682

Notes:

* Personal income and population data used is for the calendar year ending during the fiscal year.
For example, calendar year 2011 is used for the fiscal year 2012 spanning 7/1/2011 - 6/30/2012.

Accounting standards requires that ten years of trend information be presented.

Since WEDC has only been in operation for nine years, only those years are presented.

Sources:

2011-2017 Wisconsin Department of Workforce Development

<http://worknet.wisconsin.gov/worknet/daincome.aspx?menuselection=da>

2018-2020 U.S. Bureau of Economic Analysis

https://apps.bea.gov/iTable/index_regional.cfm

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

DEMOGRAPHIC AND ECONOMIC INFORMATION
PERSONAL INCOME STATISTICS
Last Ten Calendar Years

Calendar Year	Population		Personal Income		Per Capita			
	Wisconsin (in thousands)	U.S. (in thousands)	Wisconsin (in millions)	U.S. (in millions)	Wisconsin	U.S.	Wisconsin % Change	U.S. % Change
(Restated)								
2011	5,709	311,663	\$ 232,664	\$ 13,233,436	\$ 40,749	\$ 42,461	5.1%	5.7%
2012	5,726	313,998	243,576	13,904,485	42,537	44,282	4.4%	4.3%
2013	5,743	316,205	245,382	14,068,960	42,728	44,493	0.4%	0.5%
2014	5,758	318,563	255,753	14,801,624	44,414	46,464	3.9%	4.4%
2015	5,768	320,897	264,988	15,463,981	45,942	48,190	3.4%	3.7%
2016	5,779	323,128	273,189	16,017,781	47,275	49,571	2.9%	2.9%
2017	5,792	325,417	274,729	16,326,942	47,430	50,172	0.3%	1.2%
2018	5,814	327,167	295,073	17,572,929	50,756	53,712	7.0%	7.1%
2019	5,822	328,239	311,984	18,599,062	53,583	56,663	5.6%	5.5%
2020				Not available				

Notes:

GASB Statement No. 44 requires that ten years of trend information be presented.

Since WEDC has only been in operation for nine years, only those years are presented.

Sources:

2011-2016 Wisconsin Department of Workforce Development

<http://worknet.wisconsin.gov/worknet/daincome.aspx?menuselection=da>

2017-2019 U.S. Bureau of Economic Analysis

https://apps.bea.gov/iTable/index_regional.cfm

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

DEMOGRAPHIC AND ECONOMIC INFORMATION
EMPLOYMENT STATISTICS
Last Nine Fiscal Years

Year	Employment (In Thousands Except Unemployment Rates Data)				
	Civilian Labor Force	Total Employed	Total Unemployed	Wisconsin Unemployed Rate	U.S. Unemployed Rate
(Restated)					
2012	3,074	2,857	217	7.0%	8.1%
2013	3,083	2,875	208	6.7%	7.4%
2014	3,085	2,918	167	5.4%	6.2%
2015	3,095	2,954	141	4.6%	5.3%
2016	3,120	2,991	129	4.1%	4.9%
2017	3,152	3,048	104	3.3%	4.4%
2018	3,133	3,039	94	3.0%	3.9%
2019	3,105	3,001	104	3.3%	3.7%
2020			Not Available		

Notes:

GASB Statement No. 44 requires that ten years of trend information be presented.

Since WEDC has only been in operation for nine years, only those years are presented.

Sources:

2011-2016 Wisconsin Department of Workforce Development

<http://worknet.wisconsin.gov/worknet/daincome.aspx?menuselection=da>

2017 U.S. Bureau of Economic Analysis

https://apps.bea.gov/iTable/index_regional.cfm

2018 - 2019 WI Job Center

<https://www.jobcenterofwisconsin.com/wisconomy/query>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

OPERATING INFORMATION
EMPLOYEES BY FUNCTION/PROGRAM
Last Nine Years

(continued)

Function/Program	2012		2013		2014		2015	
	Permanent	Temporary/ Project	Permanent	Temporary/ Project	Permanent	Temporary/ Project	Permanent	Temporary/ Project
General Administration								
Legal services & compliance	7	1	4	0	6	1	5	2
Executive office	5	-	8	1	6	1	5	-
Human resources	3	-	2	0	4	-	4	-
Finance	5	-	4	-	6	-	8	-
Technology & information systems	5	1	4	-	5	1	6	-
Credit and risk	13	-	10	-	13	1	16	1
Process improvement	-	-	2	-	-	-	-	-
Office of public policy	3	-	4	-	3	-	3	-
Customer service	-	-	2	-	-	-	-	-
Economic Development								
Entrepreneurship and innovation and sector strategy development								
Business & community development	5	-	4	-	5	-	4	-
Business and investment attraction	23	1	19	0	22	-	21	-
Sector strategy development	-	-	-	-	-	-	-	-
International business development	9	-	9	-	9	-	10	-
Operations & program performance	5	2	7	2	5	3	9	-
Marketing & brand strategy	7	-	5	-	8	-	9	-
Total Staff	90	5	84	5	92	7	100	3

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

OPERATING INFORMATION
EMPLOYEES BY FUNCTION/PROGRAM
Last Nine Years

(concluded)

2016		2017		2018		2019		2020	
Permanent	Temporary/ Project	Permanent	Temporary/ Project	Permanent	Temporary/ Project	Permanent	Temporary/ Project	Permanent	Temporary/ Project
9	2	11	3	8	2	10	1	9	
13	-	11	3	7	1	6	1	9	1
5	-	5	-	5	-	6	-	5	
5	-	5	-	5	-	5	-	5	
7	-	6	1	7	1	8	-	8	
9	3	11	1	12	-	13	3	13	2
-	-	-	-	-	-	-	-	-	-
5	1	5	1	5	2	5	1	6	1
-	-	-	-	-	-	-	-	-	-
5	-	5	-	4	-	11	-	5	
20	-	20	-	20	-	20	-	22	
-	-	3	-	1	-	4	-	15	1
8	-	7	-	6	-	-	-	-	
8	1	8	-	8	1	6	-	-	
				5	4	6	3	4	2
8	-	9	-	9	-	9	-	9	
102	7	106	9	102	11	109	9	110	7

Notes:

GASB Statement No. 44 requires that ten years of trend information be presented.

Since WEDC has only been in operation for nine years, only those years are presented.

Sources:

Wisconsin Economic Development Corporation

www.inwisconsin.com

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

OPERATING INFORMATION
OPERATING INDICATORS BY FUNCTION
Last Nine Years

(continued)

Program	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business and Community Development									
Bonding Authority									
Industrial Revenue Bonding	4	3	7	7	4	7	6	5	5
Midwestern Disaster Area Bond	25	15	-	-	-	-	-	-	-
Qualified Energy Conservation Bond	2	-	-	-	1	-	-	-	-
Grants									
Brownfield Grant Program	15	10	11	13	15	13	14	8	14
Business Expansion and Retention	2	2	-	-	-	-	-	-	-
Capacity Building	-	4	3	5	11	14	10	6	4
Community Development Investment	-	5	15	23	18	21	26	30	20
Disaster Recovery Microloan	-	-	-	-	-	-	-	6	3
Ethnic Minority Emergency Grant *	-	-	-	-	-	-	-	-	890
Forward Innovation Fund	1	-	-	-	-	-	-	-	-
Idle Industrial Sites Redevelopment	-	-	6	4	-	9	5	5	3
Legislative Award	-	-	-	-	-	-	1	-	-
Minority Business Development	-	-	-	-	-	10	-	3	4
Regional Revolving Loan Fund	-	-	-	-	-	-	-	-	-
Expansion	-	-	1	-	-	-	-	-	-
Site Assessment Grants	4	9	17	14	13	11	11	11	9
Small Business 20/20	-	-	-	-	-	-	-	-	8
State Energy Programs	1	-	-	-	-	-	-	-	-
We're All In Small Business Grant	-	-	-	-	-	-	-	-	7
Workforce Training	6	6	4	2	1	2	2	3	1
Loans									
Business Retention and Expansion	21	18	9	-	-	-	-	-	-
Business Opportunity Loan Fund	-	-	10	17	12	9	-	-	-
Business Development Loan Program	-	-	-	-	-	-	1	1	-
Manufacturing Clean Energy Revolving Loan	-	-	-	-	1	-	-	-	-
Emergency Loan Guaranty for Certified Propane Dealers	-	-	4	-	-	-	-	-	-
Milk Volume Production (RED)	1	-	-	-	-	-	-	-	-
Special Project Loan Fund	-	-	-	2	1	1	-	-	-
State Energy Programs	3	-	-	-	-	-	-	-	-
Tax Credits									
Business Development Tax Credit	-	-	-	-	17	62	38	45	23
Development Opportunity Zones	6	-	4	1	2	-	-	-	-
Economic Development Tax Credits	74	82	64	52	32	-	-	-	-
Electronics and Information Technology Manufacturing Zone	-	-	-	-	-	-	1	-	-
Enterprise Zone	3	1	2	3	2	5	5	3	-
Historic Preservation Tax Credit	-	-	8	42	32	67	27	13	24
Historic Preservation Tax Credit - Qualified Rehabilitation	-	-	2	6	2	-	-	-	-
Jobs Tax Credit	11	8	16	25	17	-	-	-	-

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

OPERATING INFORMATION
OPERATING INDICATORS BY FUNCTION
Last Nine Years

(concluded)

Program	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sector Strategy Development									
Grants									
Minority Business Development Revolving	-	2	4	2	4	-	-	-	-
Opportunity Research Project	1	1	3	-	-	-	-	-	-
Fabrication Laboratories	-	-	-	-	24	22	22	20	31
Targeted Industry Projects	2	2	12	11	8	12	13	13	3
Entrepreneurship and Innovation									
Grants									
Capital Catalyst	1	2	7	2	4	7	2	4	4
Capacity Building - E&I	-	-	-	-	-	11	11	9	9
Entrepreneurial Micro-Grant	-	1	1	1	1	1	1	1	1
Business Incubator	-	-	-	-	1	-	-	-	-
SBIR/STTR Matching Grant	-	-	-	1	1	1	1	1	1
Seed Accelerator	-	2	4	9	8	10	5	8	6
Technology Matching Grant	2	-	-	-	-	-	-	-	-
Loans									
Technology Development Loan	8	14	17	15	16	22	13	17	11
Investor Credits									
Qualified New Business Venture	29	45	26	25	40	41	54	41	46
Qualified Venture Fund Certification	5	5	5	7	6	9	9	9	14
International Business Development									
Grants									
Collaborative Market Access Grant	-	-	2	3	1	4	2	5	2
Export Development Grant	2	1	-	-	-	-	-	-	-
Export Education Grant	-	-	3	1	-	-	-	-	-
ExporTech	-	2	1	1	1	1	1	1	1
International Market Access Grant	23	30	48	57	57	66	58	45	35
Wisconsin Trade Project	3	-	-	-	-	-	-	-	-
Total Awards Contracted	255	270	316	351	353	438	339	313	1,179

Notes:

Accounting standards requires that ten years of trend information be presented. WEDC has only been in operation since June, 2011 (fiscal year 2012), only those years are presented.

* In May 2020, under the new Ethnic Minority Emergency Grant (EMEG) initiative, supported 890 ethnically diverse micro-businesses that have suffered losses due to the coronavirus pandemic.

Sources:

Wisconsin Economic Development Corporation
www.inwisconsin.com

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

OPERATING INFORMATION
SCHEDULE OF CAPITAL ASSETS
Last Nine Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020
Economic Development									
Vehicles	5	6	6	6	6	5	6	7	7
General Administration									
Leasehold improvements	-	2	4	4	4	4	4	6	6
Vehicles	1	2	2	2	2	3	2	2	2
Technology & Information Systems									
Computer software	-	1	5	5	5	4	5	4	4
Marketing & Brand Strategy									
Computer software	1	2	4	6	9	7	6	4	4
Furniture and fixtures	-	1	1	1	1	1	-	1	1
Total Capital Assets	7	14	22	24	27	24	23	24	24

Notes:

Accounting standards requires that ten years of trend information be presented.

WEDC has only been in operation since June, 2011 (fiscal year 2012), only those years are presented.

Sources:

Wisconsin Economic Development Corporation

www.inwisconsin.com

The Wisconsin Economic Development Corporation (WEDC) leads economic development efforts for the state by advancing and maximizing opportunities in Wisconsin for businesses, communities and people to thrive in a globally competitive environment. WEDC provides resources, operational support and financial assistance to companies, partners and communities in Wisconsin. WEDC achieves its mission through initiatives driven by five strategic pillars: business development; community and economic opportunity; strategic economic competitiveness; state brand management and promotion; and operational and fiscal excellence. Working with more than 600 regional and local partners, WEDC develops and delivers solutions representative of a highly responsive and coordinated economic development network.

Visit InWisconsin.com to learn more.



201 W. Washington Avenue
Madison, WI 53703

855-INWIBIZ
inwisconsin.com/impact