Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Clover Park Technical College

For the period July 1, 2022 through June 30, 2023

Published July 17, 2025

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Office of the Washington State Auditor
Pat McCarthy

July 17, 2025

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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Clover Park Technical College
July 1, 2022 through June 30, 2023

2023-001 Clover Park Technical College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed.

Background

The State Board for Community and Technical Colleges oversees community colleges throughout the state, providing general guidance and centrally tracked financial statement figures. College management, however, is responsible for designing and following internal controls that provide reasonable assurance financial reporting is reliable. These controls should ensure the College follows all generally accepted accounting principles (GAAP), Governmental Accounting Standards Board statements and required state policies.

Description of Condition

The College lacked adequate internal controls to ensure its financial statements and related schedules were accurately prepared and reviewed. The process management used was not effectively designed to detect or correct errors before the audit, and did not ensure the College's statements and required footnote disclosures were accurate, complete and presented in accordance with GAAP. Specifically, the College did not:

- Perform monthly reconciliations between the general ledger and bank statements promptly
- Perform year-end adjusting journal entries promptly
- Ensure the financial statements and related schedules submitted for audit were final and agreed to underlying accounting records
- Effectively review appropriations and net position balances to ensure they properly classified

We consider these internal control weaknesses to be a significant deficiency.

Cause of Condition

The College converted its general ledger software systems in April 2022, and experienced significant turnover in key financial positions. The College lacked proper staffing and resources to complete prompt and accurate reconciliations of various balances. Additionally, it did not allow adequate time for thorough review of the financial statements before the audit.

Effect of Condition

We found the following timeliness issues related to reconciliations and reviews:

- Multiple instances in which the College marked year-end adjusting journal entries as reviewed on dates after it submitted the financial statements for audit.
- The College did not complete and sign off on the June 30, 2023, bank reconciliation as prepared and reviewed until March 8, 2024.
- The College reported an "unknown difference" of $55,333 between the bank and the general ledger on its June 30, 2023 year-end bank reconciliation; it did not correct this error.

We found the following errors in the College's financial statements. The College:

- Did not report tuition designated for student aid in the restricted cash balance. This resulted in an understatement of $1,357,420 in the restricted cash and an overstatement in cash and cash equivalents by the same amount.
- Understated Restricted for Student Loans by $635,193, and overstated Unrestricted Net Position by the same amount
- Underreported State Appropriations by $2,477,423 and overreported Capital Appropriations by the same amount

The College subsequently corrected these errors during the audit.

Recommendation

We recommend the College:

- Ensure employees responsible for preparing financial information have adequate training and resources to present financial statements and schedules accurately, completely and in compliance with GAAP
- Implement an effective review of its process for preparing financial statements to ensure employees identify and correct errors before submitting them for audit

College's Response

We concur. The State Auditor's Office has provided an accurate description of the primary conditions leading to the lack of adequate controls during this time period. First, Clover Park Technical College's conversion to the new enterprise resource planning system in April 2022 occurred just after recovering from the strain of the COVID-19 pandemic, and two months prior to the year-end close for FY 2022. Second, the College experienced significant turnover in key financial positions following the pandemic and the conversion. The College recognizes the importance of strong internal controls and takes very seriously the identification of a weakness in this area. The College has initiated actions to improve internal controls and will continue the following corrective actions:

- *Beginning with FY24, there was a concerted effort to identify and fill key position in the Finance Department. As a result, the College has begun to stabilize the staffing challenges.*
- *The College now requires finance staff to participate in State Board provided training to include: regularly-held Budget, Accounting, and Reporting (BAR) Council meetings, which provide training and support to the community and technical college system, ERP best practices and financial statement preparation and review.*
- *The College will ensure that policies and procedures are in compliance with the State Administrative & Accounting Manual, SBCTC Policy Manual, and the ctcLink Accounting Manual.*

Auditor's Remarks

We thank the College for its cooperation throughout the audit and the steps it is taking to address these concerns. We will review the status of the College's corrective action during our next audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards,* section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

The Office of Financial Management's *State Administrative and Accounting Manual* (SAAM), Section 20.15 establishes the responsibilities for identifying risks and establishing, maintaining, and reviewing agency internal control systems.

INDEPENDENT AUDITOR'S REPORT

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, 2022 through June 30, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated July 9, 2025.

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. 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 compliance and other matters associated with the Foundation that are reported on separately by those auditors.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2023-1, that we consider to be significant deficiencies.

In addition, we also noted certain other matters that we have reported to the management of the College in a separate letter dated July 9, 2025.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

COLLEGE'S RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

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

Pat McCarthy, State Auditor

Olympia, WA

July 9, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Clover Park Technical College
July 1, 2022 through June 30, 2023

Board of Trustees
Clover Park Technical College
Lakewood, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the financial section of our report.

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

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, 2023, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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 9, 2025 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 the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Pat McCarthy, State Auditor

Olympia, WA

July 9, 2025

FINANCIAL SECTION

Clover Park Technical College
July 1, 2022 through June 30, 2023

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Management's Discussion and Analysis

Clover Park Technical College

The following discussion and analysis provide an overview of the financial position and activities of Clover Park Technical College (the College) for the fiscal year ended June 30, 2023 (FY 2023). 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.

Clover Park Technical College is one of thirty-four 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 6,000 students. The College confers four baccalaureate degrees , 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 63,000 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. In addition, the college has a Governor-appointed student trustee who is prohibited from voting on personnel or collective bargaining matters. 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, 2023. 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.

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 of resources, liabilities, deferred inflows of resources, and net position of the College as of the end of the fiscal year. A condensed comparison of the Statement of Net Position is as follows:

Condensed Statement of Net Position
As of June 30, 2023

	2023	2022
Assets		
Current Assets	$ 40,488,949	$ 36,073,082
Capital Assets, net	112,982,885	115,464,063
Other Assets, non-current	2,876,754	7,450,549
Total Assets	156,348,588	158,987,694
Deferred Outflows of Resources	6,292,619	5,038,169
Liabilities		
Current Liabilities	9,571,818	8,455,376
Other Liabilities, non-current	40,667,489	47,687,069
Total Liabilities	50,239,307	56,142,445
Deferred Inflows of Resources	14,136,687	14,561,558
Net Position		
Net Investment in Capital Assets	84,167,885	84,684,063
Restricted	4,383,705	2,954,333
Unrestricted	9,713,623	5,683,464
Total Net Position, as restated	$ 98,265,213	$ 93,321,860

Current assets consist primarily of cash, investments, various accounts receivables and inventories. The increase of current assets in FY 2023 is due to a $11,047,643 increase in accounts receivable offset by a $6,624,764 decrease in cash and cash equivalents. The increase in accounts receivable is largely attributable to a $6,317,436 increase in the amount due from the state allocation for the Vendor Payment Advance (VPA) and $3,328,883 of receivables from Federal and State governmental agencies and other agencies.

Net capital assets decreased by $2,481,178 from FY 2022 to FY 2023. The decrease is primarily the result of current depreciation expense of $3,806,600. This decrease was offset in part by ongoing acquisitions of capitalizable equipment.

Non-current assets consist of actuarial valuations of pension plans that ended in Net Pension assets of which decreased from FY 2022 to FY 2023 by $4,573,795.

Deferred outflows of resources and deferred inflows of resources represent deferrals in pension and postemployment benefits associated related to GASB Statement No. 68 and Statement No. 75. The increase in deferred outflows reflect the College's proportionate share of an increase in the state-wide amounts reported by the Department of Retirement System (DRS) and Health Care Authority (HCA) due to differences between expected and actual experience related to the actuarial assumptions. The College recorded $2,900,280 in FY 2022 and $4,432,480 in FY 2023 of pension and postemployment-related deferred outflows. The increase reflects the change in proportionate share.

Similarly, the decrease in deferred inflows in 2023 reflects the decrease in difference between actual and projected investment earnings on the state's pension plans and other post-employment benefits.

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, as well as current portion of right-to-use leases and subscription-based IT arrangements. 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 $1,116,443 increase in current liabilities from FY 2022 to FY 2023 is due primarily to increases in accounts payable, accrued liabilities, unearned revenue, and the current portion of Certificates of Participation (COP) payable.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees, the long-term portion of Certificates of Participation debt, and the long term portions of the Net Pension and OPEB liabilities. Non-current liabilities decreased by $7,019,581 due to a $5,415,820 decrease in the proportionate share of the postemployment benefit liability for the State's OPEB and a $2,070,000 reduction in Certificate of Participation. This was partially offset by a $622,871 increase in the non-current portion of Net Pension liability.

Net position represents the value of the College's assets and deferred outflows after liabilities and deferred inflows are deducted. The College is required by accounting standards to report its net position in four 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:

Nonexpendable – consists of funds in which a donor or external party has imposed the restriction that the corpus or principal is not available for spending but for investment purposes only.

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.

Net Position As of June 30th		**FY 2023**		**FY 2022**
Net investment in capital assets	$	84,167,885	$	84,684,063
Restricted				
Net Pension Asset		2,944,876		1,555,382
Nonexpendable		81,409		88,421
Student Loans		1,357,420		1,310,530
Unrestricted		9,713,623		5,683,464
Total Net Position	**$**	**98,265,213**	**$**	**93,321,860**

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 2023. 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, 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, 2023 and 2022 is presented below.

Clover Park Technical College Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2023 and 2022		
Operating Revenues	**2023**	**2022**
Student tuition and fees, net	$ 5,825,058	$ 6,401,290
Auxiliary enterprise sales	1,742,166	721,896
Grants and contracts	8,407,278	6,731,695
Other operating revenues	2,430,358	1,524,022
Total operating revenues	**18,404,860**	**15,378,903**
Non-Operating Revenues		
State appropriations	30,849,776	28,440,891
Federal Pell grant revenue	8,284,443	11,773,090
Other non-operating revenues	988,950	72,402
Total non-operating revenues	40,123,169	40,286,383
Total revenues	**58,528,029**	**55,665,286**
Operating Expenses		
Salaries and Benefits	33,597,461	30,247,002
Scholarships	4,230,499	8,663,497
Depreciation	3,806,600	4,001,273
Other operating expenses	13,284,967	8,407,347
Total operating expenses	**54,919,527**	**51,319,119**
Non-Operating Expenses		
Building fee remittance	1,111,912	1,049,886
Other non-operating expenses	1,539,000	1,632,750
Total non-operating expenses	**2,650,912**	**2,682,636**
Total expenses	57,570,439	54,001,755
Excess (deficiency) before capital contributions	**957,590**	**1,663,531**
Capital appropriations and contributions	**3,985,763**	**978,690**
Change in Net position	**4,943,353**	**2,642,221**
Net Position		
Net position, beginning of year	93,321,860	90,679,639
Prior period adjustments or Cumulative effect of a change in accounting principle	-	-
Net position, beginning of year, as restated	93,321,860	90,679,639
Net position, end of year	**$ 98,265,213**	**$ 93,321,860**

Revenues

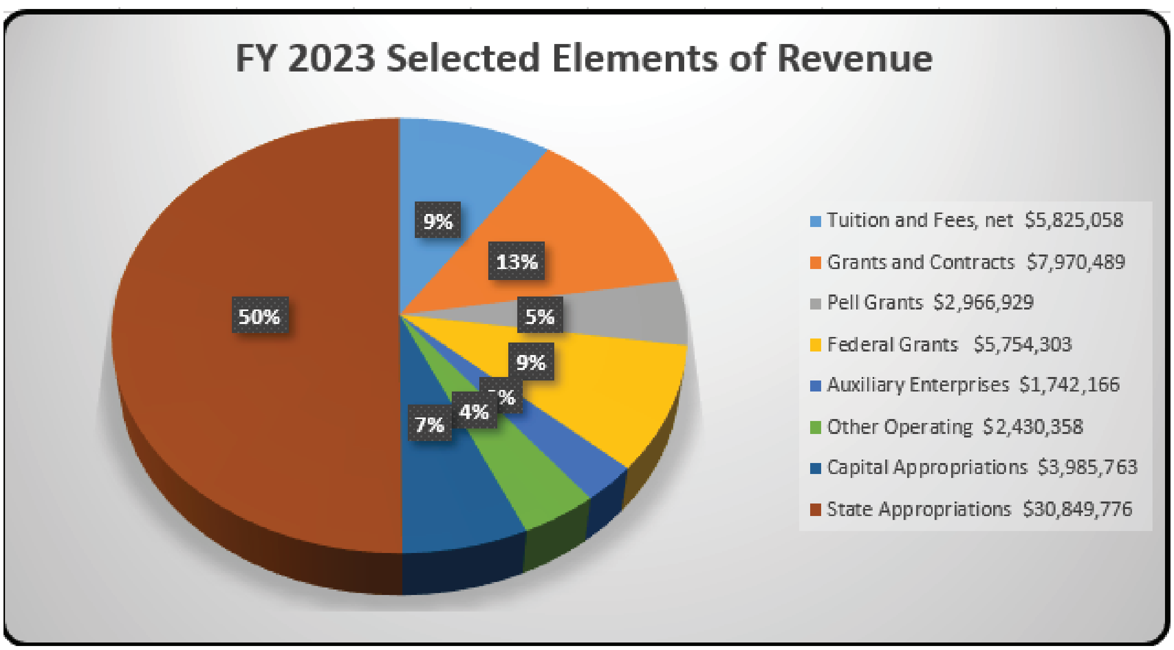
The state of Washington appropriates funds to the community college system as a whole. The State Board for Community and Technical Colleges (SBCTC) then allocates monies to each college.

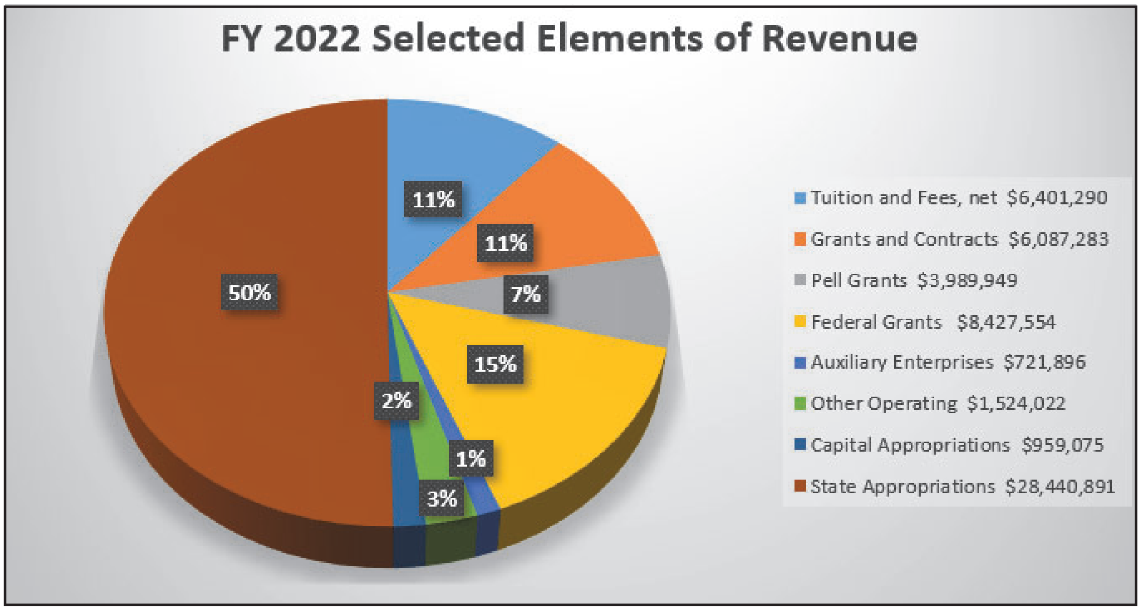
In FY 2023, the College's student tuition and fees decreased by a $576,232.

In FY 2023, operating grant and contract revenues increased by $1,675,583 when compared with FY 2022. This increase is mostly due to an increase in state and local grants and contracts, which can fluctuate year over year. 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.

Pell grant revenues generally follow enrollment trends. As the College's enrollment levelled off during FY 2023, so did the College's Pell Grant revenue. For FY 2023, the College attempted to keep 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.

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.





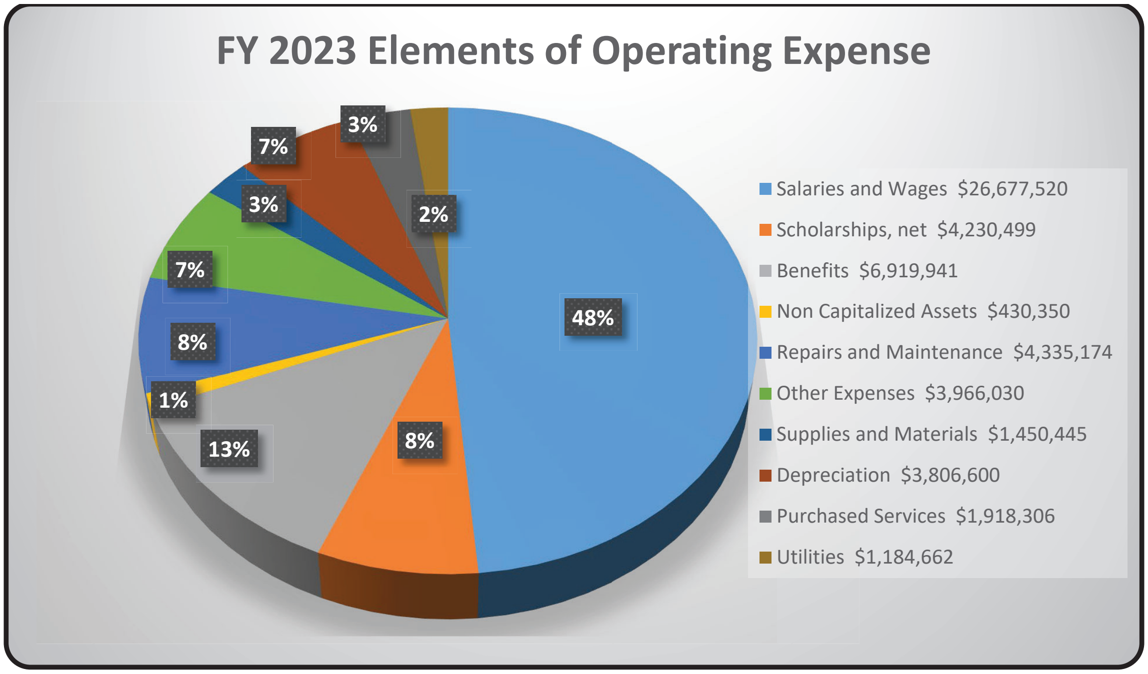
Expenses

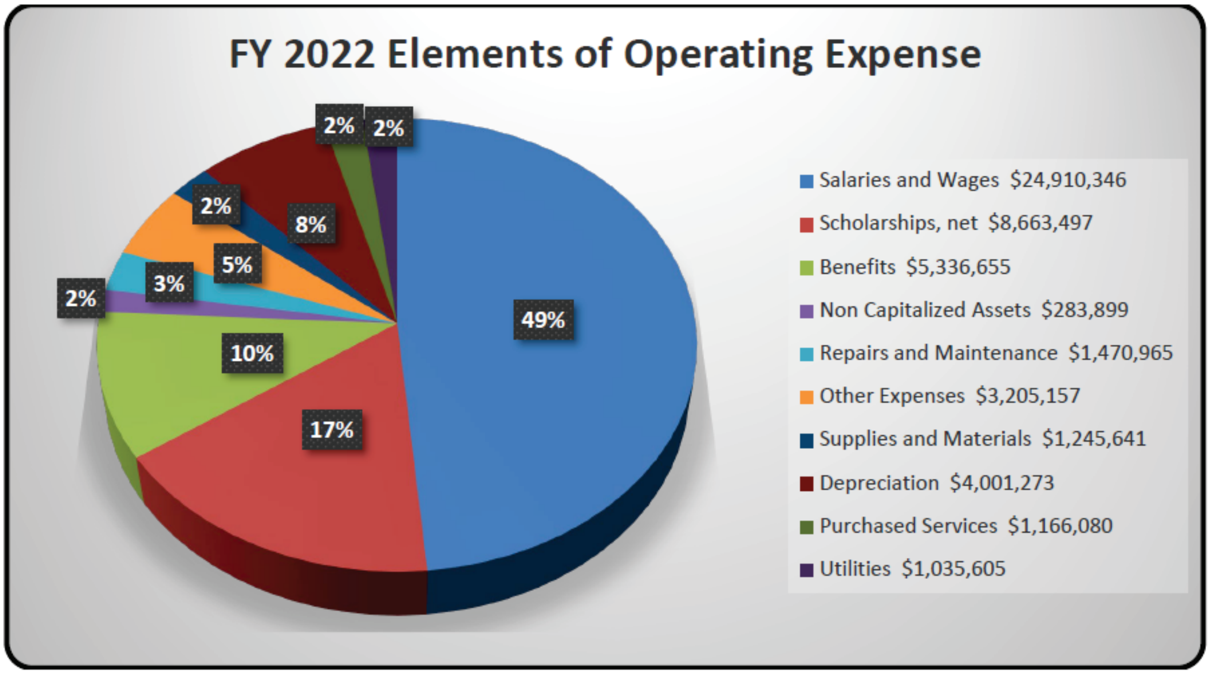
The College has continuously sought opportunities to identify savings and efficiencies; however, the primary component of operating expense is salaries and benefits each year. These two expenses increased by a combined total of $3,350,459 in FY 2023. Salaries and wages were up 7.1%, and the cost of employee benefits increased by 29.7% as a result of pension and OPEB expense adjustments due to increases in the College's proportionate share of these liabilities. Salaries and wages tend to increase each year due to factors such as bargained increments, reclassifications, and adding positions in high demand programs. In addition, the College must compete in the job market in order to effectively recruit, retain, and replace separating and/or retiring exempt employees and/or faculty.

Scholarships and fellowship expenses decreased by $4,432,998 in FY 2023 due to changes in the components that make up the scholarship allowance computation such as waivers, third party funding, student refunds, and federal student loans. In FY 2021 and FY 2022 COVID funds (CARES) were distributed but there were none distributed for FY 2023.

Repairs and maintenance expenses significantly increased from FY 2022 to FY 2023. The $2,864,209 increase in repairs and maintenance expense was due to a building renovation, light replacements, air quality improvements, and HVAC/Boilers replacements throughout the campus. Purchased services increased by $752,225 due to bringing in outside consultants due to high staff turnover. Utility costs have also increased as a result of rate increases. In total operating expenses increased by $3,600,409.

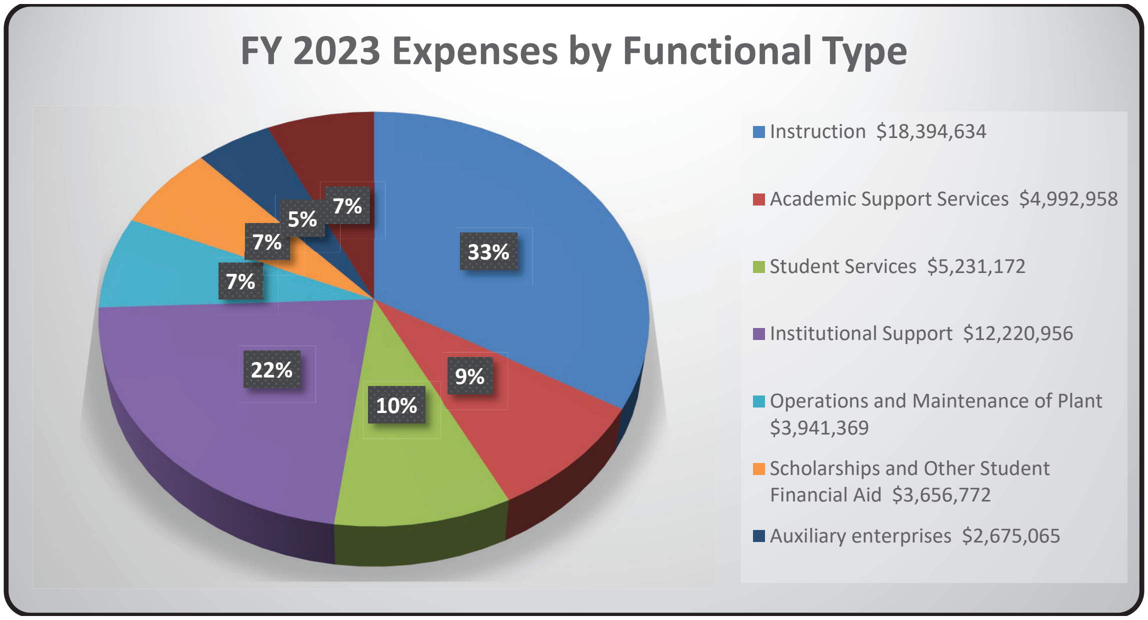
Comparison of Selected Operating Expenses by Function
The chart below shows the amount, in dollars, for selected functional areas of operating expenses for FY 2023 and FY 2022.





Operating Expenses by Function

The chart below shows the percentage of each functional area of operating expenses for FY 2023.



Capital Assets and Long-Term Debt Activities

The community and technical college system submits a single prioritized request to the Office of Financial Management and the Legislature for appropriated capital funds, which includes major projects, minor projects, repairs, emergency funds, alternative financing and major leases. The primary funding source for college capital projects is state general obligation bonds. In recent years, declining state revenues significantly reduced the state's debt capacity and are expected to continue to impact the number of new projects that can be financed. In addition, the College has one of four community college projects that were funded through a Certificate of Participation (COP) against which system–wide building fee monies were pledged.

At June 30, 2023, the College had invested $112,982,885 in capital assets, net of accumulated depreciation. This represents a decrease of $2,481,176 from last year, as shown in the table below.

Asset Type	June 30, 2023	June 30, 2022	Change
Land	$ 13,333,913	$ 13,333,913	$ 0
Construction in Progress	1,127,178	54,308	1,072,870
Buildings, net	95,020,463	97,799,944	(2,779,481)
Other Improvements and Infrastructure, net	486,449	528,751	(42,302)
Equipment, net	2,984,325	3,718,032	(733,708)
Library Resources, net	30,557	29,113	1,445
Total Capital Assets, Net	$ 112,982,885	$ 115,464,061	$ (2,481,176)

The decrease in net capital assets can be attributed to increase in accumulated building depreciation. Additional information on capital assets can be found in Note 6 of the Notes to the Financial Statements.

At June 30, 2023, the College had $28,815,000 in outstanding debt, made up of Certificates of Participation (COP). This represents a decrease of $1,965,000. The Certificates of Participation were obtained for the McGavick Center and CAMT building. The College has no capital leases.

Additional information of notes payable, long term debt and debt service schedules can be found in Notes 12 and 13 of the Notes to the Financial Statements.

Economic Factors That May Affect the Future

The State Board for Community and Technical Colleges allocates out to each college/district funds received in the state's budget. The 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. Due to increase/decrease in enrollment, it is estimated that the College will likely see an increase/decrease in state operating appropriations in future year.

In fiscal year 2021 we received a significant increase in funding as a result of the Workforce Education Investment Act (E2SHB 2158). The bill created a new fund, the Workforce Education Investment Account. Appropriations from the account are supported by an increase in the Business and Occupation tax. These funds were allocated to the colleges as directed in the legislation. Most of these appropriations are budgeted to continue in fiscal year 2024. There were no other significant changes to the method of allocating funds to college districts.

While historically colleges have seen an increase in enrollments in times of higher unemployment, that has not been the trend the College has experienced at this time. The College will be looking closely at budgets and ways to innovate instruction to attract more students.

The overall economic outlook for the State of Washington is positive, however national trends in the economy continue to weigh down specific sectors. The overall effect on the State of Washington's General Fund revenue collection still continues to be strong. The main sources of revenue for Legislative distributions to community colleges are higher than the assumptions that the legislature used when setting the 2023-25 biennial budget. Because of this, it is unlikely that the legislature will look at a budget cut for community colleges, and will likely have targeted increases for specific programs in the next few years.

Washington's personal income growth, which is the main factor in calculating future tuition increases, has grown faster than the country as a whole, and faster than the assumptions made by the legislature when creating the 2023-25 biennial budget. While the formula for tuition increases tends to downplay any individual year's personal income growth due to the large number of years factored into the calculation, overall the tuition collection environment statewide looks strong.

Clover Park Technical College
Statement of Net Position
June 30, 2023

Assets		
Current assets		
Cash and cash equivalents (Note 3)	$	23,735,403
Restricted cash (Note 3)		1,375,669
Accounts receivable, net of allowances (Note 4)		15,295,217
Inventories (Note 5)		82,660
Total current assets		40,488,949
Non-Current Assets		
Non-depreciable capital assets (Note 6)		14,461,092
Capital assets, net of depreciation (Note 6)		98,521,793
Net pension asset (Note 15)		2,305,746
Other non-current assets (Note 9)		571,008
Total non-current assets		115,859,639
Total assets		156,348,588
Deferred Outflows of Resources		
Deferred outflows related to pensions (Note 15)		4,432,480
Deferred outflows related to OPEB (Note 16)		1,860,139
Total deferred outflows of resources		6,292,619
Liabilities		
Current Liabilities		
Accounts payable (Note 7)		1,288,490
Accrued liabilities (Note 7)		3,319,383
Compensated absences, current portion (Note 11, 14)		876,655
Deposits payable		18,249
Unearned revenue (Note 8)		1,662,650
Certificates of Participation payable, current portion (Note 12, 13, 14)		2,070,000
Net pension liability, current portion (Note 15)		73,847
Total OPEB liability, current portion (Note 16)		262,544
Total current liabilities		9,571,818
Non-Current Liabilities		
Compensated absences (Note 11, 14)		1,040,908
Certificates of Participation (Note 12, 13, 14)		26,745,000
Net pension liability, non-current (Note 15)		2,741,541
Total OPEB liability (Note 16)		10,140,040
Total non-current liabilities		40,667,489
Total liabilities		50,239,307
Deferred Inflows of Resources		
Deferred inflows related to pensions (Note 15)		4,278,196
Deferred inflows related to OPEB (Note 16)		9,858,491
Total deferred inflows of resources		14,136,687
Net Position		
Net Investment in Capital Assets		84,167,885
Restricted for:		
Net Pension Asset		2,944,876
Nonexpendable		81,409
Student Loans		1,357,420
Unrestricted (deficit)		9,713,623
Total Net Position	$	98,265,213

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, 2023

Operating Revenues	
Student tuition and fees, net of scholarship discounts and allowances	$ 5,825,058
Auxiliary enterprise sales	1,742,166
State and local grants and contracts	7,970,489
Federal grants and contracts	436,789
Other operating revenues	2,430,359
Total operating revenue	18,404,861
Operating Expenses	
Salaries and wages	26,677,520
Benefits	6,919,941
Scholarships and fellowships	4,230,499
Supplies and materials	1,450,445
Depreciation and amortization	3,806,600
Purchased services	1,918,306
Utilities	1,184,662
Non capitalized assets	430,350
Repairs and maintenance	4,335,174
Other operating expenses	3,966,030
Total operating expenses	54,919,527
Operating income (loss)	(36,514,666)
Non-Operating Revenues (Expenses)	
State appropriations	30,849,776
Federal Pell grant revenue	2,966,929
Federal non-operating revenue	5,317,513
Investment income, gains and losses	988,949
Building fee remittance	(879,560)
Innovation fund remittance	(232,351)
Interest on indebtedness	(1,539,000)
Net non-operating revenue (expenses)	**37,472,256**
Income or (loss) before other revenues, expenses, gains, or losses	957,590
Capital Contributions	
Capital appropriations	3,985,763
Increase (Decrease) in net position	4,943,353
Net Position	
Net position, beginning of year	93,321,860
Prior period adjustments or Cumulative effect of a change in accounting principle	
Net position, beginning of year, as restated	93,321,860
Net position, end of year	$ 98,265,213

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

Clover Park Technical College
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities		
Student tuition and fees	$	5,684,085
Grants and contracts		7,134,943
Payments to vendors		(3,151,807)
Payments for utilities		(1,184,662)
Payments to employees		(26,559,610)
Payments for benefits		(8,806,452)
Auxiliary enterprise sales		1,828,374
Payments for scholarships and fellowships		(4,230,499)
Other receipts		2,490,117
Other payments		(8,724,197)
Net cash used by operating activities		(35,519,708)
Cash flows from noncapital financing activities		
State appropriations		21,577,124
Pell grants		2,966,929
Other Federal non-operating revenue		5,317,513
Building fee remittance		(879,560)
Innovation fund remittance		(232,351)
Net cash provided by noncapital financing activities		28,749,655
Cash flows from capital and related financing activities		
Capital appropriations		3,985,763
Purchases of capital assets		(1,325,423)
Principal paid on capital debt		(1,965,000)
Interest paid		(1,539,000)
Net cash used by capital and related financing activities		(843,660)
Cash flows from investing activities		
Income of investments		988,948
Net cash provided by investing activities		988,948
Increase in cash and cash equivalents		(6,624,765)
Cash and cash equivalents at the beginning of the year		31,735,837
Cash and cash equivalents at the end of the year	$	25,111,072

Clover Park Technical College
Statement of Cash Flows
For the Year Ended June 30, 2023

(Continued from previous page)

Reconciliation of Operating Loss to Net Cash used by Operating Activities

Operating Loss	$	(36,514,666)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation expense		3,806,600
Changes in assets and liabilities		
Receivables, net		(1,774,990)
Inventories		7,012
Accounts payable		(571,300)
Accrued liabilities		1,134,249
Unearned revenue		507,648
Compensated absences		(259,278)
Pension liability adjustment		(1,862,341)
Deposits payable		7,357
Net cash used by operating activities	$	(35,519,709)

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

CLOVER PARK TECHNICAL COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2022

		2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	577,216
Accounts receivable		12,848
Pledges receivable, net of allowance		
Total Current Assets		590,064
OTHER ASSETS		
Donated goods inventory		44,472
Cash restricted to endowment		30,303
Investments		2,031,754
Total Other Assets		2,106,529
Total Assets	$	2,696,593

The accompanying notes are an integral part of these financial statements.

CLOVER PARK TECHNICAL COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION (Continued)

December 31, 2022

	2022
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Scholarships payable	
Accrued liabilities	$ 1,750
Total Current Liabilities	1,750
Total Liabilities	1,750
NET ASSETS	
Net assets without donor restrictions	
Undesignated	307,943
Board-designated	746,129
Total	1,054,072
Net assets with donor restrictions	1,640,771
Total Net Assets	2,694,843
Total Liabilities and Net Assets	$ 2,696,593

The accompanying notes are an integral part of these financial statements.

CLOVER PARK TECHNICAL COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2022
SUPPORT, REVENUE AND RECLASSIFICATIONS			
Contributions	$ 35,457	$ 218,712	$ 254,169
Special events, net	56,400	17,996	74,396
Donated goods and services	226,999	82,862	309,861
Investment income (loss), net	772	(320,902)	(320,130)
Total Support and Revenue	319,628	(1,332)	318,296
Net assets released from restriction and reclassifications	254,689	(254,689)	
Total Support, Revenue and Reclassifications	574,317	(256,021)	318,296
EXPENSES			
Program services:			
Scholarships and grants	163,059		163,059
Program specific support	202,397		202,397
Total Program Services	365,456		365,456
Supporting services:			
General and administrative	123,913		123,913
Fundraising	8,699		8,699
Total Supporting Services	132,612		132,612
Total Expenses	498,068		498,068
Change in Net Assets	76,249	(256,021)	(179,772)
NET ASSETS AT BEGINNING OF YEAR	977,823	1,896,792	2,874,615
NET ASSETS AT END OF YEAR	$ 1,054,072	$ 1,640,771	$ 2,694,843

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

June 30, 2023
These notes form an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity
Clover Park Technical College (the College) is a comprehensive community college offering open-door academic programs, workforce education, basic skills, and community services. The College confers four applied baccalaureate degrees, 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 Annual Comprehensive Financial Report. These notes form an integral part of the financial statements.

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) charity. The Foundation's charitable purpose is to build relationships with the community and to acquire resources to support academic excellence and educational access at the College. Because the majority of the Foundation's income 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 $365,456 and $393,560 during the years ended December 31, 2022 and December 31, 2021, respectively, to the College 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.

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 U.S. Generally Accepted Accounting Principles (GAAP) 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 and cash equivalents at fair value. Investments in the state's LGIP, a qualified external investment pool, are reported at amortized cost which approximates 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) are valued at cost using the first in, first out (FIFO).

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. 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, 2023, 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 and fall 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.

Pension Liability

For purposes of measuring the net pension liability in accordance with GASB Statement 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.

The College also reports its share of the net pension liability for the State Board Retirement Plan in accordance with GASB 68 Accounting and Financial Reporting for Pensions and Related Assets.

OPEB Liability

The college reports its share of OPEB liability in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB). This Statement requires the College to recognize its proportionate share of the state's actuarially determined OPEB liability with a one-year lag measurement date similar to GASB Statement No. 68.

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.

Deferred outflows related to 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 period of time. Deferred inflows related to pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized in the same manner as deferred outflows.

Deferred outflows and 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 college's proportionate share of pension liabilities. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Employer transactions to pension plans made subsequent to the measurement date are also deferred and reduce pension liabilities in the subsequent year.

The portion of differences between expected and actual experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and changes in the college's proportionate share of OPEB liability that are not recognized in OPEB expense should be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Differences between projected and actual earning on OPEB plan investments that are not recognized in OPEB expense should be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. Employer contributions to the OPEB plan subsequent to the measurement date of the collective OPEB liability should be recorded as deferred outflows of resources related to OPEB.

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. Restricted for expendable includes resources for the explicit purpose of pension assets and is equal to the net pension asset amount.

- Unrestricted. These represent resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises.

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

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 are directly related to the principal operations of the College, such as (1) student tuition and fees, net of waivers and scholarship discounts and allowances, (2) sales and services of auxiliary enterprises and (3) federal, state and local grants and contracts that primarily support the operational/educational activities of the colleges. 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 are not directly related to the ongoing operations of the College, such as gifts and contributions, state appropriations, investment income and Pell Grants received from the federal government. In FY 2023, non-operating revenues also included funds received through the federal CARES act.

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 Loans.

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, 2023 are $4,978,264.

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 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's 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.

Note 2 - Accounting and Reporting Changes

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, effective for FY 2023. This Statement provides guidance on the accounting and financial reporting for Subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The College is following the State's Office of Financial Management directives to prepare for the implementation of this Statement. As a result of implementation of this statement, the College recorded $0 of subscription-based IT agreement assets and liabilities.

Accounting Standards Impacting the Future

In June 2022, the GASB issued Statement No. 101, Compensated Absences, effective FY25. It provides guidance for measuring liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. The college is following the State's Office of Financial management directives to prepare for the implementation of this Statement.

In June 2022, GASB issued GASB Statement No. 100, Accounting Changes and Error Corrections, which prescribes the accounting and reporting for each type of accounting change and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The College will adopt this standard in fiscal year 2024 and has not fully determined the impact of implementing GASB Statement No. 100.

In April 2022, GASB issued GASB Statement No. 99, Omnibus 2022, which was issued to enhance comparability in accounting and financial reporting in various areas including derivatives, leases, public-private and public-public partnerships, subscription-based information technology arrangements, as well as others. The College will adopt this statement in line with the dates as outlined in the standard, which varies depending on the applicable paragraph beginning in fiscal year 2022 through fiscal year 2024. The College has not fully determined the impact of implementing GASB Statement No. 99 will have on its financial statements.

Note 3 - Deposits and Investments

Deposits

Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Washington State Treasurer's Local Government Investment Pool (LGIP). 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 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. For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

Investments in Local Government Investment Pool (LGIP)

The College is a participant in the Local Government Investment Pool as authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at http://www.tre.wa.gov.

As of June 30,023, the carrying amount of the College's cash and equivalents was $25,111,072 as represented in the table below.

Cash and Cash Equivalents		**June 30, 2023**
Petty Cash and Change Funds	$	10,254
Bank Demand and Time Deposits		3,310,802
Local Government Investment Pool		21,790,015
Total Cash and Cash Equivalents	**$**	**25,111,072**

Restricted Cash

Restricted cash includes the 3.5 percent institutional financial aid from tuition in Fund 860. The amount of restricted cash at June 30, 2023 was $1,375,669.

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 reporting purposes.

Interest Rate Risk—Investments

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

Fair value measurement is based on the assumptions that market participants would use in pricing the asset. The three levels of the fair value hierarchy are described as:

> Level 1 – Quoted market prices: Unadjusted quoted prices available in active markets for identical assets or liabilities
>
> Level 2 – Observable inputs: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
>
> Level 3 – Unobservable inputs that are significant to the fair value measurement.

At June 30, 2023, the College did not hold investments other than the LGIP which is not subject to the fair value hierarchy. The Foundation held $2,031,754 in investments at December 31, 2022. $2,031,754 of these assets are considered Level 1 investments and are held at their estimated fair value, and there are no Level 3 investments held in the charitable remainder trust.

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, 2023 , the College did not have any investments other than 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, 2023 were $1,546.

Note 4 - 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 expenses made according to sponsored agreements. At June 30, 2023, accounts receivable were as follows:

Accounts Receivable	Amount
Student Tuition and Fees	$ 2,028,365
Due from the Federal Government	1,278,332
Due from the Office of State Treasurer (VPA)	9,272,652
Due from Other State Agencies	1,366,248
Other	3,267,838
Subtotal	17,213,435
Less Allowance for Uncollectible Accounts	(1,918,218)
Accounts Receivable, net	**$ 15,295,217**

Note 5 – Inventories

Inventories as of June 30, 2023, were as follows:

Inventories	Method	Amount
Consumable Inventories	FIFO	$ 82,660
Inventories		**$ 82,660**

Note 6 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2023 is presented as follows. The current year depreciation expense was $3,806,600.

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Capital assets, non-depreciable				
Land	$ 13,333,913	$ -	$ -	$ 13,333,913
Construction in progress	54,308	1,072,870	-	1,127,178
Total capital assets, non-depreciable	13,388,221	1,072,870	-	14,461,091
Capital assets, depreciable				
Buildings	140,932,126	-	-	140,932,126
Other improvements and infrastructure	744,374	-	(17,490)	726,884
Equipment	14,172,795	262,327	(52,413)	14,382,709
Library resources	1,549,996	9,869	(5,133)	1,554,732
Total capital assets, depreciable	157,399,291	272,195	(75,036)	157,596,451
Less accumulated depreciation				
Buildings	43,132,182	2,779,481	-	45,911,663
Other improvements and infrastructure	215,623	24,812	-	240,435
Equipment	10,454,763	993,881	(50,260)	11,398,384
Library resources	1,520,883	8,426	(5,133)	1,524,175
Total accumulated depreciation	55,323,451	3,806,600	(55,393)	59,074,657
Total capital assets, depreciable, net	102,075,840	(3,534,405)	(19,643)	98,521,794
Capital assets, net	**$ 115,464,061**	**$ (2,461,535)**	**$ (19,643)**	**$ 112,982,885**

Note 7 - Accounts Payable and Accrued Liabilities

Accrued liabilities as of June 30, 2023, were as follows:

Accounts Payable and Accrued Liabilities	Amount
Amounts Owed to Employees	$ 941,467
Accounts Payable	1,288,490
Other Accrued Liabilities	2,378,016
Total	**$ 4,607,873**

Note 8 - Unearned Revenue

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

Unearned Revenue	Amount
Summer and Fall Quarter Tuition & Fees	$ 1,085,500
Rental Income	577,150
Total Unearned Revenue	$ 1,662,650

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.

Note 9 – Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement 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 Pierce College's allocated percentage of IPS's gross revenue from the reserve fund. For the fiscal year ended June 30, 2023, the College's total net position was $571,008 at year end. IPS has a year-end of June 30th. A copy of IPS's complete financial statements may be obtained from the IPS's Administrative Offices at 4500 Steilacoom Blvd. S.W. Building 19, Lakewood, WA 98499.

Note 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 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.

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2022 through June 30, 2023, were $38,900.

Note 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 $1,092,920 and accrued sick leave totaled $821,090 and accrued comp time totaled $3,553 at June 30, 2023.

An estimated amount, based on a three-year average payout, is accrued as a current liability. The remaining amount of accrued annual and sick leave are categorized as non-current liabilities. Compensatory time is categorized as a current liability since it must be used before other leave.

Note 12 - Notes Payable

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

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.

Student fees related to the COP(s) are accounted for in a dedicated fund, which is used to pay principal and interest, not coming out of the general operating budget.

In May 2018, the College obtained financing in order to construct the 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 charged is 3.43%.

The College's debt service requirements for this (these) note agreement(s) for the next five years and thereafter are as follows in Note 13.

Note 13 - Annual Debt Service Requirements

Future debt service requirements at June 30, 2023 are as follows:

	Certificates of Participation		
Fiscal year	**Principal**	**Interest**	**Total**
2024	$ 2,070,000	$ 1,440,750	$ 3,510,750
2025	2,170,000	1,337,250	3,507,250
2026	2,285,000	1,228,750	3,513,750
2027	1,400,000	1,114,500	2,514,500
2028	1,470,000	1,044,500	2,514,500
2029-2033	8,530,000	4,043,250	12,573,250
2034-2038	10,890,000	1,686,500	12,576,500
Total	**$ 28,815,000**	**$ 11,895,500**	**$ 40,710,500**

Note 14 - Schedule of Long-Term Liabilities See comp absences

	Balance outstanding 6/30/22	Additions	Reductions	Balance outstanding 6/30/23	Current portion
Certificates of Participation	$ 30,780,000	$ -	$ 1,965,000	$ 28,815,000	$ 2,070,000
Compensation absences	2,176,841	-	259,278	1,917,563	876,655
Net pension liability	2,157,822	657,565	-	2,815,387	73,847
Total OPEB liability	15,816,963	-	5,414,379	10,402,584	262,544
Total	$ 50,931,626	$ 657,565	$ 7,638,657	$ 43,950,534	$ 3,283,046

Note 15 - Retirement Plans

A. General

The College offers three contributory pension plans: the Washington State Public Employees' Retirement System (PERS), the Washington State Teachers' Retirement System (TRS), and the State Board Retirement Plan (SBRP). PERS and TRS are cost sharing multiple-employer defined-benefit pension plans administered by the Washington State Department of Retirement

Systems (DRS). The State Board Retirement Plan (SBRP) is a defined contribution single employer pension plan with a supplemental payment when required. The SBRP is administered by the State Board for Community and Technical Colleges (SBCTC) and available to faculty, exempt administrative and professional staff of the state's public community and technical colleges. The College reports its proportionate share of the net pension liability as it is a part of the community and technical college system.

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/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, 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.

In accordance with Statement No. 68, the College has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities. The College has elected to use the current fiscal year end as the measurement date for reporting pension liabilities for the Higher Education Supplemental Retirement Plan.

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for the College, for fiscal year 2023:

Aggregate Pension Amounts - All Plans

Net Pension Assets	$	2,305,746
Net Pension Liabilities		(2,815,388)
Deferred outflows of resources related to pensions		4,432,480
Deferred inflows of resources related to pensions		(4,278,196)
Pension Expense		(170,228)

Department of Retirement Systems
As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems are comprised of 12 defined benefit pension plans and 3 defined benefit/ defined contribution plans. Below are the DRS plans that the College participates in:

- Public Employees' Retirement System (PERS)
  - Plan 1 - defined benefit
  - Plan 2 - defined benefit
  - Plan 3 - defined benefit/defined contribution
- Teachers' Retirement System (TRS)
  - Plan 1 - defined benefit
  - Plan 2 - defined benefit
  - Plan 3 - defined benefit/defined contribution

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS and TRS plans is funded by an employer rate of 0.18 percent of employee salaries.

Pursuant to RCW 41.50.770, the College offers its employees that elect to participate a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report that is compliant with the requirements of GASB Statement No. 67. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at https://www.drs.wa.gov/wp-content/uploads/2021/06/2022-ACFR.pdf .

Higher Education

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 (funded on a pay-as-you-go basis) which is administered by the state.

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

PERS

Plan Description. The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme Court, Court of Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.
PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002 have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

Benefits Provided. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. The AFC is the average of the member's 24 highest consecutive service months.

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months.

PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. PERS Plan 3 members have the option to retire early with reduced benefits. PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

Contributions. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS covered employment.

TRS

Plan Description. The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the Legislature. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

TRS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996, are members of TRS Plan 3. Legislation passed in 2007 gives TRS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 3.

Benefits Provided. TRS plans provide retirement, disability, and death benefits to eligible members.
TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 2 members have the option to retire early with reduced benefits.

The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. TRS Plan 3 members have the option to retire early with reduced benefits.

TRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

Contributions
PERS and TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

Members in PERS or TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS or TRS-covered employment.

The employer contribution rates (expressed as a percentage of covered payroll) and actual contributions for the year ended June 30, 2023 were as follows:

	PERS 1	PERS 2/3*	TRS 1	TRS 2/3*
Contribution Rates at close of FY23	10.39%	10.39%	14.69%	14.69%
Actual Contributions	$ 290,573	$ 482,991	$ 112,209	$ 140,773

* Plan 2/3 employer rate includes a component to address the Plan 1 unfunded actuarial accrued liability

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, with the results rolled forward to the June 30, 2022, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.20%
Investment rate of return	7.00%

Mortality rates were based on Society of Actuaries' Pub. H-2010 Mortality rates, which vary by member status (that is…active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

The Office of the State Actuary (OSA) selected a 7.000 percent long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the WSIB.

The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.

- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%
Total	**100%**	

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

There were no material changes in assumptions, benefit terms, or methods for the reporting period.

Discount rate
The discount rate used to measure the total pension liability was 7.00 percent. 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.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plan 2/3 and TRS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). Based on those 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 7.00 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate
The following table presents the net pension liability of the College calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (0 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)

PERS 1	$1,745,105	$1,306,230	$923,195
PERS 2/3	2,671,995	(2,268,958)	(6,238,263)
TRS 1	478,269	352,219	242,035
TRS 2/3	666,465	(36,787)	(608,521)

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities/(Assets). At June 30, 2023, the College reported net pension assets and net pension liabilities for its proportionate share of the net pension liabilities/(assets) as follows:

	Liability/(Asset)
PERS 1	$1,306,230
PERS 2/3	(2,268,959)
TRS 1	352,219
TRS 2/3	(36,787)

The College's proportionate share of pension liabilities/(assets) for fiscal years ending June 30, 2021 and June 30, 2022 for each retirement plan are listed below:

	2021	**2022**	**Change**
PERS 1	0.049430%	0.046913%	-0.002517%
PERS 2/3	0.063494%	0.061178%	-0.002316%
TRS 1	0.020120%	0.018520%	-0.001600%
TRS 2/3	0.020173%	0.018694%	-0.001479%

The College's proportion of the net pension liability/(asset) 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.

Pension Expense. For the year ended June 30, 2023 the College recognized pension expense as follows:

	Pension Expense
PERS 1	$532,831
PERS 2/3	(773,716)
TRS 1	171,398
TRS 2/3	(6,428)
TOTAL	(75,914)

Deferred Outflows of Resources and Deferred Inflows of Resources. 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, 2023.

	PERS 1			
	Deferred Outflows		Deferred Inflows	
Difference between expected and actual experience		-		-
Difference between expected and actual earnings of pension plan investments		-		216,481
Changes of assumptions		-		-
Changes in College's proportionate share of pension liabilities		-		-
Contributions subsequent to the measurement date		290,573		-
Totals	**$**	**290,573**	**$**	**216,481**

	PERS 2/3			
	Deferred Outflows		Deferred Inflows	
Difference between expected and actual experience		562,195		51,363
Difference between expected and actual earnings of pension plan investments		-		1,677,457
Changes of assumptions		1,264,631		331,126
Changes in College's proportionate share of pension liabilities		177,296		127,873
Contributions subsequent to the measurement date		482,991		-
Totals	**$**	**2,487,113**	**$**	**2,187,820**

	TRS 1			
	Deferred Outflows		Deferred Inflows	
Difference between expected and actual experience		-		-
Difference between expected and actual earnings of pension plan investments		-		63,113
Changes of assumptions		-		-
Changes in College's proportionate share of pension liabilities		-		-
Contributions subsequent to the measurement date		112,209		-
Totals	**$**	**112,209**	**$**	**63,113**

	TRS 2/3	
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	183,296	3,697
Difference between expected and actual earnings of pension plan investments	-	194,570
Changes of assumptions	207,244	22,540
Changes in College's proportionate share of pension liabilities	29,383	53
Contributions subsequent to the measurement date	140,773	-
Totals	**$ 560,696**	**$ 220,859**

The $1,026,546 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, 2023.

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**
2024	$ (91,610)	$ (539,212)	$ (26,759)	$ (33,499)
2025	(83,206)	(463,269)	(24,329)	(25,300)
2026	(104,379)	(520,276)	(30,598)	(42,516)
2027	62,714	791,499	18,572	112,695
2028	-	277,692	-	47,814
Thereafter	-	269,869	-	139,871
Total	**$ (216,481)**	**$ (183,698)**	**$ (63,113)**	**$ 199,064**

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. The College participates in this plan as authorized by chapter 28B.10 RCW and reports its proportionate share of the net pension liability. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangement. As a result, this is the first year these plans will be reported under GASB Statement No. 67/68. Prior to this, the SRP was reported under GASB Statement No. 73.

Benefits Provided. The State Board Supplemental Retirement Plans (SRP) 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.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2023, with the results rolled forward to the June 30, 2023, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50%-4.00%
Fixed Income and Variable Income Investment Returns*	N/A

*Measurement reflects actual investment returns through June 30, 2020

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary applied age offsets as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Most actuarial assumptions used in the January 1, 2023 valuation were based on the results of the August 2021 Higher Education SRP Experience Study. Additional assumptions related to the salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes. Changes in methods and assumptions that occurred between the measurement of the June 30,2022 NPL and the June 30, 2023 NPL are as follows:

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.
- OSA updated annuity conversion assumptions for the TIAA investments based on input from TIAA and professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00/4.00 percent

Discount Rate. The discount rate used to measure the total pension liability was based on the 2021Economic experience study for the Washington State retirement plans and based on the results of the GASB 67/68 required crossover test, or 7.0 percent for the June 30, 2023, measurement date.

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, 2023 were each $1,204,928.

Pension Expense. The Pension Expense is the summation of a number of components, including benefits earned during the fiscal year and interest on the TPL. These numbers are sensitive to assumption changes and plan experience and can be volatile from year to year.

Pension expense for the fiscal year ending June 30, 2023 was $ (94,314)

Plan Membership. Membership in the State Board Supplemental Retirement Plan consisted of the following as of June 30, 2021, the most recent full actuarial valuation date. Since FY 2022 was a roll forward year, consistent participant data was used for the roll-forward.

	Number of Participating Members			
Plan	**Inactive Members or Beneficiaries Currently Receiving Benefits**	**Inactive Members Entitled to But Not Yet Receiving Benefits**	**Active Members**	**Total Members**
SRP	11	18	72	

Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of the State Board Supplemental Retirement Plan as of June 30, 2023: See Schedule of Changes in TPL in GASB68 SBRP workbook Notes-TPL, Prop Sh, DODI table tab. Example:

Schedule of Development of Net Pension Liability	
Clover Park Technical College	
(Dollars in Thousands)	**2023**
Total Pension Liability	
Service Cost	$ 42,148
Interest	152,174
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience[1]	(122,305)
Changes in Assumptions[1]	(242,196)
Benefit Payments	(63,873)
Other	40,725
Net Change in Total Pension Liability	(193,327)
Total Pension Liability - Beginning	2,102,798
Total Pension Liability - Ending (a)	**$ 1,909,471**
Plan Fiduciary Net Position	
Contributions - Employer	$ 18,308
Contributions - Member	-
Net Investment Income	50,126
Benefit Payments	-
Administrative Expense	-
Other	(3)
Net Change in Plan Fiduciary Net Position	68,431
Plan Fiduciary Net Position-Beginning	684,093
Plan Fiducairy Net Position-Ending (b)	**752,524**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)	**1,156,947**
Covered-Employee Payroll	**$ 13,999,511**
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	8.26%

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the net pension liability/(asset), calculated using the discount rate of 7.00 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 1,370,991	$ 1,156,947	$ 973,319

Deferred Outflows and Inflows of Resources Related to Pensions.

At June 30, 2023, the State Board Supplemental Retirement Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 453,896	$ 564,914
Changes of Assumptions	388,112	890,130
Changes in College's proportionate share of pension liability	109,753	144,281
Differences Between Projected and Actual Earnings on Plan Investments	30,128	55,014
Total	**$ 981,889**	**$ 1,654,339**

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 Supplemental Retirement Plan
2024	$ (203,749)
2025	(151,264)
2026	(108,893)
2027	(212,938)
2028	28,277
Thereafter	(23,876)

Note 16 - Other Post-Employment Benefits

Plan Description. Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this footnote assume that his substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis. In the state ACFR the plan is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

Employees Covered by Benefit Terms. The PEBB OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement systems. Membership in the PEBB plan for the College consisted of the following:

Summary of Plan Participants
As of June 30, 2022

Active Employees*	314
Retirees Receiving Benefits**	86
Retirees Not Receiving Benefits***	NA
Total Active Employees and Retirees	400

*Reflects active employees eligible for PEBB program participation as of June 30, 2022.
**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.
***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. For fiscal year 2023, we have no options, but to report this amount as not available.

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2023 the explicit subsidy was

$183 per member per month and it will remain $183 per member per month in calendar year 2024.

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows (expressed in dollars):

Required Premium*		
Medical	$	1,251
Dental		81
Life		4
Long-term Disability		2
Total		1,338
Employer contribution		1,156
Employee contribution		182
Total	$	1,338

*Per 2022 PEBB Financial Projection Model version 7.0. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on CY2023 which includes projected claims cost at the time of this

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to:
https://leg.wa.gov/studies-audits-and-reports/actuarial-reporting/

Total OPEB Liability

As of June 30, 2023, the state reported a total OPEB liability of $4.248 billion. The College's proportionate share of the total OPEB liability is $10,402,584. This liability was determined based on a measurement date of June 30, 2022

Actuarial Assumptions. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.35%
Projected Salary Changes	3.25% Plus Service-Based Salary Increases
Health Care Trend Rates*	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 3.8 in 2080.
Post-Retirement Participation Percentag	60%
Percentage with Spouse Coverage	45%

*For additional detail on the health care trend rates, please see the Office of the State Actuary's 2022 Public Employees' Benefits Board Other Postemployment Benefits Actuarial Valuations Report.

In projecting the growth of the explicit subsidy, after 2022 when the cap is $183, it is assumed to grow at the health care trend rates. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor) as the base table. The Office of the State Actuary applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2013-2018 Demographic Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2019 Report on Financial Condition and Economic Experience Study.

Actuarial Methodology. The total OPEB liability was determined using the following methodologies:

Actuarial Valuation Date	6/30/2022
Actuarial Measurement Date	6/30/2022
Actuarial Cost Method	Entry Age
Amortization Method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset Valuation Method	N/A - No Assets

The actuarial methodology used to determine the transactions subsequent to the measurement date were as follows:

Explicit Medicare Subsidy	Subsidy amounts are calculated at subscriber level, based on benefit plan and enrollment tier selected, then summed over entire population to include Medicare retirees from the State, Higher Education, K-12 and Political Subdivision groups.
Implicit Medicare Subsidy	Subsidy amounts are calculated using the implicit subsidy rate* (difference between theoretical early retiree rates and composite rates** for non-Medicare risk pool) and the enrollment counts for early retirees
*early retirees assumed to be 58% more expensive the non-Medicare risk pool as a whole on a per adult unit basis.	
**calculated across non-Medicare risk pool for both self-insured and fully-insured plans using the PEBB Financial Projection Model (PFPM).	

A retiree subsidy rate of $67.99 per member per month, used to calculate the transactions subsequent to the measurement date, is equal to the total subsidies received by current retirees (both explicit and implicit), divided by the number of current active subscribers. This amount is then allocated to the agency level based on the active, health care eligible employee headcount of each agency as of the measurement date.

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.16 percent for the June 30, 2021 measurement date and 3.54 percent for the June 30, 2022 measurement date.

Additional detail on assumptions and methods can be found on OSA's website: https://leg.wa.gov/about-the-legislature/legislative-agencies/osa/

Changes in Total OPEB Liability

As of June 30, 2023, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for the College are represented in the following table:

Clover Park Technical College		
Proportionate Share (%)		**0.2448667660%**
Service Cost	$	767,393
Interest Cost		356,060
Differences Between Expected and Actual Experience		(352,616)
Changes in Assumptions		(5,953,636)
Changes of Benefit Terms		-
Benefit Payments		(261,599)
Changes in Proportionate Share		30,017
Other		-
Net Change in Total OPEB Liability		(5,414,381)
Total OPEB Liability - Beginning		15,816,963
Total OPEB Liability - Ending	**$**	**10,402,582**

Sensitivity of the Total Liability to Changes in the Discount Rate. The following represents the total OPEB liability of the College, calculated using the discount rate of 3.54 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

Discount Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
$ 12,189,287	$ 10,402,582	$ 8,964,870

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the College, calculated using the health care trend rates of 2-11 percent reaching an ultimate range of 3.8 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12 percent) than the current rate:

Health Care Cost Trend Rate Sensitivity

1% Decrease	Current health care cost trend rate	1% Increase
$ 8,807,701	$ 10,402,582	$ 12,442,966

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

For the year ending June 30, 2023, the College will recognize OPEB expense of ($320,840). OPEB expense consists of the following elements:

Clover Park Technical College		
Proportionate Share (%)		**0.2448667660%**
Service Cost	$	767,393
Interest Cost		356,060
Amortization of Differences Between Expected and Actual Experience		6,271
Amortization of Changes in Assumptions		(1,128,639)
Changes of Benefit Terms		-
Amortization of Changes in Proportion		(321,925)
Other Changes to Net Position		-
Total OPEB Expense	**$**	**(320,840)**

As of June 30, 2023, the deferred inflows and deferred outflows of resources for the College are as follows:

Clover Park Technical College				
Proportionate Share (%)		**0.2448667660%**		
Deferred Inflows/Outflows of Resources		**Deferred Inflows**		**Deferred Outflows**
Difference between expected and actual experience	$	366,017	$	216,856
Changes in assumptions		7,541,518		852,608
Transactions subsequent to the measurement date		-		262,544
Changes in proportion		1,950,956		528,130
Total Deferred Inflows/Outflows	**$**	**9,858,491**	**$**	**1,860,138**

Amounts reported as deferred outflow of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of total OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in subsequent years for the College as follows:

Proportionate Share (%)	0.2448667660%
2024	$ (1,444,293)
2025	(1,444,293)
2026	(1,444,292)
2027	(1,052,746)
2028	(630,800)
Thereafter	(2,244,473)

The change in the College's proportionate share of OPEB liability and deferred inflows and deferred outflows of resources based on measurement date are representing in the following table:

Proportionate Share (%) 2021	**0.2444029421%**
Proportionate Share (%) 2022	**0.2448667660%**
Total OPEB Liability - Ending 2021	$ 15,816,963
Total OPEB Liability - Beginning 2022	15,846,980
Total OPEB Liability Change in Proportion	30,017
Total Deferred Inflows/Outflows - 2021	(1,389,952)
Total Deferred Inflows/Outflows - 2022	(1,392,589)
Total Deferred Inflows/Outflows Change in Proportion	(2,637)
Total Change in Proportion	**$ 32,654**

Note 17 - Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, 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, 2023.

Expenses by Functional Classification		
Instruction	$	18,394,634
Academic Support Services		4,992,958
Student Services		5,231,172
Institutional Support		12,220,956
Operations and Maintenance of Plant		3,941,369
Scholarships and Other Student Financial Aid		3,656,772
Auxiliary enterprises		2,675,065
Depreciation		3,806,600
Total operating expenses	**$**	**54,919,527**

Note 18 - 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.

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 proportionate share of the net pension liability	College 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	0.049398%	$ 2,343,974	$ 6,050,434	38.74%	61.24%
2018	0.042265%	$ 1,887,570	$ 5,575,669	33.85%	63.22%
2019	0.045745%	$ 1,759,058	$ 6,417,992	27.41%	67.12%
2020	0.048445%	$ 1,710,371	$ 7,371,804	23.20%	68.64%
2021	0.049430%	$ 603,656	$ 7,594,214	7.95%	88.74%
2022	0.046913%	$ 1,306,230	$ 7,641,642	17.09%	76.56%
2023			$ 7,594,200		

*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 Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30					
Fiscal Year	College's proportion of the net pension liability	College proportionate share of the net pension (asset) liability	College covered payroll	College's proportionate share of the net pension (asset) 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	0.060625%	$ 2,106,429	$ 6,050,434	34.81%	90.97%
2018	0.053351%	$ 910,920	$ 5,541,741	16.44%	95.77%
2019	0.059048%	$ 573,557	$ 6,417,992	8.94%	97.77%
2020	0.063087%	$ 806,847	$ 7,371,804	10.95%	97.22%
2021	0.063494%	$ (6,325,024)	$ 7,594,214	-83.29%	120.29%
2022	0.061178%	$ (2,268,958)	$ 7,641,642	-29.69%	106.73%
2023			$ 7,594,200		

*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 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 proportionate share of the net pension liability	College 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	0.093300%	$ 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	0.015598%	$ 471,569	$ 878,929	53.65%	65.58%
2018	0.017233%	$ 503,306	$ 1,021,065	49.29%	66.52%
2019	0.017316%	$ 428,710	$ 1,595,360	26.87%	70.37%
2020	0.018436%	$ 444,084	$ 1,333,375	33.31%	70.55%
2021	0.020120%	$ 135,468	$ 1,499,397	9.03%	91.42%
2022	0.018520%	$ 352,220	$ 1,488,030	23.67%	78.24%
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 2/3 Measurement Date of June 30								
Fiscal Year	College's proportion of the net pension liability		College proportionate share of the net pension (asset) liability		College covered payroll	College's proportionate share of the net pension (asset) 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	0.015979%	$	147,477	$	878,929	16.78%	93.14%
2018	0.017530%	$	78,905	$	1,021,065	7.73%	96.88%
2019	0.017519%	$	105,558	$	1,595,360	6.62%	96.36%
2020	0.018680%	$	286,921	$	1,333,375	21.52%	91.72%
2021	0.020173%	$	(554,517)	$	1,499,397	-36.98%	113.72%
2022	0.018694%	$	(36,787)	$	1,488,030	-2.47%	100.86%
2023							

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

Pension Plan Information

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)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 240,533	$ 240,533	$ -	$ 5,694,398	4.22%
2015	$ 242,287	$ 242,287	$ -	$ 5,832,883	4.15%
2016	$ 309,519	$ 309,519	$ -	$ 6,275,450	4.93%
2017	$ 296,156	$ 296,156	$ -	$ 6,050,434	4.89%
2018	$ 282,997	$ 282,997	$ -	$ 5,575,669	5.08%
2019	$ 328,014	$ 328,014	$ -	$ 6,417,992	5.11%
2020	$ 350,903	$ 350,903	$ -	$ 7,371,804	4.76%
2021	$ 368,198	$ 368,198	$ -	$ 7,594,214	4.85%
2022	$ 283,632	$ 283,632	$ -	$ 7,641,641	3.71%
2023	$ 290,573	$ 290,573	$ -	$ 7,494,200	3.88%

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

Cost Sharing Employer Plans
Schedules of Contributions

Schedule of Contributions
Public Emplyees' 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)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 272,856	$ 272,856	$ -	$ 5,489,568	4.97%
2015	$ 284,275	$ 284,275	$ -	$ 5,662,352	5.02%
2016	$ 380,662	$ 380,662	$ -	$ 6,111,143	6.23%
2017	$ 369,357	$ 369,357	$ -	$ 5,928,903	6.23%
2018	$ 415,079	$ 415,079	$ -	$ 5,541,741	7.49%
2019	$ 482,265	$ 482,265	$ -	$ 6,417,992	7.51%
2020	$ 583,843	$ 583,843	$ -	$ 7,371,804	7.92%
2021	$ 601,462	$ 601,462	$ -	$ 7,594,214	7.92%
2022	$ 486,181	$ 486,181	$ -	$ 7,641,641	6.36%
2023	$ 482,991	$ 482,991	$ -	$ 7,594,200	6.36%

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)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 18,695	$ 18,695	$ -	$ 444,737	4.20%
2015	$ 23,837	$ 23,837	$ -	$ 527,597	4.52%
2016	$ 45,533	$ 45,533	$ -	$ 765,000	5.95%
2017	$ 54,757	$ 54,757	$ -	$ 878,929	6.23%
2018	$ 72,047	$ 72,047	$ -	$ 1,021,065	7.06%
2019	$ 116,812	$ 116,812	$ -	$ 1,595,360	7.32%
2020	$ 96,257	$ 96,257	$ -	$ 1,333,375	7.22%
2021	$ 110,584	$ 110,584	$ -	$ 1,499,397	7.38%
2022	$ 94,626	$ 94,626	$ -	$ 1,488,031	6.36%
2023	$ 112,209	$ 112,209	$ -	$ 1,748,719	6.42%

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 2/3 Fiscal Year Ended June 30					
Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	$ 25,016	$ 25,016	$ -	$ 444,737	5.62%
2015	$ 30,000	$ 30,000	$ -	$ 527,297	5.69%
2016	$ 50,205	$ 50,205	$ -	$ 765,000	6.56%
2017	$ 59,064	$ 59,064	$ -	$ 878,929	6.72%
2018	$ 78,368	$ 78,368	$ -	$ 1,021,065	7.68%
2019	$ 124,557	$ 124,557	$ -	$ 1,595,360	7.81%
2020	$ 107,913	$ 107,913	$ -	$ 1,333,375	8.09%
2021	$ 122,081	$ 122,081	$ -	$ 1,499,397	8.14%
2022	$ 119,993	$ 119,993	$ -	$ 1,488,031	8.06%
2023	$ 140,773	$ 140,773	$ -	$ 1,748,719	8.05%

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 Net Pension Liability and Related Ratios

Clover Park Technical College

Fiscal Year Ended June 30, 2023

(expressed in thousands)

	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability							
Service Cost	$ 120,008	$ 77,928	$ 57,493	$ 69,983	$ 92,137	$ 31,104	$ 42,148
Interest	77,849	71,617	69,543	78,723	65,533	104,787	152,174
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(561,293)	(211,813)	131,114	165,870	(591,257)	463,068	(122,305)
Changes of assumptions	(132,481)	(71,656)	246,532	443,198	(1,067,080)	150,421	(242,196)
Benefit Payments	(19,983)	(26,472)	(36,663)	(35,531)	(39,284)	(62,228)	(63,873)
Change in Proportionate Share		(170,257)	(17,428)	(28,833)	(26,484)	33,367	
Other	-	-	-	-	-	-	40,725
Net Change in Total Pension Liability	**(515,900)**	**(330,653)**	**450,591**	**693,410**	**$ (1,566,435)**	**$ 720,519**	**$ (193,327)**
Total Pension Liability - Beginning	2,621,634	2,105,734	1,775,081	2,225,672	2,919,082	1,352,647	2,102,798
Total Pension Liability - Ending (a)	**$ 2,105,734**	**$ 1,775,081**	**$ 2,225,672**	**$ 2,919,082**	**$ 1,352,647**	**$ 2,073,166**	**$ 1,909,471**
Plan Fiduciary Net Position**							
Contributions-Employer	n/a	n/a	n/a	n/a	$ 12,937	$ 17,193	$ 18,308
Contributions - Member	n/a	n/a	n/a	n/a			
Net Investment Income	n/a	n/a	n/a	n/a	161,930	1,073	50,126
Benefit Payments	n/a	n/a	n/a	n/a			-
Administrative Expense	n/a	n/a	n/a	n/a			-
Other	n/a	n/a	n/a	n/a			(3)
Net Change in Plan Fiduciary Net Position					**$ 174,867**	**$ 18,266**	**$ 68,431**
Plan Fiduciary Net Position-Beginning					461,334	636,201	684,093
Plan Fiducairy Net Position-Ending (b)					**$ 636,201**	**$ 654,467**	**$ 752,524**
Plan's Net Pension Liability (Asset) -- Ending (a)-(b)					**$ 716,446**	**$ 1,418,699**	**$ 1,156,947**
Fiduciary net position as a % of total pension liability (b)/(a)	**2.215397%**	**2.036274%**	**2.106281%**	**1.990161%**	**1.972105%**	**31.57%**	**39.41%**
Covered Payroll	$11,995,978	$11,276,419	$11,773,084	$12,286,645	**$ 12,697,823**	**$13,356,025**	**$13,999,511**
Net pension Liability as a % of covered payroll	**17.553667%**	**15.741531%**	**18.904749%**	**23.758169%**	**5.642274%**	**10.622165%**	**8.264196%**

Schedule of Employer Contributions
State Board Supplemental Retirement Plan
Clover Park Technical College
Fiscal Year Ended June 30, 2023

	2021	2022	2023
Statutorily determined contributions	$ 16,507	$ 17,193	$ 18,308
Actual contributions in relation to the above	13,576	$ 17,193	$ 18,308
Contribution deficiency (excess)	$ (2,931)	$ -	$ -
Covered Payroll	$ 12,697,823	13,225,386	14,083,076
Contribution as a % of covered payroll	0.11%	0.13%	0.13%

Note: These schedules will be built prospectively until they contain 10 years of data.
n/a indicates data not available

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.

Effective fiscal year 2021, House Bill 1661 created dedicated funds to pay SRP benefits that mimic the trust arrangement for the rest of the state retirement systems. As a result, the plan, previously reported under GASB Statement No. 73 is now being reported under GASB Statement No. 68.

The Schedule of Employer Contributions contains actual amounts, while the notes report contributions as a proportionate share of plan total contributions.

Required Supplementary Information

Other Postemployment Benefits Information

Schedule of Changes in Total OPEB Liability and Related Ratios
Measurement Date of June 30*

Total OPEB Liability	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 767,393	$ 790,547	$ 624,898	$ 630,056	$ 809,018	$ 1,059,582
Interest cost	356,060	341,670	522,737	546,538	556,195	496,315
Difference between expected and actual experience	(352,616)	-	(80,105)	-	507,698	-
Changes in assumptions	(5,953,636)	145,980	338,850	1,017,797	(3,541,760)	(2,421,032)
Changes in benefit terms	-	-	-	-	-	-
Benefit payments	(261,599)	(260,305)	(248,883)	(250,008)	(234,909)	(252,930)
Changes in proportionate share	30,017	(259,784)	(1,126,761)	676,362	(785,883)	(1,334,286)
Other	-	-	(532,446)	-	-	-
Net Changes in Total OPEB Liability	$ (5,414,381)	$ 758,108	$ (501,710)	$ 2,620,745	$ (2,689,641)	$ (2,452,351)
Total OPEB Liability - Beginning	$ 15,816,963	$ 15,058,855	$ 15,560,565	$ 12,939,820	$ 15,629,461	$ 18,081,812
Total OPEB Liability - Ending	$ 10,402,582	$ 15,816,963	$ 15,058,855	$ 15,560,565	$ 12,939,820	$ 15,629,461
College's proportion of the Total OPEB Liability (%)	0.24486677%	0.24440294%	0.24869300%	0.26810700%	0.25478900%	0.26827900%
Covered-employee payroll	$ 24,195,387	$ 19,653,459	$ 22,381,172	$ 21,607,694	$ 16,747,526	$ 18,315,200
payroll	42.994072%	80.479284%	67.283586%	72.014001%	77.264069%	85.336011%

*This schedule is to be built prospectively until it contains ten years of data.

Notes to Required Supplementary Information

The Public Employee's Benefits Board (PEBB) OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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