



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Clover Park Technical College

For the period July 1, 2016 through June 30, 2017

Published July 15, 2019

Report No. 1024243





**Office of the Washington State Auditor
Pat McCarthy**

July 15, 2019

Board of Trustees
Clover Park Technical College
Lakewood, Washington

Report on Financial Statements

Please find attached our report on the Clover Park Technical College's financial statements.

We are issuing this report in order to provide information on the College's financial condition.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Clover Park Technical College
July 1, 2016 through June 30, 2017**

Board of Trustees
Clover Park Technical College
Lakewood, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Clover Park Technical College, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 8, 2019. As discussed in Note 1 to the financial statements, during the year ended June 30, 2017, the College implemented Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*.

Our report includes a reference to other auditors who audited the financial statements of the Clover Park Technical College Foundation (the Foundation), as described in our report on the College's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

The financial statements of the Clover Park Technical College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of

Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2017, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of the College's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

July 8, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Clover Park Technical College July 1, 2016 through June 30, 2017

Board of Trustees
Clover Park Technical College
Lakewood, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Clover Park Technical College, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed on page 11.

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 did not audit the financial statements of the Clover Park Technical College Foundation (the Foundation), which represents 100 percent of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards

require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College'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.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely present component units of the Clover Park Technical College, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2017, the College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Our opinion is not modified with respect to this matter.

As discussed in Note 1, the financial statements of the Clover Park Technical College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the

financial position of the state of Washington as of June 30, 2017, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral

part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

July 8, 2019

FINANCIAL SECTION

Clover Park Technical College July 1, 2016 through June 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2017

BASIC FINANCIAL STATEMENTS

College Statement of Net Position – 2017

College Statement of Revenues, Expenditures and Changes in Net Position – 2017

College Statement of Cash Flows – 2017

Foundation Statement of Financial Position – 2016

Foundation Statement of Activities – 2016

Notes to the Financial Statements – 2017

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Clover Park Technical College's Share of the Net Pension Liability –
PERS 1, PERS 2/3, TRS 1, TRS 2/3 – 2017

Schedules of Contributions – PERS 1, PERS 2/3, TRS 1, TRS 2/3 – 2017

Schedule of Changes in the Total Pension Liability and Related Ratios – State Board
Supplemental Defined Benefit Plans and Notes to Required Supplementary
Information – 2017

Management's Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of Clover Park Technical College (the College) for the fiscal year ended June 30, 2017 (FY 2017). This overview provides readers with an objective and easily readable analysis of the College's financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the College's financial statements and accompanying note disclosures.

Reporting Entity

Clover Park Technical College is one of thirty public community and technical college districts in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs to approximately 7,000 students. The College confers a baccalaureate degree, associates degrees, certificates and high school diplomas. The College was established in 1991 and its primary purpose is to transform lives, enrich communities and enhance futures by creating an environment of innovation, equity and excellence through education.

The College's main campus is located in Lakewood, Washington, a community of about 60,000 residents. The College has a branch campus in Puyallup, Washington. The College is governed by a five member Board of Trustees appointed by the Governor of the State with the consent of the State Senate. In accordance with Washington State law governing technical colleges, the College's board includes one member from business and one member from labor. By statute, the Board of Trustees has full control of the College, except as otherwise provided by law.

Using the Financial Statements

The financial statements presented in this report encompass the College and its discretely presented component unit, the Clover Park Technical College Foundation. The College's financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The Statement of Net Position provides information about the College as of June 30, 2017. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows provide information about operations and activities over the entire fiscal year. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the College's financial health.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are reported under the accrual basis of accounting where all of the current year's revenues and expenses are taken into account regardless of when cash is received or payments are made. Full accrual statements are intended to provide a view of the College's financial position similar to that presented by most private-sector companies. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

During 2017, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended by GASB

Statement No. 71. It establishes financial reporting requirements for defined benefit pensions that are provided to employees of state and local governmental employers and that are not administered through trusts or equivalent arrangements and are therefore outside the scope of Statement 68. The College is required to record its proportionate share of net pension liabilities, deferred inflows, pension expense and benefit payments. The change in accounting principle resulted in an additional amount of \$2,105,735 in total pension liability. It also resulted in a restatement of net position in the amount of \$2,621,634. In addition, the College had a prior period adjustment to correct the balance of accounts receivable, other assets (INVISTA) and capital assets. The effect of these adjustments was a decrease in net position by an amount of \$692,674. The overall net decrease resulted in the restatement of net position to a balance of \$94,456,148 for the year ended June 30, 2016.

Statement of Net Position

The Statement of Net Position provides information about the College's financial position, and presents the College's assets, deferred outflows, liabilities, deferred inflows, and net position at year-end and includes all assets and liabilities of the College. A condensed comparison of the Statement of Net Position is as follows.

Condensed Statement of Net Position As of June 30th	FY 2017	FY 2016
Assets		
Current Assets	\$ 28,561,996	\$ 28,708,440
Other assets (INVISTA)	565,242	-
Capital Assets, net	91,029,437	89,128,816
Total Assets	120,156,675	117,837,256
Deferred Outflows	1,703,066	1,164,620
Liabilities		
Current Liabilities	8,004,271	6,972,668
Other Liabilities, non-current	16,249,925	13,425,932
Total Liabilities	24,254,196	20,398,600
Deferred Inflows	729,937	832,820
Net Position	\$ 96,875,608	\$ 97,770,456

Current assets consist primarily of cash, various accounts receivables and inventories. The increase in current assets is due mainly to an increase of \$653,259 in cash offset by a decrease in inventory of \$502,731.

Other assets increased by \$562,242 in 2017 due to the recording of a prior period adjustment to record the College's interest in INVISTA, a joint venture with Pierce and Tacoma Community Colleges for a corporate education partnership. More information on the INVISTA joint venture can be found in footnote 9 to the financial statements.

Net capital assets increased by \$1,900,621 mostly due to the completion of a remodel of the residential construction building in the amount of \$1,645,531, \$1,753,571 in equipment purchases, and \$1,216,116 in construction in progress for the pre-design work on the Center for Advanced Manufacturing Technologies (CAMT) building. This increase was offset by depreciation expense of \$2,942,846.

Deferred outflows of resources and deferred inflows of resources represent pension-related deferrals associated with the implementation of GASB 68 in FY 2015 and GASB 73 in FY 2017. The increase in deferred outflows reflects the College's proportionate share of an increase in the state-wide amounts reported by the Department of Retirement Systems (DRS) due to differences between expected and actual experience related to actuarial assumptions. The College recorded \$1,164,620 in FY 2016 and \$1,703,066 in FY 2017 of pension-related deferred outflows. The increase reflects the change in proportionate share.

Similarly, the increase in deferred inflows in FY 2017 reflects the increase in the difference between actual and projected investment earnings on the state's pension plans and also the implementation of GASB 73.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) debt, deposits held for others and unearned revenue. Current liabilities can fluctuate from year to year depending on the timeliness of vendor invoices and resulting vendor payments, especially in the area of capital assets and improvements.

The net increase in current liabilities from FY 2016 to FY 2017 is mostly due to an increase in accounts payable of \$1,229,669 due to construction invoices. This was offset by a net decrease in accrued liabilities of \$585,264 due to change in the accounting for the VPA, which is separately identified on the face of the FY 2017 financial statements.

Non-current liabilities primarily consist of the long-term portion of vacation and sick leave earned but not yet used by employees, the long-term portion Certificates of Participation debt and the net pension liability. The College's non-current liabilities increased due to the implementation of GASB 73, reflecting the College's proportionate share of the pension liability for the State Board Supplemental Retirement Plan and due to the new notes payable and Certificates of Participation.

Net position represents the College's assets plus deferred outflows, less liabilities and deferred inflows, and measures whether the financial condition has improved or worsened during the year. The College is required by accounting standards to report its net position in three categories:

Net Investment in Capital Assets – The College's total investment in property, plant, equipment, and infrastructure net of accumulated depreciation and outstanding debt obligations related to those capital assets. Changes in these balances are discussed above.

Restricted, Expendable – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the College are the 3½ percent fund collected from student tuition strictly for the purpose of providing supplemental financial student aid.

Unrestricted – Includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management. For instance, the Board of Trustees has required that at least 90 days of operating expenses be maintained in the event of business interruption.

As stated earlier in this section, the College's net position was adjusted by \$2,621,634 to reflect the implementation of GASB 73 to report the College's share of the net pension liability of the SBSRP. It was also adjusted by \$692,674 for net correction of errors.

Condensed Net Position As of June 30th	FY 2017	FY 2016
Net investment in capital assets	\$ 83,959,437	\$ 81,325,346
Restricted		
Expendable	613,321	614,409
Unrestricted	12,302,850	15,830,701
Net Position	\$ 96,875,608	\$ 97,770,456

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position accounts for the College's changes in total net position during FY 2017. The objective of the statement is to present the revenues earned, both operating and non-operating, and the expenses paid or incurred by the College, along with any other revenue, expenses, gains and losses of the College.

Generally, operating revenues are earned by the College in exchange for providing goods and services. Tuition and fees, as well as certain state and federal grants and contracts are included in this category. In contrast, non-operating revenues include monies the college receives from another government without directly giving equal value to that government in return. Accounting standards require that the College categorize state operating appropriations and Pell Grants as non-operating revenues.

Operating expenses are expenses incurred in the normal operation of the College, including depreciation on property and equipment assets. When operating revenues, excluding state appropriations and Pell Grants, are measured against operating expenses, the College shows an operating loss. The operating loss is reflective of the external funding necessary to keep tuition lower than the cost of the services provided.

A condensed comparison of the College's revenues, expense and changes in net position for the years ended June 30, 2017 and 2016 is presented below.

Condensed Statement of Revenue, Expenses and Changes in Net Position As of June 30th	FY 2017	FY 2016
Operating Revenues	\$ 17,832,328	\$ 19,527,694
Operating Expenses	46,616,534	45,807,830
Net Operating Loss	(28,784,206)	(26,280,136)
Non-Operating Revenues (Expenses)	24,778,260	24,783,955
Gain (Loss) Before Capital Appropriations	(4,005,946)	(1,496,181)
Capital Appropriations	6,425,406	1,658,396
Equipment donation - Foundation		164,976
Increase (Decrease) in Net Position	2,419,460	327,191
Net Position, Beginning of the Year	97,770,456	95,683,120
Restatement for Prior Period Adjustment	(3,314,308)	1,760,145
Net Position, Beginning of the Year (restated)	94,456,148	97,443,265
Net Position, End of the Year	\$ 96,875,608	\$ 97,770,456

Revenues

The State of Washington, through its legislative budget process, appropriates funds to the community college system as a whole and the State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college. In FY 2017, the SBCTC moved forward with a new allocation model, allocating funds to each of the 30 college's based on 3 year average FTE actuals. In FY 2017, the College saw an increase in its state allocation due to the implementation of the new model.

In FY16, the legislature enacted the Affordable Education Act, which reduced tuition rates at the College by 5%. The legislature did however backfill a portion of the loss in the operating allocation.

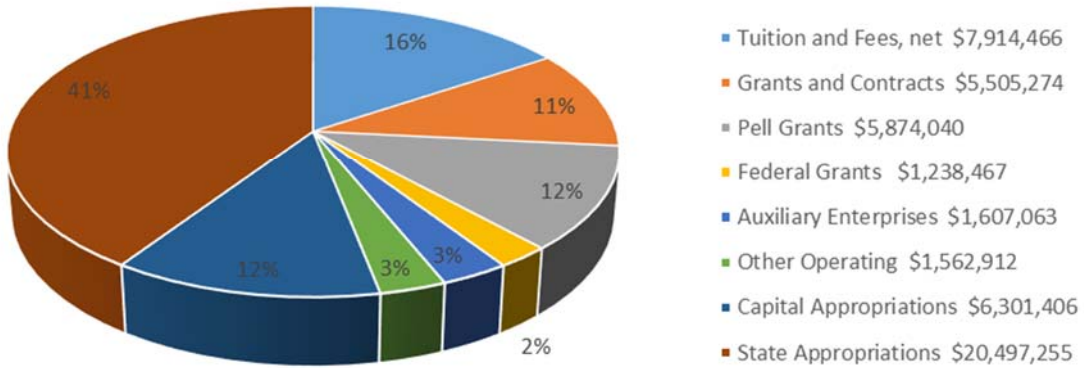
Pell grant revenues generally follow enrollment trends. As the College's enrollment dropped, so did the College's Pell Grant revenue. For FY 2017, the College attempted to keep other fees as stable as possible, resulting in only small changes in these revenues. In addition, the College serves some students and offers some programs on a fee-only basis, as allowed by law.

In FY 2017, grant and contract revenues for federal and state decreased by \$978,891 when compared with FY 2016. This decrease is due to a revenue adjustment in FY 2016 from auxiliary sales to contract revenue. The College continued to serve students under the terms of contracted programs. The College contracts with local high schools to enroll Running Start students who earn both high school and college credit for these courses.

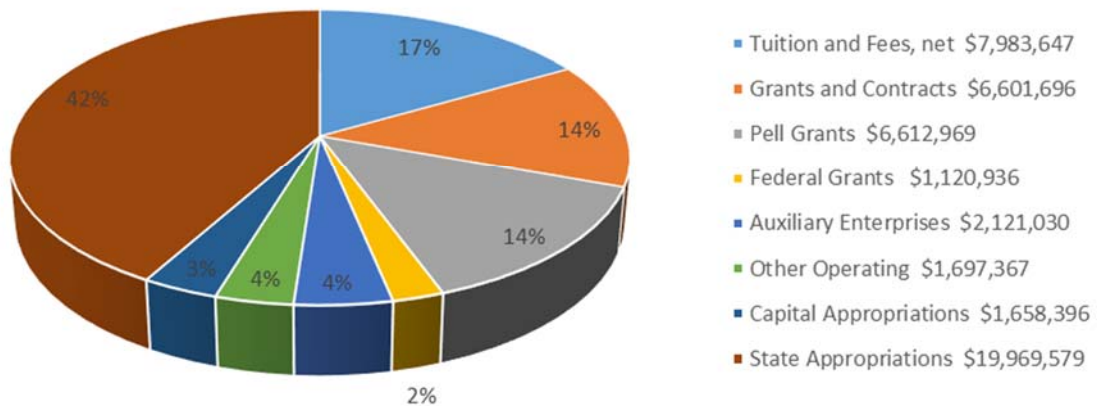
Auxiliary enterprise sales decreased in FY 2017 by \$513,967, mostly due to the College contracting with Barnes and Noble to run the College bookstore.

The College receives capital spending authority on a biennial basis and may carry unexpended amounts forward into one or two future biennia, depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement is the amount expended in the current year. Expenses from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenses that meet the capitalization standard are not shown as expense in the current period and are instead recognized as depreciation expense over the expected useful lifetime of the asset.

FY 2017 Selected Elements of Revenue



FY 2016 Selected Elements of Revenue



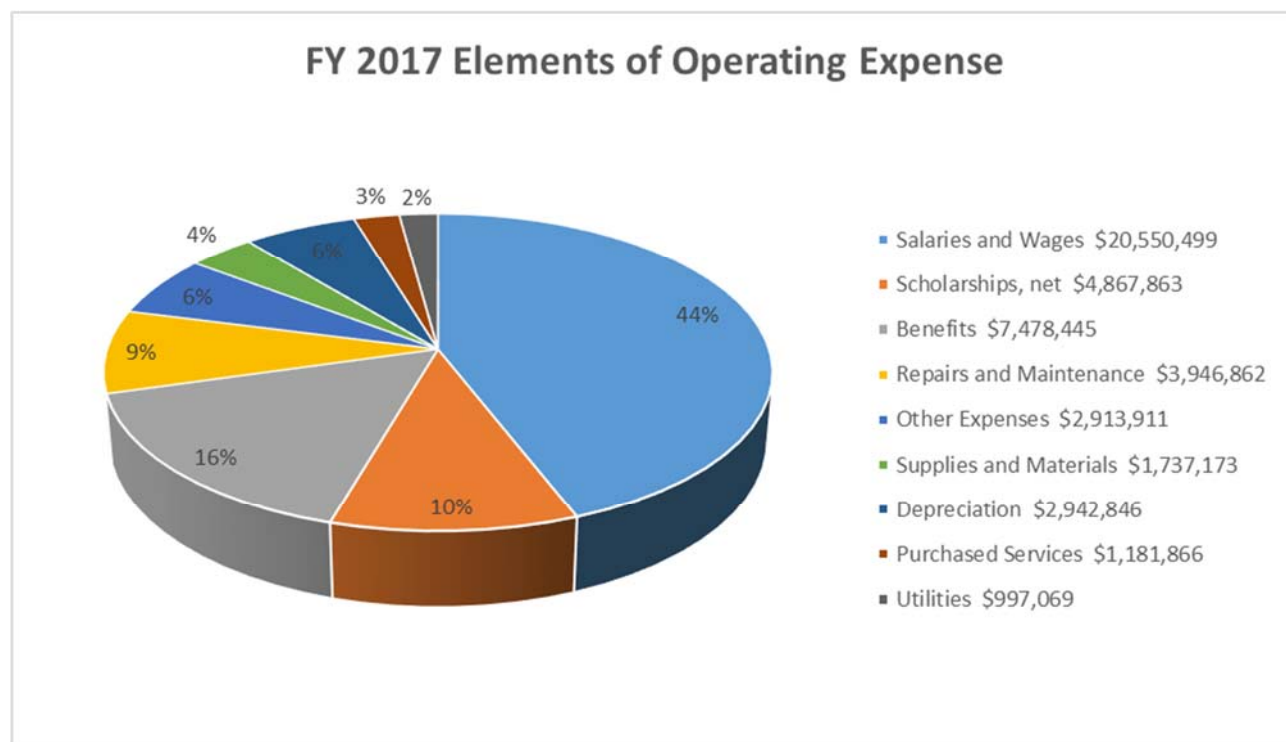
Expenses

Faced with severe budget cuts over the past seven years, the College has continuously sought opportunities to identify savings and efficiencies. Over time, the College decreased spending and services and was subject to various state spending freezes and employee salary reductions. However, in FY 2017, salary costs decreased by \$672,161, as a result of layoffs implemented at the end of FY 2016. Benefit costs increased by \$513,977 due to a 6% increase in the cost of employer-provided health care and a pension adjustment booked in FY 2016.

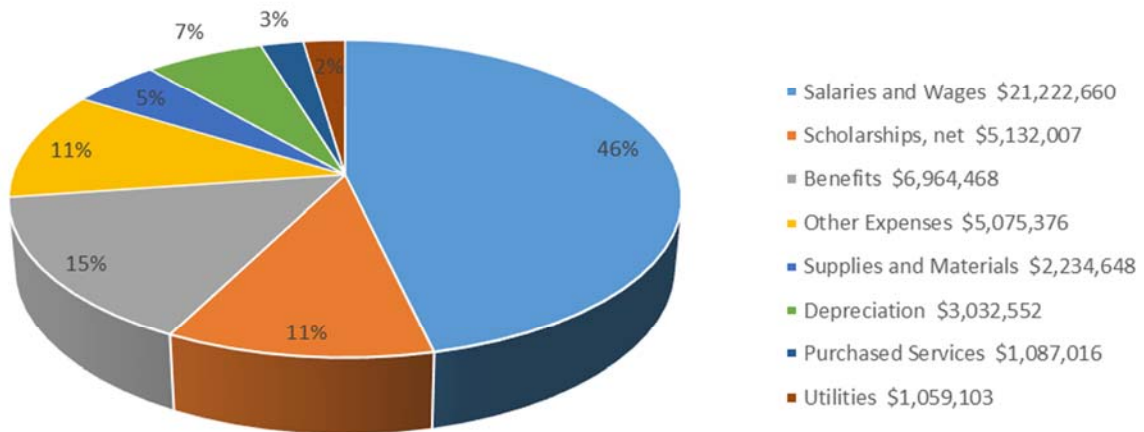
Scholarships and fellowships were \$264,144 lower in FY 2017 due to lower enrollments. Supplies and materials were \$497,475 lower in FY 2017, primarily as a result of budget decreases from FY 2016 cutbacks. Current year depreciation was \$89,706 lower than prior year. Miscellaneous expense increased by \$1,785,397 due to non-capitalized repairs to buildings and building systems. Because of this, total operating expenses increased overall by \$808,704 (1.77%).

Comparison of Selected Operating Expenses by Function

The chart below shows the amount, in dollars, for selected functional areas of operating expenses for FY 2017 and FY 2016.



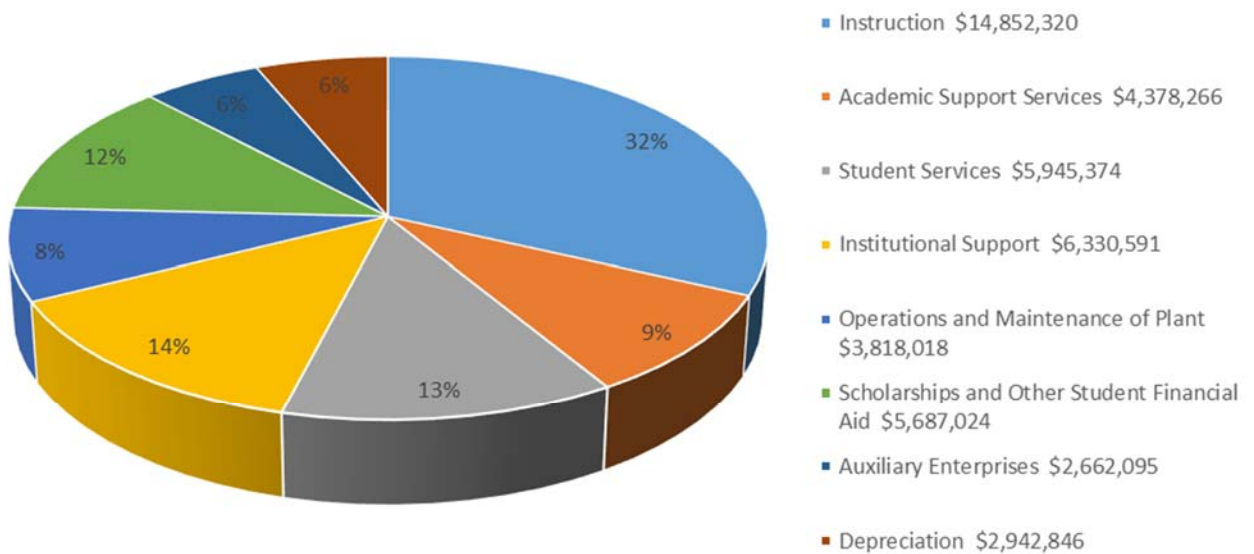
FY 2016 Elements of Operating Expense



Operating Expenses by Function

The chart below shows the percentage of each functional area of operating expenses for FY 2017.

FY 2017 Expenses by Functional Type



Capital Assets

At June 30, 2017, the College had invested \$91,029,437 in capital assets, net of accumulated depreciation. This represents an increase of \$1,900,621 from last year, as shown in the table below.

Asset Type As of June 30th	FY 2017	FY 2016	Change
Land	\$ 12,833,914	\$ 12,781,809	\$ 52,105
Construction in Progress	1,216,116	126,411	1,089,705
Buildings, net	71,830,804	72,016,808	(186,004)
Other Improvements and Infrastructure, net	652,813	677,624	(24,811)
Equipment, net	4,436,451	3,451,453	984,998
Library Resources, net	59,339	74,711	(15,372)
Total Capital Assets, Net	\$ 91,029,437	\$ 89,128,816	\$ 1,900,621

The increase in net capital assets can be attributed to the construction in progress of the CAMT, and the purchase of additional equipment. Most significantly, the College purchased a twin-engine plane and installed emergency towers around campus. Additional information on capital assets can be found in Note 5 of the Notes to the Financial Statements.

Long-term Debt

At June 30, 2017, the College had \$7,070,000 in outstanding debt, made up of Certificates of Participation (COP). The Certificates of Participation were for the Associated Student Government Building and Conference Center. The College has no capital leases. Additional information of notes payable, long term debt and debt service schedules can be found in Notes 12, 13 and 14 of the Notes to the Financial Statements.

Debt As of June 30th	FY 2017	FY 2016	Change
Certificates of Participation	\$ 7,070,000	\$ 7,680,000	\$ (610,000)
Total Debt	\$ 7,070,000	\$ 7,680,000	\$ (610,000)

Economic Factors That May Affect the Future

Reversing a trend that began in FY 2009, the College's state operating appropriations increased slightly in FY2017, primarily to backfill a portion of the salary cost of living adjustment approved by the legislature in FY 2017.

Beginning in FY 2016, the Legislature enacted the Affordable Education Act, which reduced tuition by 5% at the College. While this will reduce the amount of tuition collected by the College, the Legislature did partially backfill this loss. In FY 2017, the State Board for Community and Technical College has elected to move to a new allocation model, changing how the state allocated funds are distributed to each college. The new model is based on performance in several key indicators, from general enrollments to enrollments in high cost programs, as well as student completion and achievement points. The model is based on a three-year rolling average of enrollments and completions, comparative to other institutions in the state.

It is unclear how much opportunity there may be for additional investments in community and technical colleges in the next few years, as state budget writers continue to grapple with court-mandated basic education obligations such as the State Supreme Court decision known as the McCleary Act.

Clover Park Technical College

Statement of Net Position

June 30, 2017

Assets

Current assets

Cash and cash equivalents	\$ 24,042,917
Restricted cash	117,623
Accounts receivable, net	4,321,515
Inventories	79,941
Total current assets	28,561,996

Non-Current Assets

Other (INVISTA)	565,242
Non depreciable capital assets	14,050,030
Capital assets, net of depreciation	76,979,407
Total non-current assets	91,594,679
Total Assets	120,156,675

Deferred Outflows of Resources - Related to Pensions	1,703,066
Total Deferred Outflows of Resources	1,703,066

Liabilities

Current Liabilities

Accounts payable	2,460,939
Accrued liabilities	1,392,516
Compensated absences	941,347
Deposits payable	117,623
Unearned revenue	2,451,846
Current portion of long-term liabilities	640,000
Total current liabilities	8,004,271

Noncurrent Liabilities

Compensated absences	807,819
Net pension liability	6,906,371
Total pension liability	2,105,735
Long-term liabilities	6,430,000
Total non-current liabilities	16,249,925
Total Liabilities	24,254,196

Deferred Inflow of Resources - Related to Pensions	729,937
Total Deferred Inflows of Resources	729,937

Net Position

Net investment in capital Assets	83,959,437
Restricted for:	
Expendable - Institutional financial aid	613,321
Unrestricted	12,302,850
Total Net Position	\$ 96,875,608

The footnote disclosures are an integral part of the financial statements.

Clover Park Technical College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

Operating Revenues

Student tuition and fees, net	\$ 7,914,466
Auxiliary enterprise sales	1,607,063
State and local grants and contracts	5,505,274
Federal grants and contracts	1,238,467
Other operating revenues	1,562,912
Interest on past due receivables	4,146
Total Operating Revenue	<u>17,832,328</u>

Operating Expenses

Salaries and wages	20,550,499
Benefits	7,478,445
Scholarships and fellowships	4,867,863
Supplies and materials	1,737,173
Depreciation	2,942,846
Purchased services	1,181,866
Utilities	997,069
Repairs and maintenance	3,946,862
Miscellaneous expense	2,913,911
Total Operating Expenses	<u>46,616,534</u>
Operating Income (Loss)	<u>(28,784,206)</u>

Non-Operating Revenues (Expenses)

State appropriations	20,497,255
Federal Pell grant revenue	5,874,040
Interest income	117,496
Loss on disposal of assets	(4,396)
Building fee remittance	(1,012,777)
Innovation fund remittance	(279,900)
Interest on indebtedness	(413,458)
Net Non-Operating Revenues (Expenses)	<u>24,778,260</u>
Income or (loss) before capital revenues	<u>(4,005,946)</u>

Capital Revenues

Capital appropriations	6,301,406
Equipment donation - Foundation	124,000
Total Capital Revenues	<u>6,425,406</u>
Increase (Decrease) in Net Position	<u>2,419,460</u>

Net Position

Net position, beginning of year	97,770,456
Change in accounting principal as a result of GASB 73	(2,621,634)
Change due to correction of an error	(692,674)
Adjusted net position, beginning of year	<u>94,456,148</u>
Net position, end of year	<u>\$ 96,875,608</u>

The footnote disclosures are an integral part of the financial statements.

Clover Park Technical College**Statement of Cash Flows**

June 30, 2017

Cash flow from operating activities

Student tuition and fees	\$ 7,933,505
Grants and contracts	7,222,987
Payments to vendors	(8,836,798)
Payments for utilities	(963,713)
Payments to employees	(20,647,830)
Payments for benefits	(7,190,106)
Auxiliary enterprise sales	1,634,951
Payments for scholarships and fellowships	(4,867,863)
Other receipts (payments)	<u>1,690,316</u>
Net cash used by operating activities	<u>(24,024,551)</u>

Cash flow from noncapital financing activities

State appropriations	20,497,255
Pell grants	5,874,040
Building fee remittance	(1,012,777)
Innovation fund remittance	<u>(279,900)</u>
Net cash provided by noncapital financing activities	<u>25,078,618</u>

Cash flow from capital and related financing activities

Capital appropriations	4,409,360
Purchases of capital assets	(3,816,041)
Principal paid on debt	(610,000)
Interest paid	<u>(384,000)</u>
Net cash used by capital and related financing activities	<u>(400,681)</u>

Cash flow from investing activities

Interest income	<u>117,496</u>
Net cash provided by investing activities	<u>117,496</u>

Increase (decrease) in cash and cash equivalents 770,882**Cash and cash equivalents at the beginning of the year** 23,389,658**Cash and cash equivalents at the end of the year** \$ 24,160,540

(Continued on next page)

Clover Park Technical College

Statement of Cash Flows

June 30, 2017

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss \$ (28,784,206)

Adjustments to reconcile net loss to net cash used by operating activities

Depreciation expense 2,942,846

Changes in assets and liabilities

Receivables , net 691,885

Inventories 502,731

Other assets (63,616)

Accounts payable 456,089

Accrued liabilities 10,992

Unearned revenue (52,641)

Compensated absences (92,413)

Pension liability adjustment expense 289,979

Deposits payable 73,803

Net cash used by operating activities \$ (24,024,551)

Non Cash Transactions

Non capital donations - Foundation \$ 124,000

The footnote disclosures are an integral part of the financial statements.

Clover Park Technical College Foundation

Statement of Financial Position

December 31, 2016

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$ 380,110
Accounts receivable	2,193
Current portion of pledges receivables	13,925
Inventory held for sale	3,991
Prepaid expenses	<u>8,937</u>

Total Current Assets 409,156

OTHER ASSETS

Pledges receivable, net of current portion	118,669
Assets held in charitable remainder trust	63,583
Donated goods inventory	47,559
Investments - long-term	<u>946,419</u>

Total Other Assets 1,176,230

Total Assets \$ 1,585,386

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	<u>\$ 2,005</u>
--	-----------------

Total Current Liabilities 2,005

LIABILITY UNDER TRUST AGREEMENT 35,536

Total Liabilities 37,541

NET ASSETS

Unrestricted:	
Undesignated	22,975
Board designated	<u>63,446</u>

Total Unrestricted 86,421

Temporarily restricted 785,631

Permanently restricted 675,793

Total Net Assets 1,547,845

Total Liabilities and Net Assets \$ 1,585,386

The footnote disclosures are an integral part of the financial statements.

Clover Park Technical College Foundation
Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Public support -				
Contributions	\$ 101,862	\$ 17,902	\$ 16,371	\$ 136,135
Donated goods and services	503,738	-	-	503,738
Investment income (loss)	947	42,658	-	43,605
Total Support and Revenue	606,547	60,560	16,371	683,478
 Net assets released from restrictions and reclassifications	60,932	(60,932)	-	-
Total Support, Revenue and Reclassifications	667,479	(372)	16,371	683,478
EXPENSES				
Program services:				
Scholarships and grants	98,488	-	-	98,488
Program specific support	453,276	-	-	453,276
Total Program Services	551,764	-	-	551,764
Supporting services:				
General and administrative	133,879			133,879
Fundraising	11,960	-	-	11,960
Total Supporting Services	145,839	-	-	145,839
 Total Expenses	697,603	-	-	697,603
Change in Net Assets	(30,124)	(372)	16,371	(14,125)
 Net assets - Beginning of Year, as previously stated	536,013	366,979	658,978	1,561,970
Reclassifications	(419,468)	419,024	444	-
Net assets - Beginning of Year, as restated	116,545	786,003	659,422	1,561,970
 Net assets - End of Year	\$ 86,421	\$ 785,631	\$ 675,793	\$1,547,845

The footnote disclosures are an integral part of the financial statements.

Clover Park Technical College
Notes to the Financial Statements
For the Year Ended June 30, 2017

These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

Clover Park Technical College (the College) is a comprehensive technical college offering open-door academic programs, workforce education, basic skills, and community services. The College confers an applied baccalaureate degree, associates degrees, certificates and high school diplomas. It is governed by a five-member Board of Trustees appointed by the Governor and confirmed by the State Senate.

The College is an agency of the State of Washington. The financial activity of the College is included in the State's Comprehensive Annual Financial Report.

The Clover Park Technical College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1992 and recognized as a tax exempt 501(c)(3) charitable organization. The Foundations' charitable purpose is to build relationships with the community, acquire resources to support academic excellence and educational access at the College. Because the majority of the Foundation's and resources are restricted by donors and may only be used for the benefit of the College or its students, the Foundation is considered a component unit based on the criteria contained in Governmental Accounting Standards Board (GASB) Statement Nos. 61, 39 and 14. A discrete component unit is an entity, which is legally separate from the College, but has the potential to provide significant financial benefits to the College or whose relationship with the College is such that excluding it would cause the College's financial statements to be misleading or incomplete.

The Foundation's financial statements are discretely presented in this report. The Foundation's statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Intra-entity transactions and balances between the College and the Foundation are not eliminated for financial statement presentation. The Foundation provided support totaling \$551,764 and \$663,599 during the years ended December 31, 2016 and 2015, respectively, for student and direct program support, College related functions and general promotion and recognition activities. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 4500 Steilacoom Blvd SW, Lakewood, WA 98499.

Joint Ventures

INVISTA Performance Solutions (IPS) is a collaboration of four Pierce County Community Colleges: Clover Park Technical College, Pierce College Fort Steilacoom, Pierce College Puyallup, and Tacoma Community College.

Launched in September 2011, IPS, a partnership of colleges, operates as a single point of contact for regional businesses to access workforce development services. Their mission is to help companies gain a competitive advantage in the global economy by increasing the skills of their workforce. They offer high quality training and learning solutions to meet and exceed client expectations.

IPS is also a member of Global Corporate College and actively works with 45 colleges across the United States and internationally to serve companies with an expanded footprint. IPS has a successful history of delivering high-quality facilitation, coaching, courses, and seminars that are personalized to the performance goals of each business they serve.

Basis of Presentation

The financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* as amended by GASB Statement No. 35, *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*. For financial reporting purposes, the College is considered a special-purpose government engaged only in Business Type Activities (BTA). In accordance with BTA reporting, the College presents a Management's Discussion and Analysis; a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to the Financial Statements. The format provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position and cash flows.

Basis of Accounting

The financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows. For the financial statements, intra-agency receivables and payables have generally been eliminated. However, revenues and expenses from the College's auxiliary enterprises are treated as though the College were dealing with private vendors. For all other funds, transactions that are reimbursements of expenses are recorded as reductions of expense.

Non-exchange transactions, in which the College receives (or gives) value without directly giving (or receiving) equal value in exchange includes state and federal appropriations, and certain grants and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met.

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, bank demand deposits, and deposits with the Washington State Local Government Investment Pool (LGIP). Cash and cash equivalents that are held with the intent to fund College operations are classified as current assets along with operating funds invested in the LGIP. The College records all cash, cash equivalents, and investments at fair value.

The College combines unrestricted cash operating funds from all departments into an internal investment pool, the income from which is used to cover banking fees associated with College operations. The internal investment pool is comprised of cash and cash equivalents.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. This also includes amounts due from federal, state and local governments or private sources as allowed under the terms of grants and contracts. Accounts receivable are shown net of estimated uncollectible amounts.

Inventories

Inventories, consisting primarily of materials related to the College Realistic Training Experience (RTE) programs, are valued at cost using the first in, first out (FIFO) method.

Capital Assets

In accordance with state law, capital assets constructed with state funds are owned by the State of Washington. Property titles are shown accordingly. However, responsibility for managing the assets rests with the College. As a result, the assets are included in the financial statements because excluding them would have been misleading.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift. GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy all land, intangible assets and software with a unit cost of \$1,000,000 or more, buildings and improvements with a unit cost of \$100,000 or more, library collections with a total cost of \$5,000 or more and all other assets with a unit cost of \$5,000 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives are generally 3 to 7 years for equipment; 15 to 50 years for buildings and 20 to 50 years for infrastructure and land improvements.

In accordance with GASB Statement No. 42, the College reviews assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At June 30, 2017, no assets had been written down.

Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer quarter tuition and fees as well as rent received for future periods, as unearned revenues.

Tax Exemption

The College is a tax-exempt organization under the provisions of Section 115 (1) of the Internal Revenue Code and is exempt from federal income taxes on related income.

Net Pension Liability

For purposes of measuring the net pension liability in accordance with GASB No. 68, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of Washington Public Employees' Retirement System (PERS) and the

Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. 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. In fiscal year 2017, the College also reports its share of the pension liability for the State Board Retirement Plan in accordance with GASB No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB No. 68 (Accounting and Financial Reporting for Pensions)*. The reporting requirements are similar to GASB No. 68 but use current fiscal yearend as the measurement date for reporting the pension liabilities.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period. Changes in net position liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Net Position

The College's net position is classified as follows.

- *Net Investment in Capital Assets*. This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
- *Restricted for Expendable*. These include resources the College is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.
- *Unrestricted*. These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

Cumulative Effect of Change in Net Position

The College recorded a reduction to the beginning net position balance as a result of implementing GASB Statement No. 73. The College also recorded a change due to errors. The net position has been restated as follows:

Net Position as previously reported at June 30, 2016	\$ 97,770,456
Prior period adjustment:	
Change in accounting principle - Net Pension Liability	<u>(2,621,634)</u>
Change due to correction of error	
Accounts receivable	(1,358,000)
Other asset (INVISTA)	501,626
Equipment	<u>163,700</u>
Net Correction of Error	<u>(692,674)</u>
Net Position, as restated at July 1, 2016	<u><u>\$ 94,456,148</u></u>

Classification of Revenues and Expenses

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

- *Operating Revenues.* This includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) most federal, state and local grants and contracts that primarily support the operational/educational activities of the college. Examples include a contract with OSPI to offer Running Start and/or Technical High School. The College also receives Adult Basic Education grants that support the primary educational mission of the College.
- *Operating Expenses.* Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation.
- *Non-operating Revenues.* This includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income and Pell grants received from the federal government.
- *Non-operating Expenses.* Non-operating expenses include state remittance related to the building fee and the innovation fee, along with interest incurred on the Certificate of Participation Loan.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2017 are \$5,687,024.

State Appropriations

The State of Washington appropriates funds to the College on both an annual and biennial basis. These revenues are reported as non-operating revenues on the Statements of Revenues, Expenses, and Changes in Net Position, and recognized as such when the related expenses are incurred.

Building and Innovation Fee Remittance

Tuition collected includes amounts remitted to the Washington State Treasurer's office to be held and appropriated in future years. The building fee portion of tuition charged to students is an amount established by the Legislature and is subject to change annually. The fee provides funding for capital construction and projects on a system wide basis using a competitive biennial allocation process. The building fee is remitted on the 35th day of each quarter. The innovation fee was established in order to fund the State Board of Community and Technical College's Strategic Technology Plan. The use of the fund is to implement new ERP software across the entire system. On a monthly basis, the College remits the portion of tuition collected for the innovation fee to the State Treasurer for allocation to SBCTC. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the Statement of Revenues, Expenses and Changes in Net Position.

Accounting and Reporting Changes

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This Statement is intended to improve financial reporting of governments whose employees are provided with pensions that are not within the scope of Statement No. 68, improve the usefulness of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions not within the scope of Statement No. 68, and to clarify the application of certain provisions of Statements No. 67 and 68. In addition, it establishes requirements for defined contribution plans that are not within the scope of Statement No. 68. GASB No. 73 is effective for fiscal years beginning after June 15, 2016. The College has implemented this pronouncement during the 2017 fiscal year. The College recorded a beginning balance adjustment to long-term obligations of \$2,621,634 as a result of the implementation of GASB Statement No. 73.

Accounting Standard Impacting the Future

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which will be in effect for the fiscal year ending June 30, 2018. This Statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employer through plans that are administered through trusts or equivalent arrangements. This Statement also establishes standards of accounting and financial reporting for OPEB plans that are not administered through trusts or equivalent arrangements. The College's participation in OPEB is described in Note 19, and does not currently impact the College's financial statements. As a result of implementing this Statement, the College will be required to recognize its proportionate share of the state's actuarially determine OPEB liability, net of any assets segregated and restricted in a qualified trust, together with any associated deferred inflows and deferred outflows of resources, benefit expense related to the plan, and to restate net position for all periods presented. This Statement will have a significant impact on the College's financial statements.

2. Cash and Cash Equivalents

Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Local Government Investment Pool (LGIP). Investments of surplus or pooled cash balances are included on the accompanying Statement of Net Position and Statement of Cash Flows with "Cash and Cash Equivalents." The Office of the State Treasurer invests state treasury cash surpluses where funds can be disbursed at any time without prior notice or penalty. For reporting purposes, pooled investments are stated at fair value or amortized cost, which approximates fair value. For purposes of reporting cash flows, the state considers cash and pooled investments to be cash equivalents. Pooled investments include short-term, highly-liquid investments that are both readily convertible to cash and are so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates.

The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17 CFR 270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both the market and credit risk. The LGIP is an unrated investment pool.

The LGIP portfolio is invested in a manner that meets the requirements set forth by the Governmental Accounting Standards Board for the maturity, quality, diversification and liquidity for external investment pools that wish to measure all of its investments at amortized costs. The LGIP transacts with its participants at a stable net asset value per share of one dollar, which results in the amortized cost reported

equaling the number of shares in the LGIP. The LGIP measures its investments at amortized cost in accordance with guidance set forth by GASB, as amended by Statements No. 72 and No. 79, and the investments are limited to high quality obligations with limited and average maturities, which minimizes both credit and market risk.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, Washington 98504-0200, or online at: <http://www.tre.wa.gov/lqip/cafr/LqipCafr.shtml>. In addition, more information is available regarding the LGIP in the Washington State Consolidated Annual Financial report, which can be found online at <http://www/ofm.wa.gov/cafr/>.

The College can contribute or withdraw funds in any amount from the LGIP on a daily basis. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The College adjusts its LGIP investment amounts monthly to reflect interest earnings as reported from the Office of the State Treasurer.

As of June 30, 2017, the carrying amount of the College's cash and cash equivalents was \$24,160,540 as represented in the table below.

Cash and Cash Equivalents	Amount
Petty cash and change funds	\$ 6,755
Deposits in transit	
Bank demand	6,437,817
Local government investment pool	17,715,968
Total Cash and Cash Equivalents	\$ 24,160,540
 Unrestricted Cash	 \$ 24,042,917
Restricted Cash	\$ 117,623

Custodial Credit Risks—Deposits

Custodial credit risk for bank demand deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The majority of the College's demand deposits are with US Bank. All cash and equivalents, except for change funds and petty cash held by the College, are insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Washington Public Deposit Protection Commission (PDPC).

Investments

Investments consist only of the LGIP investments which are considered cash and cash equivalents for financial statement reporting purposes.

Interest Rate Risk—Investments

The College manages its exposure to fair value losses resulting from changes in interest rates by investing in the LGIP.

Concentration of Credit Risk—Investments

State law limits College operating investments to the highest quality sectors of the domestic fixed income market and specifically excludes corporate stocks, corporate and foreign bonds, futures contracts,

commodities, real estate, limited partnerships and negotiable certificates of deposit. College policy does not limit the amount the College may invest in any one issuer.

Custodial Credit Risk—Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the College will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2017, the College did not have any investments other than the LGIP.

Investment Expenses

Investment income for the College is shown net of investment expenses. The investment expenses incurred for the fiscal year ended June 30, 2017 were \$1,337.

Fair Value Measurement

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted market prices that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3 – Inputs that are unobservable and significant to the fair market value measurement. These are used only if relevant Level 1 and Level 2 inputs are not available.

At June 30, 2017, the College did not hold investments other than the LGIP which is not subject to the fair value hierarchy.

The Foundation held \$946,419 in investments at December 31, 2016, and all investments are considered Level 1 investments and are held at their estimated fair value.

3. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenditures made according to sponsored agreements. At June 30, 2017, accounts receivable were as follows.

Accounts Receivable	Amount
Student Tuition and Fees	\$ 1,292,561
Due from the Federal Government	491,034
Due from the Office of the State Treasurer (OST)	1,892,046
Due from Other State Agencies	729,043
Due from Other Governments	139,998
Auxiliary Enterprises	118,928
Unbilled Tuition	853,663
Other	593
Subtotal	5,517,866
Less Allowance for Uncollectible Accounts	(1,196,351)
Accounts Receivable, net	\$ 4,321,515

4. Inventories

Inventories, stated at cost using the first in, first out method (FIFO), consisted of the following as of June 30, 2017:

Inventories	Amount
Consumable Inventories	\$ 79,941
Total Inventories	\$ 79,941

5. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2017 is presented as follows.

Capital Assets	Beginning Balance (Restated)	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Nondepreciable capital assets				
Land	\$ 12,781,809	\$ 52,105	\$ -	\$ 12,833,914
Construction in progress	126,411	2,871,031	(1,781,326)	1,216,116
Total nondepreciable capital assets	12,908,220	2,923,136	(1,781,326)	14,050,030
Depreciable capital assets				
Buildings	100,850,562	1,781,326	-	102,631,888
Other improvements and infrastructure	744,374	-	-	744,374
Equipment	8,893,201	1,753,571	(169,219)	10,477,553
Library resources	1,749,560	7,458	(2,550)	1,754,468
Subtotal depreciable capital assets	112,237,697	3,542,355	(171,769)	115,608,283
Less accumulated depreciation				
Buildings	28,833,754	1,967,330	-	30,801,084
Other improvements and infrastructure	66,750	24,811	-	91,561
Equipment	5,278,050	927,875	(164,823)	6,041,102
Library resources	1,674,849	22,830	(2,550)	1,695,129
Total accumulated depreciation	35,853,403	2,942,846	(167,373)	38,628,876
Total depreciable capital assets	76,384,294	599,509	(4,396)	76,979,407
Capital assets, net of accumulated depreciation	\$ 89,292,514	\$ 3,522,645	\$ (1,785,722)	\$ 91,029,437

The current year depreciation expense was \$2,942,846.

6. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the Statement of Net Position relates to pensions.

Deferred outflows on pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. State contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the College relate to pensions.

Deferred inflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

7. Accounts Payable and Accrued Liabilities

At June 30, 2017, accrued liabilities are the following.

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	\$ 1,110,369
Accounts Payable	2,460,939
Accrued Interest	29,458
Accrued Liabilities	252,689
Total Accounts Payable and Accrued Liabilities	\$ 3,853,455

8. Unearned Revenue

Unearned revenue is comprised of receipts, which have not yet met revenue recognition criteria, as follows:

Unearned Revenue	Amount
Summer Quarter Tuition & Fees	\$ 2,078,396
Rental Income	373,450
Total Unearned Revenue	\$ 2,451,846

In 2007, the College entered into an interlocal lease and services agreement with the City of Lakewood (City) in which the City agreed to pay \$101,850 per year for 20 years in exchange for access to use the College's Conference Center for 18 dates per year at no charge for 30 years. The amount in unearned revenue represents rent that will be recognized each year in income during the last 10 years of the agreement.

9. Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to

ongoing control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The College participates in the following joint venture:

INVISTA Performance Solutions (IPS) -- The College is a participant with Pierce College and Tacoma Community College in IPS, a joint venture established by a memorandum of understanding to operate as a single point of contact for regional businesses to access workforce development services. Their mission is to help companies gain a competitive advantage in the global economy by increasing the skills of their workforce. They offer high quality training and learning solutions to meet and exceed client expectations. IPS is also a member of Global Corporate College and actively works with 45 colleges across the United States and internationally to serve companies with an expanded footprint. IPS has a successful history of delivering high-quality facilitation, coaching, courses, and seminars that are personalized to the performance goals of each business they serve.

IPS has a nine member governing body, which includes three voting members. The College appoints three members, to which one is a voting member. The College does not have access to IPS assets, nor is it obligated for its debts, but the College does have an ongoing financial interest in IPS in that it has rights to revenues in excess of Tacoma Community College's allocated percentage of IPS's gross revenue from the reserve fund. For the fiscal year ended June 30 2017, the change in net position was \$63,616 and total net position was \$565,242. IPS does not have separately issued financial statements available. Tacoma Community College is the fiscal agent responsible for the general administration of IPS and accounts for all its financial activity. During the fiscal year ended June 30, 2017, IPS did not distribute any funds to the College.

In February 2017, the governing body of *INVISTA Performance Solutions (IPS)* voted to move general administration and responsibility as the fiscal agent from Tacoma Community College to Pierce College. This will be effective for the fiscal year beginning July 1, 2017.

As a result of this change, separately issued financial statements for IPS will be available for the fiscal year ending June 30, 2018.

10. Risk Management

The College is exposed to various risk of loss related to: tort liability; injuries to employees; errors and omissions; theft of; damage to; and destruction of assets; and natural disasters. The College purchases insurance to mitigate these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks.

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2016 through June 30, 2017, were \$70,579.

The College purchases commercial property insurance through the master property program administered by the Department of Enterprise Services for buildings that were acquired with COP proceeds. The policy has a deductible of \$250,000 per occurrence and the policy limit is \$100,000,000 per occurrence. The college has had no claims in excess of the coverage amount within the past three years. The College assumes its potential property losses for most other buildings and contents.

The College participates in a State of Washington risk management self-insurance program, which covers its exposure to tort, general damage and vehicle claims. Premiums paid to the State are based on

actuarially determined projections and include allowances for payments of both outstanding and current liabilities. Coverage is provided up to \$10,000,000 for each claim with no deductible. The College has had no claims in excess of the coverage amount within the past three years.

11. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Subject to provisions in their collective bargaining agreements, employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled \$807,412, accrued sick leave totaled \$936,790, and comp time totaled \$4,964 at June 30, 2017.

Compensatory time is categorized as a current liability since it must be used before other leave. A three-year average of vacation and sick leave taken is used to estimate the current portion of that liability. The remaining accrued vacation and sick leave are categorized as non-current liabilities.

12. Notes Payable

In June 2006, the College obtained financing in order to construct the Associated Student Government Building and Conference Center through a COP issued by the Washington Office of State Treasurer (OST) in the amount of \$14,370,000. Students assessed themselves, on a quarterly basis, a mandatory fee to service the debt starting in 2006. The interest rate charged was 4.76%

Student fees related to the COP are accounted for in dedicated funds, which are used to pay principal and interest, not coming out of the general operating budget.

In October, 2015, the COP was refinanced for eleven years at 2.14%. The principal balance was \$8,300,000 for a net savings in interest of \$944,179. The College's debt service requirements for this note agreement for the next five years and thereafter are shown in Note 13.

13. Annual Debt Service Requirements

Future debt service requirements at June 30, 2017 are as follows:

Annual Debt Service Requirements

Fiscal year	Certificates of Participation		
	Principal	Interest	Total
2018	\$ 640,000	\$ 353,500	\$ 993,500
2019	675,000	321,500	996,500
2020	710,000	287,750	997,750
2021	745,000	252,250	997,250
2022	775,000	215,000	990,000
2023-2027	3,525,000	451,750	3,976,750
Total	\$ 7,070,000	\$ 1,881,750	\$ 8,951,750

14. Schedule of Long Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Certificates of Participation	\$ 7,680,000	\$ -	\$ 610,000	\$ 7,070,000	\$ 640,000
Compensated Absences	1,841,579	822,122	914,535	1,749,166	941,347
Net Pension Obligation	5,459,164	3,552,942	-	9,012,106	-
Total	\$ 14,980,743	\$ 4,375,064	\$ 1,524,535	\$ 17,831,272	\$ 1,581,347

15. Pension Liability

Pension liabilities reported as of June 30, 2017 consists of the following:

Pension Liability by Plan	Total
PERS 1	\$ 2,909,990
PERS 2/3	3,292,185
TRS 1	497,625
TRS 2/3	206,571
SBRP	2,105,735
Total	\$ 9,012,106

16. Retirement Plans

A. General

The College offers three contributory pension plans. The Washington State Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) plans are cost sharing multiple employer defined

benefit pension plans administered by the State of Washington Department of Retirement Services. The State Board Retirement Plan (SBRP) is a multiple employer defined contribution plan for the faculty and exempt administrative and professional staff of the state's public community and technical colleges. The plan includes supplemental payment, when required. The plan is administered by the State Board for Community and Technical Colleges (SBCTC).

For FY 2017, the payroll for the College's employees was \$6,050,434 for PERS, \$878,929 for TRS, and \$11,995,978 for SBRP. Total covered payroll was \$18,925,341.

Basis of Accounting

Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all plans and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statements No. 68 and 73 for Clover Park Technical College, for fiscal year 2017:

Aggregate Pension Amounts - All Plans	Total
Pension liabilities	\$ (9,012,106)
Deferred outflows of resources related to pensions	\$ 1,703,066
Deferred inflows of resources related to pensions	\$ (729,937)
Pension expense	\$ 1,114,323

As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (on a pay as you go basis) which is administered by the state. The College implemented Statement No. 73 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* for the fiscal year 2017 financial reporting. The College has elected to use the current fiscal year end as the measurement date for reporting net pension liabilities for the Higher Education Supplemental Retirement Plan in alignment with the State CAFR.

B. College Participation in Plans Administered by the Department of Retirement Systems

PERS and TRS

Plan Descriptions. PERS Plan 1 provides retirement and disability benefits and minimum benefit increases to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. PERS Plan 3 has a defined contribution component that members may elect to self-direct as established by the

Employee Retirement Benefits Board. PERS 3 defined benefit plan benefits are vested after an employee completes five years of eligible service.

TRS Plan 2 provides retirement benefits to certain eligible faculty hired on or after October 1, 1977 and by June 30, 1996 as well as employees on or after July 1, 2007 who chose Plan 2. The plan includes a defined benefit portion that is funded by employer contributions. Benefits are vested after an employee completes five or ten years of eligible service, depending on the employee's age and service credit. The College has 3 faculty members with pre-existing eligibility who continue to participate in TRS 2.

TRS Plan 3 provides retirement benefits to certain eligible faculty hired on or after July 1, 1996 and employees on or after July 1, 2007 who chose Plan 3. The plan includes both a defined benefit portion and a defined contribution portion. The defined benefit portion is funded by employer contributions only. Benefits are vested after an employee completes five or ten years of eligible service, depending on the employee's age and service credit, and include an annual cost-of living adjustment. The defined contribution component is fully funded by employee contributions and investment performance.

The authority to establish and amend benefit provisions resides with the legislature. PERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at <http://www.drs.wa.gov/administration>.

Funding Policy. Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for PERS and TRS Plans 1 are established by statute. By statute, PERS 3 employees may select among six contribution rate options, ranging from 5 to 15 percent.

The required contribution rates expressed as a percentage of current year covered payroll are shown in the table below. The College and the employees made 100% of required contributions.

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2017, 2016, and 2015 are as follows.

Contribution Rates at June 30						
	FY 2015		FY 2016		FY 2017	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	9.21%	6.00%	11.18%	6.00%	11.18%
Plan 2	4.92%	9.21%	6.12%	11.18%	6.12%	11.18%
Plan 3	5 - 15%	9.21%	5 - 15%	11.18%	5 - 15%	11.18%
TRS						
Plan 1	6.00%	10.39%	6.00%	13.13%	6.00%	13.13%
Plan 2	4.69%	10.39%	5.95%	13.13%	5.95%	13.13%
Plan 3	5-15%	10.39%	5-15%	13.13%	5-15%	13.13%

	Required Contributions					
	FY 2015		FY 2016		FY 2017	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	\$ 10,232	\$ 15,706	\$ 9,858	\$ 18,369	\$ 7,292	\$ 13,587
Plan 2	\$ 212,253	\$ 397,244	\$ 282,234	\$ 515,573	\$ 269,075	\$ 491,533
Plan 3	\$ 83,744	\$ 124,109	\$ 85,869	\$ 167,533	\$ 87,809	\$ 171,283
TRS						
Plan 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan 2	\$ 10,157	\$ 21,276	\$ 12,561	\$ 27,520	\$ 13,370	\$ 29,503
Plan 3	\$ 24,988	\$ 33,511	\$ 40,853	\$ 69,595	\$ 48,577	\$ 85,900

Investments

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB adopted investment policies for the various asset classes in which the WSIB invests.

For the year ended June 30, 2016, the annual money-weighted rate of return on the pension investments, net of pension plan expenses are as follows:

Pension Plan	Rate of Return
PERS Plan 1	2.19%
PERS Plan 2/3	2.47%
TRS Plan 1	2.09%
TRS Plan 2/3	2.51%

These money-weighted rates of return express investment performance, net of pension plan investment expense, and reflects both the size and timing of cash flows.

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
Total	100%	

The inflation component used to create the above table is 2.20 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

Pension Expense

Pension expense is included as part of "Employee Benefits" expense in the statement of revenues, expenses and changes in net position. The table below shows the components of each pension plans expense as it affected employee benefits:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
FY16 Pension Expense	\$ 157,084	\$ 472,439	\$ 31,441	\$ 60,370	\$ 721,334
FY17 Amortization of change in proportionate liability	83,032	60,807	136,854	9,573	290,266
FY16 Amortization of change in proportionate liability	-	(2,215)	-	(1,645)	(3,860)
Total Pension Expense	\$ 240,116	\$ 531,031	\$ 168,295	\$ 68,298	\$ 1,007,740

Changes in Proportionate Shares of Pension Liabilities

The changes to the College's proportionate share of pension liabilities from 2015 to 2016 for each retirement plan are listed below:

Pension Plan	2015	2016	Change
PERS 1	0.052680%	0.054185%	0.001505%
PERS 2/3	0.063670%	0.065387%	0.001717%
TRS 1	0.010553%	0.014575%	0.004022%
TRS 2/3	0.011165%	0.015042%	0.003877%

The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan to the projected contributions of all participating state agencies, actuarially determined.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.75%
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test

included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements.

Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including TRS Plan 2/3, whose rates include a component for the TRS Plan 1 liability).

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent on pension plan investments was applied to determine the total pension liability.

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

The following presents the net pension liability of the College calculated using the discount rate of 7.50 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

Pension Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS Plan 1	\$ 3,509,155	\$ 2,909,990	\$ 2,394,371
PERS Plan 2/3	\$ 6,061,502	\$ 3,292,185	\$ (1,713,772)
TRS Plan 1	\$ 611,733	\$ 497,625	\$ 399,338
TRS Plan 2/3	\$ 467,499	\$ 206,571	\$ (239,974)

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

The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2017:

	PERS 1		PERS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ -	\$ 175,306	\$ 108,680
Difference between expected and actual earnings of pension plan investments	73,269	-	402,868	-
Changes of Assumptions	-	-	34,027	-
Changes in College's proportionate share of pension liabilities	-	-	119,992	5,315
Contributions to pension plans after measurement date	300,975	-	377,044	-
	\$ 374,244	\$ -	\$ 1,109,237	\$ 113,995

	TRS 1		TRS 2/3	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ -	\$ 15,627	\$ 9,166
Difference between expected and actual earnings of pension plan investments	15,784	-	33,253	-
Changes of Assumptions	-	-	2,104	-
Changes in College's proportionate share of pension liabilities	-	-	40,204	4,277
Contributions to pension plans after measurement date	54,432	-	58,181	-
	\$ 70,216	\$ -	\$ 149,369	\$ 13,443

The \$790,632 reported as deferred outflows of resources represent contributions the College made subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2018.

Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year ended June 30	PERS 1	PERS 2/3	TRS 1	TRS 2/3
2018	\$ (18,040)	\$ 60,867	\$ (4,079)	\$ 7,318
2019	(18,040)	38,928	(4,079)	7,318
2020	67,290	324,082	14,766	35,848
2021	42,059	194,321	9,176	24,933
2022	-	-	-	2,328
2023	-	-	-	-
Total	\$ 73,269	\$ 618,198	\$ 15,784	\$ 77,745

C. College Participation in Plan Administered by the State Board for Community and Technical Colleges

State Board Retirement Plan (SBRP) – Supplemental Defined Benefits Plans

Plan Description.

The State Board Retirement Plan is a privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. Clover Park Technical College participates in this plan as authorized by chapter 28B.10 RCW, and reports its proportionate share of the total pension liability. State Board makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements.

Contributions. Contribution rates for the SBRP (TIAA-CREF), which are based upon age, are 5%, 7.5% or 10% of salary and are matched by the College. Employee and employer contributions for the year ended June 30, 2017 were each \$1,060,568.

Benefits Provided. The State Board Supplemental Retirement Plans provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all the Supplemental Retirement Plans were closed to new entrants.

Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The supplemental benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The monthly goal income is the one-twelfth of 2 percent of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of fifty percent of the member's average annual salary). The member's assumed income is an annuity benefit the retired member would receive from their defined contribution Retirement Plan benefit in the first month of retirement had they invested all employer and member contributions equally between a fixed income and variable income annuity investment.

Plan members have the option to retire early with reduced benefits.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2017, supplemental benefits were paid by the SBCTC on behalf of the College in the amount of \$902,000. The College's share of this amount was \$19,983. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2017, the College paid into this fund at a rate of 0.5% of covered salaries, totaling \$23,991,956. This amount was not used as a part of GASB 73 calculations its status as an asset has not been determined by the Legislature. As of June 30, 2017, the Community and Technical College system accounted for \$13,280,150 of the fund balance.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, with the results rolled forward to the June 30, 2017, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50% - 4.25%
Fixed Income and Variable Income Investment Returns	4.25%-6.25%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most actuarial assumptions used in the June 30, 2016, valuation were based on the results of the April 2016 Supplemental Plan Experience Study. Additional assumptions related to the fixed income and variable income investments were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes during the measurement period include the discount rate increase from 2.85 percent to 3.58 percent and the variable income investment return assumption dropping from 6.75 percent to 6.25 percent.

Discount Rate

The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.58 percent for the June 30, 2017, measurement date.

Pension Expense

For the year ended June 30, 2017, the College reported \$106,583 for pension expense in the Higher Education Supplemental Retirement Plans.

Proportionate Shares of Pension Liabilities

The College's proportionate share of pension liabilities for fiscal year ending June 30, 2017 was 2.22%. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan to the projected contributions of all participating College's, actuarially determined.

Plan Membership

Membership of the State Board Supplemental Retirement Plans consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

Plan	Number of Participating Members		Active Members	Total Members
	Inactive Members (Or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled To But Not Yet Receiving Benefits		
State Board for Community and Technical Colleges (SBCTC) - SBRP	2	0	130	132

Change in Total Pension Liability/ (Asset)

The following table presents the change in total pension liability/(asset) of Higher Education Supplemental Retirement Plans at June 30, 2017, the latest measurement date for all plans:

Change in Total Pension Liability/(Asset)	
Total Pension Liability	Amount
Service Cost	\$ 120,008
Interest	\$ 77,849
Changes of benefit terms	\$ -
Differences between expected and actual experience	\$ (561,293)
Changes of assumptions	\$ (132,480)
Benefit payments	\$ (19,983)
Other	
Net Change In Total Pension Liability	\$ (515,899)
Total Pension Liability - Beginning	\$ 2,621,634
Total Pension Liability - Ending	\$ 2,105,735

Sensitivity of the Total Pension Liability/ (Asset) to Changes in the Discount Rate

The following table presents the total pension liability/(asset), calculated using the discount rate of 3.58 percent, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

Total Pension Liability/(Asset)	1% Decrease	Current Discount Rate	1% Increase
State Board for Community and Technical Colleges (SBCTC) - SBRP	\$ 2,419,191	\$ 2,105,735	\$ 1,846,135

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Higher Education Supplemental Retirement Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

State Board for Community and Technical Colleges (SBCTC) - SBRP	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ 487,454
Changes of Assumptions	-	115,045
Transactions subsequent to the measurement date	-	-
	\$ -	\$ 602,499

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

State Board for Community and Technical Colleges (SBCTC) - SBRP		
2018	\$	(91,296)
2019		(91,296)
2020		(91,296)
2021		(91,296)
2022		(91,296)
Thereafter		(146,019)
Total	\$	(602,499)

D. Defined Contribution Plans

Public Employees' Retirement System Plan 3

The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS).

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members.

Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from PERS-covered employment.

Teachers' Retirement System Plan 3

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer Note 11.B for TRS Plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

TRS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, TRS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in TRS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from TRS-covered employment.

Washington State Deferred Compensation Program

The College, through the state of Washington, offers its employees a deferred compensation plan created under Internal Revenue Code Section 457. The plan, available to all State employees, permits individuals to defer a portion of their salary until future years. The state of Washington administers the plan on behalf of the College's employees. The deferred compensation is not available to employees until termination, retirement or unforeseeable financial emergency. The College does not have access to the funds.

17. Other Post-Employment Benefits

Health care and life insurance programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). The HCA calculates the premium amounts each year that are sufficient to fund the statewide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount. The agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employee.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors. The health care premiums for active employees, which are paid by the agency during the employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the Other Post-Employment Benefits (OPEB) obligation is a payment that is required by the State Legislature to reduce the premiums

for retirees covered by Medicare (an “explicit” subsidy). This explicit subsidy is also passed through to state agencies via active employee rates charged to the agency. There is no formal state or College plan that underlies the subsidy of retiree health and life insurance.

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College’s share of the GASB 45 actuarially accrued liability (AAL) is \$13,664,245, with an annual required contribution (ARC) of \$1,231,176. The ARC represents the amortization of the liability for FY 2017 plus the current expense for active employees, which is reduced by the current contributions of approximately \$264,162. The College’s net OPEB obligation at June 30, 2017 was approximately \$3,601,642. This amount is not included in the College’s financial statements.

The College paid \$3,563,054 for healthcare expenses in 2017, which included its pay-as-you-go portion of the OPEB liability.

18. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Assets, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2017.

Expenses by Functional Classification	Amount
Instruction	\$ 14,852,320
Academic Support Services	4,378,266
Student Services	5,945,374
Institutional Support	6,330,591
Operations and Maintenance	3,818,018
Auxiliary Operations	2,662,095
Scholarships and Other student Financial Aid	5,687,024
Depreciation	2,942,846
Total Operation Expenses	\$46,616,534

19. Operating Leases

The College entered into an agreement with the City of Lakewood as part of the construction of the McGavick Center. The City agreed to contribute 11% of the construction costs in equal installments of \$101,850 over 20 years. In return for the contribution, the City of Lakewood has use of the Center for 18 dates per year for a 30 year period. Lease payments received from the City for 2017 totaled \$101,850. See Footnote 8 for unearned income related to this agreement. The future minimum lease payments are as follows:

Fiscal year	Amount
2018	\$ 101,850
2019	101,850
2020	101,850
2021	101,850
Total	\$ 407,400

20. Commitments and Contingencies

The College is engaged in various legal actions in the ordinary course of business. Management does not believe the ultimate outcome of these actions will have a material adverse effect on the financial statement.

The College has commitments of \$411,181 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

21. Subsequent Events

In May 2018, the College obtained financing in order to construct a center for advanced manufacturing technologies through a COP issued by the Washington Office of State Treasurer (OST) in the amount of \$31,135,000. The interest rate to be charged is 3.43%.

In May 2018, the College entered into a contract in the amount of \$36,641,000 for the construction of the Center for Advanced Manufacturing Technologies.

Required Supplementary Information

Pension Plan Information

Cost Sharing Employer Plans

Schedules of Clover Park Technical College's Proportionate Share of the Net Pension Liability:

Schedule of Clover Park Technical College's Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.053744%	\$ 2,707,379	\$ 5,694,398	47.54%	61.19%
2015	0.052680%	\$ 2,755,654	\$ 5,832,883	47.24%	59.10%
2016	0.054185%	\$ 2,909,990	\$ 6,275,450	46.37%	57.03%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Schedule of Clover Park Technical College's Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.063904%	\$ 1,291,731	\$ 5,489,568	23.53%	93.29%
2015	0.063670%	\$ 2,274,966	\$ 5,662,352	40.18%	89.20%
2016	0.065387%	\$ 3,292,185	\$ 6,111,143	53.87%	85.82%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

*These schedules are to be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans

Schedules of Clover Park Technical College's Proportionate Share of the Net Pension Liability:

Schedule of Clover Park Technical College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 1 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.009333%	\$ 275,272	\$ 444,737	61.90%	68.77%
2015	0.010553%	\$ 334,334	\$ 527,297	63.41%	65.70%
2016	0.014575%	\$ 497,625	\$ 765,000	65.05%	62.07%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Schedule of Clover Park Technical College's Share of the Net Pension Liability Teachers' Retirement System (TRS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College's proportionate share of the net pension liability	College's covered payroll	College's proportionate share of the net pension liability as a percentage of its covered payroll	Plan's fiduciary net position as a percentage of the total pension liability
2014	0.010065%	\$ 32,509	\$ 444,737	7.31%	96.81%
2015	0.011165%	\$ 94,211	\$ 527,297	17.87%	92.48%
2016	0.015042%	\$ 206,571	\$ 765,000	27.00%	88.72%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

*These schedules are to be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans

Schedules of Contributions:

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 1 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered— employee payroll	
2014	\$ 240,915	\$ 240,915	\$ -	\$ 5,694,398	4.23%	
2015	\$ 242,593	\$ 242,593	\$ -	\$ 5,832,883	4.16%	
2016	\$ 309,814	\$ 309,814	\$ -	\$ 6,275,450	4.94%	
2017	\$ 296,375	\$ 296,375	\$ -	\$ 6,050,434	4.90%	
2018						
2019						
2020						
2021						
2022						
2023						

Schedule of Contributions Public Employees' Retirement System (PERS) Plan 2/3 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered— employee payroll	
2014	\$ 282,553	\$ 282,553	\$ -	\$ 5,489,568	5.15%	
2015	\$ 294,466	\$ 294,466	\$ -	\$ 5,662,352	5.20%	
2016	\$ 391,662	\$ 391,662	\$ -	\$ 6,111,143	6.41%	
2017	\$ 380,029	\$ 380,029	\$ -	\$ 5,928,903	6.41%	
2018						
2019						
2020						
2021						
2022						
2023						

Notes: These schedules will be built prospectively until they contain 10 years of data.

Cost Sharing Employer Plans

Schedules of Contributions:

Schedule of Contributions Teachers' Retirement System (TRS) Plan 1 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered— employee payroll	
2014	\$ 18,695	\$ 18,695	\$ -	\$ 444,737	4.20%	
2015	\$ 23,837	\$ 23,837	\$ -	\$ 527,297	4.52%	
2016	\$ 45,533	\$ 45,533	\$ -	\$ 765,000	5.95%	
2017	\$ 54,757	\$ 54,757	\$ -	\$ 878,929	6.23%	
2018						
2019						
2020						
2021						
2022						
2023						

Schedule of Contributions Teachers' Retirement System (TRS) Plan 2/3 Fiscal Year Ended June 30						
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	College's covered payroll	Contributions as a percentage of covered— employee payroll	
2014	\$ 25,802	\$ 25,802	\$ -	\$ 444,737	5.80%	
2015	\$ 30,949	\$ 30,949	\$ -	\$ 527,297	5.87%	
2016	\$ 51,582	\$ 51,582	\$ -	\$ 765,000	6.74%	
2017	\$ 60,646	\$ 60,646	\$ -	\$ 878,929	6.90%	
2018						
2019						
2020						
2021						
2022						
2023						

Notes: These schedules will be built prospectively until they contain 10 years of data.

State Board Supplemental Defined Benefit Plans

Schedule of Changes in the Total Pension Liability and Related Ratios Clover Park Technical College Fiscal Year Ended June 30	
	2017
Total Pension Liability	
Service Cost	\$ 120,008
Interest	77,849
Changes of benefit terms	-
Differences between expected and actual experience	(561,293)
Changes of assumptions	(132,481)
Benefit Payments	(19,983)
Other	-
Net Change in Total Pension Liability	(515,900)
Total Pension Liability - Beginning	2,621,634
Total Pension Liability - Ending	\$ 2,105,734
College's Proportion of the Pension Liability	2.215397%
Covered-employee payroll	\$ 23,991,956
Total Pension Liability as a percentage of covered-employee payroll	8.776833%

Notes: These schedules will be built prospectively until they contain 10 years of data.

State Board Supplemental Defined Benefit Plans

Notes to Required Supplementary Information

The State Board Supplemental Retirement Plans are financed on a pay-as-you-go basis. State Board makes direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals, no assets are accumulated in trusts or equivalent arrangements. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, salary growth and the variable income investment return.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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