Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Clover Park Technical College

For the period July 1, 2015 through June 30, 2016

Published July 2, 2018

Report No. 1021528

Office of the Washington State Auditor
Pat McCarthy

July 2, 2018

Board of Trustees
Clover Park Technical College
Lakewood, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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Clover Park Technical College
July 1, 2015 through June 30, 2016

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, Pierce County, Washington, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated June 20, 2018.

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

The financial statements of the Clover Park Technical College, an agency of the state of Washington, are intended to present the financial position, and the changes in financial position, and where applicable, cash flows of only the respective portion of the activities of the state of Washington that is attributable to the transactions of the College and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

In addition, we noted certain matters that we have reported to the management of the College in a separate letter dated June 20, 2018.

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

Pat McCarthy

State Auditor

Olympia, WA

June 20, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Clover Park Technical College
July 1, 2015 through June 30, 2016

Board of Trustees
Clover Park Technical College
Lakewood, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Clover Park Technical College, Washington, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed on page 10.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Clover Park Technical College Foundation were not audited in accordance with *Government Auditing Standards.*

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

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

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1, 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, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Pat McCarthy

State Auditor

Olympia, WA

June 20, 2018

FINANCIAL SECTION

Clover Park Technical College
July 1, 2015 through June 30, 2016

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Management's Discussion and Analysis

The following discussion and analysis provides an overview of the financial position and activities of Clover Park Technical College (the College) for the fiscal year ended June 30, 2016 (FY 2016). This overview provides readers with an objective and easily readable analysis of the College's financial performance for the year, based on currently known facts and conditions. This discussion has been prepared by management and should be read in conjunction with the College's financial statements and accompanying note disclosures.

Reporting Entity

Clover Park Technical College is one of thirty public community and technical college districts in the state of Washington, providing comprehensive, open-door academic programs, workforce education, basic skills and community service educational programs to approximately 7,100 students. The College confers a baccalaureate degree, associates degrees, certificates and high school diplomas. The College was established in 1991 and its primary purpose is to transform lives, enrich communities and enhance futures by creating an environment of innovation, equity and excellence through education.

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

Using the Financial Statements

The financial statements presented in this report encompass the College's operations. 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, 2016. The Statement of Revenues, 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 assets, net assets, deferred outflows of resources, liabilities, and deferred inflows of resources at year-end. A condensed comparison of the Statement of Net Position is as follows:

Condensed Statement of Net Position As of June 30th	**FY 2016**	**FY 2015**
Assets		
Current Assets	28,708,440	30,235,799
Capital Assets, net	89,128,816	89,646,443
Total Assets	**117,837,256**	**119,882,242**
Deferred Outflows of Resources	1,164,620	734,494
Liabilities		
Current Liabilities	6,972,668	8,126,760
Other Liabilities, Non-Current	13,425,932	14,968,628
Total Liabilities	**20,398,600**	**23,095,388**
Deferred Inflows of Resources	832,820	1,838,228
Net Position	**97,770,456**	**95,683,120**

Current assets consist primarily of cash and cash equivalents, various accounts receivables and inventories. The decrease of $1,527,359 in current assets in FY 2016 can be attributed to a reduction in accounts receivables of $772,160 and a reduction of cash in the amount of $795,769. Both are the result of lower enrollments.

Net capital assets decreased by $517,627 from FY 2015 to FY 2016. The decrease is primarily the result of current depreciation expense of $3,032,552, offset in part by ongoing acquisitions of capitalizable equipment.

Deferred outflows of resources and deferred inflows of resources represent pension-related deferrals associated with the implementation of GASB Statement No. 68 in FY 2015. The College recorded $734,494 in FY 2015 and $1,164,620 in FY 2016 of pension-related deferred outflows. 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 Services (DRS) due to differences between expected and actual experience related to actuarial assumptions.

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

The decrease of $1,154,092 in current liabilities from FY 2015 to FY 2016 is mainly due to a timing difference in the amount of funding due from the state in the amount of $1,538,308 which existed at the end of the FY 2015 year.

Non-current liabilities primarily consist of the long-term portion of vacation and sick leave earned but not yet used by employees, changes in pension obligations, and the long-term portion of Certificates of Participation debt. The College's non-current liabilities decreased by $1,542,696 due to the refinance of the Certificate of Participation, the reduction of the estimate for hazmat liability, and the pay-off of the Local Improvement District (LID) obligation with the City of Lakewood.

Deferred inflows of resources related to the College's net pension liability totaled $832,820. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the state's pension plans.

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 three categories:

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

Restricted, Expendable – Resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The expendable funds for the College are the 3 ½ percent fund collected from student tuition strictly for the purpose of providing supplemental financial 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.

Condensed Net Position As of June 30th	**FY 2016**	**FY 2015**
Net Investment in Capital Assets	81,325,346	80,311,444
Restricted		
Expendable	614,409	768,032
Unrestricted	15,830,701	14,603,644
Total Net Position	97,770,456	95,683,120

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 2016. 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 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, Expenses and Changes in Net Position for the years ended June 30, 2016 and 2015 is presented below:

Statement of Revenue, Expenses and Changes in Net Position As of June 30th	FY 2016	FY 2015
Total Operating Revenues	19,527,694	18,821,984
Operating Expenses	45,807,830	44,157,544
Net Operating Loss	(26,280,136)	(25,335,560)
Net Non-Operating Revenues (Expenses)	24,783,955	24,079,023
Gain (Loss) Before Capital Appropriations	(1,496,181)	(1,256,537)
Capital Appropriations	1,658,396	2,286,753
Equipment donation-foundation	164,976	-
Net Position, Beginning of the Year	95,683,120	94,652,904
Restatement for Prior Period Adjustment	1,760,145	
Adjusted Net Position, Beginning of Year	97,443,265	94,652,904
Increase (Decrease) in Net Position	327,191	1,030,216
Net Position, End of the Year	**97,770,456**	**95,683,120**

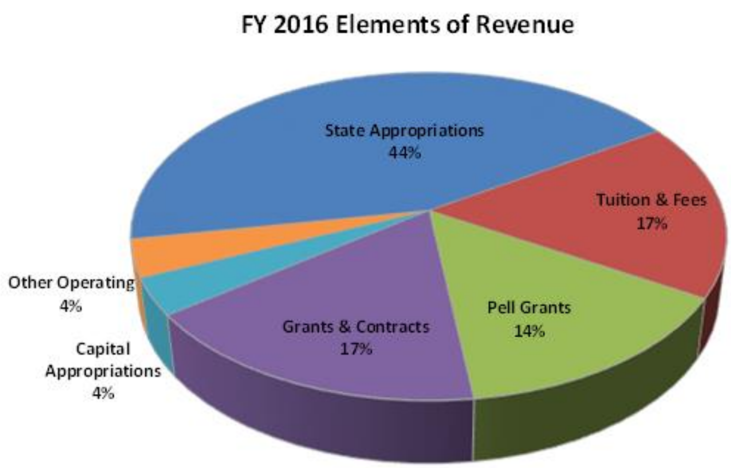
Prior Period Adjustments – The College's beginning net position was increased by $1,760,145 of which $823,746 was primarily due to changes in the estimated cost of hazmat removal in the building 32 and 37 demolition project and $936,399 was related to buildings and other capital assets.

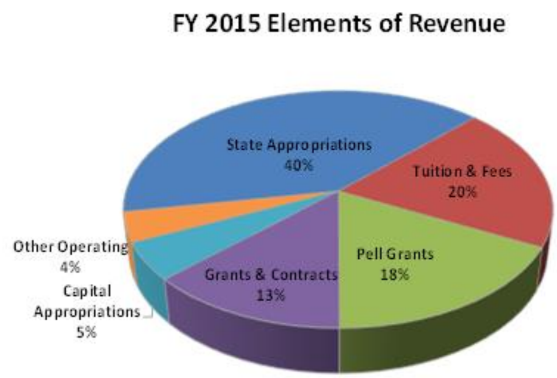
Revenues

Reversing a trend of lowered support that began midway through fiscal year 2009, the College's state appropriations increased in FY 2016. 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. System-level appropriations hit their height in FY 2009 and by FY 2013 had been reduced by almost 24%. After FY 2014, the Legislature began to reinstate a portion of the previous cuts.

In FY 2016, the Legislature enacted the Affordable Education Act, which reduced tuition by 5% at the College. This, along with declining enrollments, reduced the amount of tuition revenue collected by $930,944 from levels in FY 2015. These two changes also meant that Pell Grants, which generally follow enrollment trends and are awarded based on the cost of education, declined by $1,211,219. The Legislature did however backfill a portion of these losses within the state appropriation. State appropriations increased by $1,856,844 between years.

In FY 2016, grant and contract revenues increased by $1,856,807 when compared with FY 2015, mainly due to a contract with the City of Lakewood. 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.





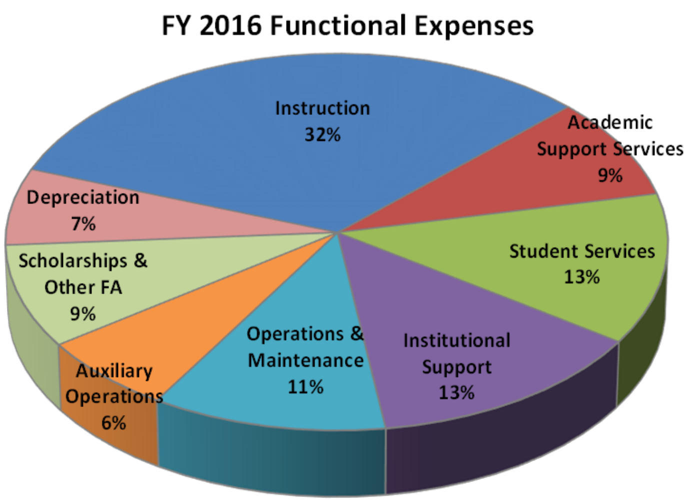
The College receives capital spending authority on a biennial basis and may carry unexpended amounts forward into one or two future biennia, depending on the original purpose of the funding. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement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

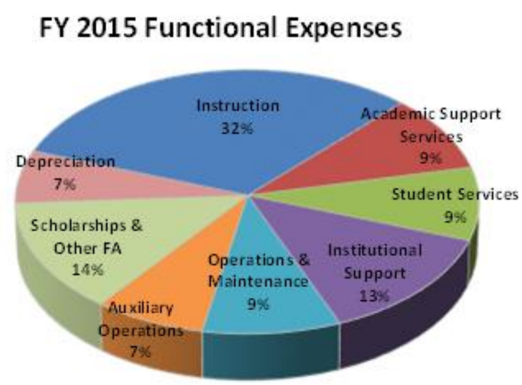
Expenses

Faced with severe budget cuts over the past six years, the College has continuously sought opportunities to identify savings and efficiencies. Over time, the College decreased spending and services and was subject to various state spending freezes and employee salary reductions. However, in FY 2016, salary costs increased by 5% over FY 2015, the result of a 1.8% Cost of Living Adjustment (COLA), two new negotiated union contracts, low turnover, and scheduled increments. Benefits costs increased by 18% due to much higher employer costs for healthcare and an aging workforce in which more employees qualified for higher pension contribution percentages.

Supplies and materials and purchased services were significantly lower in FY 2016, primarily as a result of reduced departmental spending. IT equipment costs increased significantly in FY 2016 as a result of a major overhaul of outdated servers and other computer equipment. Overall, total operating expenses only increased by $713,887 (1.6%) due primarily to a reduction of $911,736 in scholarships and fellowships, which offset some of the IT infrastructure investment.

The chart below shows the percentage of each functional area of operating expenses for FY 2016, contrasted with functional expenses in FY 2015. Additional information about functional expenses can be found in Note 18 of the Notes to the Financial Statements.





Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. This statement presents detailed information about the cash activity of the College during the year. It is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities. The third section deals with cash flows from capital and related financing activities. This section shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

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 prior years, declining state revenues significantly reduced the state's debt capacity and may continue to impact the number of new projects that can be financed.

At June 30, 2016, the College had invested $89,128,816 in capital assets, net of accumulated depreciation. This represents a decrease of $517,627 from last year, as shown in the table below:

Asset Type As of June 30th	**FY 2016**	**FY 2015**	**Change**
Land	12,781,809	11,977,987	803,822
Construction in Progress	126,411	995,462	(869,051)
Buildings, net	72,016,808	72,938,425	(921,617)
Other Improvements and Infrastructure, net	677,624	702,437	(24,813)
Equipment, net	3,451,453	2,941,457	509,996
Library Resources, net	74,711	90,675	(15,964)
Total Capital Assets, Net	**89,128,816**	**89,646,443**	**(517,627)**

The decrease in net capital assets can be attributed to the fact that the year's depreciation expense exceeded additions to capital assets. Additional information on capital assets can be found in Note 5 of the Notes to the Financial Statements.

At June 30, 2016, the College had $7,680,000 in outstanding debt. The College entered into a Certificate of Participation (COP) for the Student Union Building during FY 2006. During FY 2016, the College paid off two LID assessments which began in 2007, as shown in the table below:

Debt As of June 30th	**FY 2016**	**FY 2015**	**Change**
Certificates of Participation	7,680,000	9,335,000	(1,655,000)
Local Improvement District	-	369,223	(369,223)
Total Net Position	7,680,000	9,704,223	(2,024,223)

Additional information about 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

Following a trend that began in FY 2009, the College's state appropriations continued to decrease through FY 2013. As mentioned before, beginning in FY 2016, the Legislature enacted the Affordable Education Act, which reduced tuition by 5% at the College which further reduced the amount of tuition collected by the College. The Legislature did however backfill a portion of this loss in the state appropriation. In FY 2017, the State Board for Community and Technical Colleges elected to move to a new allocation model, changing how the state allocated funds are distributed to each college. The new model is based on performance in several key indicators, from general enrollments to enrollments in high demand programs, as well as student completion and achievement points. The model is based on a three-year rolling average of enrollments and completions, compared to other institutions in the state. Since enrollments have continued to decrease, it is likely that the College will see a decrease in state appropriations, relative to other colleges in the state system, in future years.

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

College Statement of Net Position

Clover Park Technical College
Statement of Net Position
June 30,2016

Assets		
Current assets		
Cash and Cash Equivalents		23,389,658
Accounts Receivable		4,736,110
Inventories		582,672
	Total Current Assets	28,708,440
Non-Current Assets		
Non Depreciable Capital Assets		12,908,220
Capital Assets, Net of Depreciation		76,220,596
	Total Non-Current Assets	89,128,816
	Total Assets	117,837,256
Deferred Outflows of Resources		1,164,620
Total Deferred Outflows of Resources		1,164,620
Liabilities		
Current Liabilities		
Accounts Payable		1,231,270
Accrued Liabilities		1,977,780
Compensated Absences		944,811
Deposits Payable		43,820
Unearned Revenue		2,164,987
Certificates of Participation Payable		610,000
	Total Current Liabilities	6,972,668
Noncurrent Liabilities		
Compensated Absences		896,768
Pension Liability		5,459,164
Long-Term Liabilities		7,070,000
	Total Non-Current Liabilities	13,425,932
	Total Liabilities	20,398,600
Deferred Inflows of Resources		832,820
Total Deferred Inflows of Resources		832,820
Net Position		
Net Investment in Capital Assets		81,325,346
Restricted for:		
Expendable-Institutional Financial Aid		614,409
Unrestricted		15,830,701
Total Net Position		97,770,456

(The footnote disclosures are an integral part of the financial statements)

College Statement of Revenues, Expenses and Changes in Net Position

Clover Park Technical College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

Operating Revenues		
Student tuition and fees, net		7,983,647
Auxiliary enterprise sales		2,121,030
State and local grants and contracts		6,601,696
Federal grants and contracts		1,120,936
Other operating revenues		1,697,367
Interest on past due receivables		3,018
	Total Operating Revenue	19,527,694
Operating Expenses		
Salaries and wages		21,222,660
Benefits		6,964,468
Scholarships and fellowships		5,132,007
Supplies and materials		2,234,648
Depreciation		3,032,552
Purchased services		1,087,016
Utilities		1,059,103
Miscellaneous Expenses		5,075,376
	Total Operating Expenses	45,807,830
	Operating Income (Loss)	(26,280,136)
Non-Operating Revenues (Expenses)		
State appropriations		19,969,579
Federal Pell grant revenue		6,612,969
Investment income, gains and losses		150,000
Loss on disposal of assets		(2,358)
Building fee remittance		(1,003,307)
Innovation fund remittance		(298,427)
Interest on indebtedness		(644,501)
	Net Non-Operating Revenues (Expenses)	24,783,955
Income (loss) before other revenues, expenses, gains, or losses		(1,496,181)
Capital appropriations		1,658,396
Equipment donation-foundation		164,976
	Increase (Decrease) in Net Position	327,191
Net Position		
Net position, beginning of year		95,683,120
Prior period adjustment		1,760,145
Adjusted Net position, beginning of year		97,443,265
Net position, end of year		97,770,456

(The footnote disclosures are an integral part of the financial statements)

College Statement of Cash Flows

Clover Park Technical College
Statement of Cash Flows
For the Year Ended June 30, 2016

Cash flow from operating activities	
Student tuition and fees	7,879,193
Grants and contracts	7,532,685
Payments to vendors	(2,391,372)
Payments for utilities	(1,994,214)
Payments to employees	(21,078,066)
Payments for benefits	(7,222,190)
Auxiliary enterprise sales	2,139,388
Payments for scholarships and fellowships	(5,132,007)
Other receipts (payments)	(3,902,323)
Net cash used by operating activities	(24,168,906)
Cash flow from noncapital financing activities	
State appropriations	19,969,579
Pell grants	6,612,969
Loss on assets	(2,358)
Building fee remittance	(989,789)
Innovation fund remittance	(294,791)
Net cash provided by noncapital financing activities	25,295,610
Cash flow from capital and related financing activities	
Capital appropriations	1,658,396
Purchases of capital assets	(2,447,352)
Principal paid on capital debt	(639,015)
Interest paid	(644,501)
Net cash used by capital and related financing activities	(2,072,472)
Cash flow from investing activities	
Income on investments	150,000
Net cash provided by investing activities	150,000
Increase (Decrease) in cash and cash equivalents	(795,768)
Cash and cash equivalents at the beginning of the year	24,185,427
Cash and cash equivalents at the end of the year	23,389,658

(Continued on next page)

Clover Park Technical College
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2016

Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating Loss	(26,280,136)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	3,032,552
Changes in assets and liabilities	
Receivables , net	772,161
Inventories	(40,571)
Accounts payable	(41,120)
Accrued liabilities	(1,088,911)
Bldg fee/innov fee payable	(36,053)
VPA advance payable	(256,800)
Unearned revenue	(55,878)
Compensated absences	68,918
Pension liability adjustment expense	(283,261)
Deposits payable	40,193
Net cash used by operating activities	(24,168,906)
Non cash Transactions	
Non capital donations-foundation	145,572
Debt refinancing	1,035,000

(The footnote disclosures are an integral part of the financial statements)

Foundation Statement of Financial Position

CLOVER PARK TECHNICAL COLLEGE FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2015

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 433,884
Current portion of pledges receivable	18,950
Inventory held for sale	4,155
Prepaid expenses	2,978
Total Current Assets	459,967
OTHER ASSETS	
Pledges receivable, net of current portion	125,633
Assets held in charitable remainder trust	68,348
Donated goods inventory	41,079
Investments - long-term	921,235
Total Other Assets	1,156,295
Total Assets	$ 1,616,262
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 9,529
Total Current Liabilities	9,529
Liability under trust agreement	44,763
Total Liabilities	54,292
NET ASSETS	
Unrestricted:	
Undesignated	472,567
Board-designated	63,446
Total Unrestricted	536,013
Temporarily restricted	366,979
Permanently restricted	658,978
Total Net Assets	1,561,970
Total Liabilities and Net Assets	$ 1,616,262

Foundation Statement of Activities

CLOVER PARK TECHNICAL COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Contributions	$ 287,913	$ 52,145	$ 22,614	$ 362,672
Donated goods	66,900			66,900
Investment income (loss)	1,180	(47,270)		(46,090)
Total Support and Revenue	355,993	4,875	22,614	383,482
Net assets released from restriction and reclassifications	118,610	(118,610)		
Total Support, Revenue and Reclassifications	474,603	(113,735)	22,614	383,482
EXPENSES				
Program services:				
Scholarships and grants	141,678			141,678
Program specific support	521,921			521,921
Total Program Services	663,599			663,599
Supporting services:				
General and administrative	137,915			137,915
Fundraising	3,094			3,094
Total Supporting Services	141,009			141,009
Total Expenses	804,608			804,608
Change in Net Assets	(330,005)	(113,735)	22,614	(421,126)
NET ASSETS AT BEGINNING OF YEAR, as originally reported	893,848	319,661	636,364	1,849,873
CHANGE IN ACCOUNTING METHOD (See Note 15)	(27,830)	161,053		133,223
NET ASSETS AT BEGINNING OF YEAR, as restated	866,018	480,714	636,364	1,983,096
NET ASSETS AT END OF YEAR	$ 536,013	$ 366,979	$ 658,978	$ 1,561,970

Foundation Statement of Cash Flows

CLOVER PARK TECHNICAL COLLEGE FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (421,126)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Unrealized loss on investments	55,648
Bad debt expense	5,040
(Increase) decrease in assets:	
Pledges receivable	11,430
Inventory held for sale	(4,155)
Prepaid expenses	(2,978)
Donated goods inventory	36,635
(Increase) decrease in liabilities:	
Accounts payable	(18,301)
Net Cash Used by Operating Activities	(337,807)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	942,845
Purchases of investments	(941,147)
Change in charitable reminder trust, net	7,305
Net Cash Provided by Investing Activities	9,003
NET DECREASE IN CASH AND CASH EQUIVALENTS	(328,804)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	762,688
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 433,884

Notes to Financial Statements

June 30, 2016

These notes form an integral part of the financial statements.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

The Clover Park Technical College Foundation (the Foundation) is a separate but affiliated non-profit entity, incorporated under Washington law in 1992 and recognized as a tax exempt 501(c)(3) charity. The Foundation's charitable purpose is to build relationships with the community and 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 discrete 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. During the calendar year ended December 31, 2015, the Foundation distributed $522,077 to the College for restricted and unrestricted purposes. A copy of the Foundation's complete financial statements may be obtained from the Foundation's Administrative Offices at 4500 Steilacoom Blvd SW, Lakewood, WA 98499.

Joint Ventures

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

Launched in September 2011, IPS, a partnership of colleges, operates as a single point of contact for regional business 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.

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 inflows, liabilities, deferred outflows, net position, revenues, expenses, changes in net position and cash flows.

Basis of Accounting

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

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

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

Cash and Cash Equivalents

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.

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 consist 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.

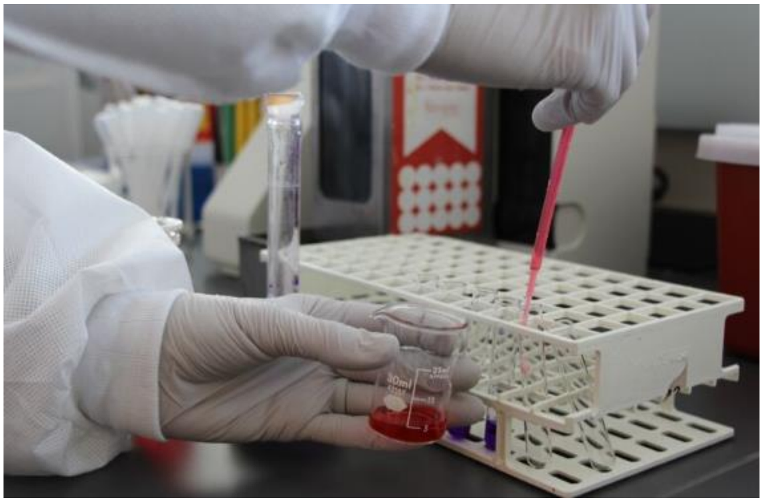
Inventories

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

Capital Assets

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

Land, buildings and equipment are recorded at cost, or if acquired by gift, at acquisition value at the date of the gift in accordance with GASB 72. GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with 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 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.

Unearned Revenues

Unearned revenues occur when funds have been collected prior to the end of the fiscal year that are related to the subsequent fiscal year. Unearned revenues also include tuition and fees paid with financial aid funds. The College has recorded summer quarter tuition and fees as unearned revenues.

Tax Exemption

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

Net Pension Liability

For purposes of measuring the net pension liability, 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.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Net Position

The College's net position is classified as follows.

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

Classification of Revenues and Expenses

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

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement 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, 2016 are $5,976,727.

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 Statement 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 that 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 Colleges remit the portion of tuition collected for the innovation fee to the State Treasurer for allocation to SBCTC. These remittances are non-exchange transactions reported as an expense in the non-operating revenues and expenses section of the Statement of Revenues, Expenses and Changes in Net Position.

Accounting and Reporting Changes

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application, which provides guidance for applying fair value to certain investments, and disclosures related to all fair value measurements. This Statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The College currently only invests in the Local Government Investment Pool (LGIP), and has no other investments. The LGIP is managed by the Office of the State Treasurer and prepares its own financial report that meets GASB standards.

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is intended to improve financial reporting of governments whose employees are provided with pensions that are not within the scope of Statement

No. 68, to improve the usefulness of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions not within the scope of Statement No. 68, and to clarify the application of certain provisions of Statements No. 67 and 68. The College is currently working with SBCTC to determine the financial impact.

In March 2016, the GASB issued Statement No. 82, Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No.73. This Statement addresses issues regarding the presentation of payroll-related measures in the required supplementary information. The College has implemented this standard early in relation to the Required Supplementary Information (RSI) presented with its financial statements.

2. Cash and Cash Equivalents

Cash and cash equivalents include bank demand deposits, petty cash held at the College and unit shares in the Local Government Investment Pool (LGIP). The LGIP is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission (17 CFR 270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both the market and credit risk. The LGIP is an unrated investment pool.

In December 2015, GASB issued Statement No. 79, Certain External Investment Pools and Pool Participants, effective for the year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Because Clover Park Technical College is a participant in an external investment pool that is in compliance with amortized cost criteria and measures all of its investments at amortized costs, there is no impact to the College's statements.

As of June 30, 2016, the carrying amount of the College's cash and equivalents was $23,389,658 as represented in the table below:

Cash and Cash Equivalents	Amount
Petty cash and change funds	7,511
Deposits in transit	32,197
Bank demand	4,756,152
Local government investment pool	18,593,798
Total Cash and Cash Equivalents	**23,389,658**

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).

3. Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. It also includes amounts due from federal, state and local governments or private sources in connection with reimbursements of allowable expenditures made according to sponsored agreements. At June 30, 2016, accounts receivable were as follows:

Accounts Receivable	Amount
Student Tuition and Fees	1,507,781
Due from Federal Government	1,396,294
Due from the Office of the State Treasurer (OST)	596,256
Due from Other State Agencies	1,047,319
Due from Other Governments	1,265,396
Auxiliary Enterprises	112,866
Other	6,767
Subtotal	5,932,679
Less Allowance for Uncollectible Accounts	(1,196,569)
Total Accounts Receivable	**4,736,110**

4. Inventories

Inventories, stated at cost using the first in, first out method (FIFO), consisted of the following as of June 30, 2016:

Inventories	Amount
Consumable Inventories	89,507
Merchandise Inventories	493,165
Total Inventories	**582,672**

5. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2016 is presented as follows:

Capital Assets	Beginning Balance	Additions/ Transfers	Retirements/ Impairements	Ending Balance
Nondepreciable Capital Assets				
Land	11,977,987	803,826	4	12,781,809
Construction in Progress	995,462	511,299	1,380,350	126,411
Total Nondepreciable Capital Assets	12,973,449	1,315,125	1,380,354	12,908,220
Depreciable Capital Assets				
Buildings	100,210,734	1,336,728	696,900	100,850,562
Other Improvements and Infrastructure	744,374			744,374
Equipment	7,577,659	1,233,053	231,931	8,578,781
Library Resources	1,746,755	11,955	9,150	1,749,560
Subtotal depreciable Capital Assets	110,279,522	2,581,736	937,981	111,923,277
Less Accumulated Depreciation				
Buildings	27,272,309	2,259,121	697,676	28,833,754
Other Improvements and Infrastructure	41,937	24,813		66,750
Equipment	4,636,202	720,699	229,573	5,127,328
Library Resources	1,656,080	27,919	9,150	1,674,849
Total Accumulated Depreciation	33,606,528	3,032,552	936,399	35,702,681
				-
Total Depreciable Capital Assets, net	76,672,994	(450,816)	1,582	76,220,596
Capital Assets, Net of Accumulated Depreciation	**89,646,443**	**864,309**	**1,381,936**	**89,128,816**

The current year depreciation expense was $3,032,552.

6. Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

7. Accounts Payable and Accrued Liabilities

At June 30, 2016, accrued liabilities are the following:

Accounts Payable and Accrued Liabilities	Amount
Accounts Payable	1,231,270
Accrued liabilities	1,977,780
Total Accounts Payable and Accrued Liabilities	**3,209,050**

8. Unearned Revenue

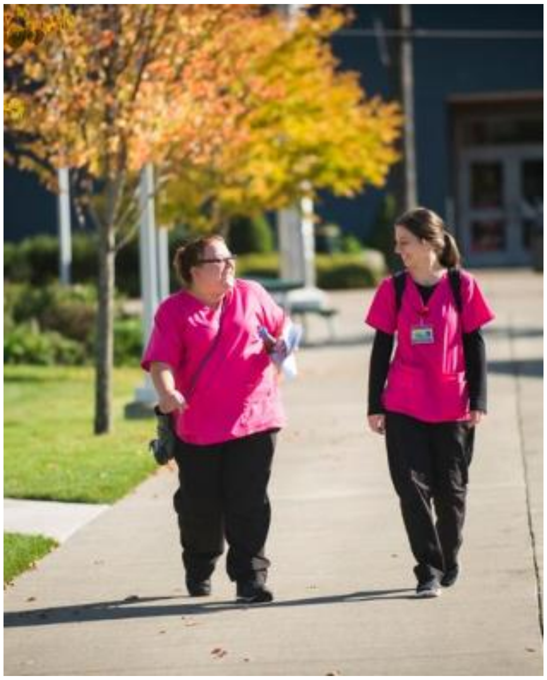
Unearned revenue is comprised of receipts which have not yet met revenue recognition criteria, as follows:

Unearned Revenue	Amount
Summer Quarter Tuition & Fees	2,164,987
Total Unearned Revenue	**2,164,987**

9. Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to ongoing control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The College participates in the following joint venture:

INVISTA Performance Solutions (IPS) – The College is a participant with Pierce College and Tacoma Community College in IPS, a joint venture established by a memorandum of understanding to operate as a single point of contact for regional businesses to access workforce development services. Their mission is to help companies gain a competitive advantage in the global economy by increasing the skills of their workforce. They offer high quality training and learning solutions to meet and exceed client expectations. IPS is also a member of Global Corporate College and actively works with 45 colleges



across the United States and internationally to serve companies with an expanded footprint. IPS has a successful history of delivering high-quality facilitation, coaching, courses, and seminars that are personalized to the performance goals of each business they serve.

IPS is a nine member governing body, which includes three voting members. The College appoints three members, to which one is a voting member. The College does not have access to IPS assets, nor is it obligated for its debts, but the College does have an ongoing financial interest in IPS in that it has rights to revenues in excess of Tacoma Community College's allocated percentage of IPS's gross revenue from the reserve fund. IPS does not have separately issued financial statements available. Tacoma Community College is the fiscal agent responsible for the general administration of IPS and accounts for all its financial activity.

During the fiscal year ended June 30, 2016, IPS distributed $150,000 to the College for unrestricted purposes.

10. Risk Management

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

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2015 through June 30, 2016, were $69,558.

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

The College participates in a State of Washington risk management self-insurance program, which covers its exposure to tort, general damage and vehicle claims. Premiums paid to the State are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. Coverage is provided up to $10,000,000 for each claim with no deductible. The College has had no claims in excess of the coverage amount within the past three years.

11. Compensated Absences

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. Subject to provisions in their collective bargaining agreements, employees who retire get 25% of the value of their accumulated sick leave credited to a Voluntary Employees' Beneficiary Association (VEBA) account, which can be used for future medical expenses and insurance purposes. The amounts of unpaid vacation and compensatory time accumulated by College employees are accrued when incurred. The sick leave liability is recorded as an actuarial estimate of one-fourth the total balance on the payroll records. The accrued vacation leave totaled $853,064, accrued sick leave totaled $984,373, and accrued compensatory time totaled $4,142 at June 30, 2016.

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

12. Notes Payable

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

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

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

13. Annual Debt Service Requirements

Future debt service requirements at June 30, 2016 are as follows:

Annual Debt Service Requirements
Certificates of Participation

Fiscal year	Principal	Interest	Total
2017	610,000	384,000	994,000
2018	640,000	353,500	993,500
2019	675,000	321,500	996,500
2020	710,000	287,750	997,750
2021	745,000	252,250	997,250
2022-2026	4,300,000	666,750	4,966,750
Total	**7,680,000**	**2,265,750**	**9,945,750**

14. Schedule of Long Term Liabilities

Schedule of Long Term Liabilities	Balance outstanding 6/30/15	Additions	Reductions	Balance outstanding 6/30/16	Current Portion
Compensated Absences	1,771,727	1,137,013	(1,067,161)	1,841,579	944,811
Net Pension liability	4,306,891	2,568,613	(1,416,340)	5,459,164	
Certificates of Participation	9,335,000		(9,335,000)	-	
Certificates of Participation	-	8,300,000	(620,000)	7,680,000	610,000
Local Improvement District #1	280,486		(280,486)	-	-
Local Improvement District #2	88,738		(88,738)	-	-
Total	**15,782,842**	**12,005,626**	**(12,807,725)**	**14,980,743**	**1,554,811**

15. Pension Liability

Pension liabilities reported as of June 30, 2016 consist of the following:

Pension Liability by Plan	
PERS Plan 1	2,755,654
PERS Plan 2/3	2,274,965
TRS Plan 1	334,334
TRS Plan 2/3	94,211
Total	5,459,164

16. Pension Plans

The College offers three contributory pension plans. The Washington State Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) plans are cost sharing multiple employer defined benefit pension plans administered by the State of Washington Department of Retirement Services. The State Board Retirement Plan (SBRP) is a multiple employer defined contribution plan for the faculty and exempt administrative and professional staff of the state's public community and technical colleges. The plan includes supplemental payment, when required. The plan is administered by the State Board for Community and Technical Colleges (SBCTC).

For FY 2016, the payroll for the College's employees was $6,275,450 for PERS, $765,000 for TRS, and $12,116,435 for SBRP. Total covered payroll was $19,156,885.

Clover Park Technical College implemented Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions for FY 2015 financial reporting. The College's defined benefit pension plans were created by statutes rather than through trust documents. With the exception of the supplemental defined benefit component of the higher education retirement plan, they are administered in a way equivalent to pension trust arrangements as defined by the GASB.

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 to align with the State CAFR.

Basis of Accounting

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

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68 for Clover Park Technical College, for FY 2016:

Aggregate Pension Amounts - All Plans

Pension liabilities	($ 5,459,164)
Deferred outflows of resources related to pensions	$ 1,164,620
Deferred inflows of resources related to pensions	($ 832,820)
Pension expense/expenditures	($ 283,261)

PERS and TRS

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

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

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

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

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

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

Contribution Rates and Required Contributions. The College's contribution rates and required contributions for the above retirement plans for the years ending June 30, 2014, 2015, and 2016 are as follows:

Contribution Rates at June 30

	FY 2014		FY 2015		FY 2016	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	6.00%	9.21%	6.00%	9.21%	6.00%	11.18%
Plan 2	4.92%	9.21%	4.92	9.21%	6.12%	11.18%
Plan 3	5-15%	9.21%	5-15%	9.21%	5-15%	11.18%
TRS						
Plan 1	6.00%	10.39%	6.00%	10.39%	6.00%	13.13%
Plan 2	4.69%	10.39%	4.96%	10.39%	5.95%	13.13%
Plan 3	5-15%	10.39%	5-15%	10.39%	5-15%	13.13%

Required Contributions

	FY 2014		FY 2015		FY 2016	
	Employee	College	Employee	College	Employee	College
PERS						
Plan 1	34,092	237,494	34,997	241,893	37,653	301,738
Plan 2	211,068	215,787	212,288	217,035	282,278	287,352
Plan 3	73,249	59,796	83,744	67,782	85,869	74,577
TRS						
Plan 1	-	19,918	-	23,623	-	47,659
Plan 2	14,992	12,894	10,157	10,566	12,918	14,590
Plan 3	15,091	12,582	24,988	19,648	40,853	36,818

Investments

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

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

For the year ended June 30, 2015, the annual money-weighted rate of return on the pension investments, net of pension plan expenses are as follows:

Pension Plan	Rate of Return
PERS Plan 1	4.45%
PERS Plan 2/3	4.63%
TRS Plan 1	4.41%
TRS Plan 2/3	4.65%

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

The PERS and TRS target asset allocation and long-term expected real rate of return as of June 30, 2015, are summarized in the following table:

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

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

Pension Expense

Pension expense is included as part of "Employee Benefits" expense in the Statement of Revenues, Expenses and Changes in Net Position. The table below shows the components of each pension plan's expense as it affected employee benefits:

	PERS 1	PERS 2/3	TRS 1	TRS 2/3	Total
FY15 Pension Expense	164,232	269,594	16,871	26,765	477,462
FY16 Amortization of change in Proportionate Liability	(383,235)	(324,466)	(3,754)	(45,408)	(756,863)
FY15 Amortization of change in Proportionate Liability	-	(2,215)	-	(1,645)	(3,860)
Total Pension Expense	(219,003)	(57,087)	13,117	(20,288)	(283,261)

The College's recognized pension expense is $283,261.

Changes in Proportionate Shares of Pension Liabilities

The changes to the College's proportionate shares of pension liabilities from 2014 to 2015 for each retirement plan are listed below:

Plan	2014	2015	change
PERS 1	0.053744%	0.052680%	0.001064%
PERS 2/3	0.063904%	0.063670%	0.000234%
TRS 1	0.009333%	0.010553%	-0.001220%
TRS 2/3	0.010065%	0.011165%	-0.001100%

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

Pension Plan	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
PERS Plan 1	3,355,016	2,755,654	2,240,258
PERS Plan 2/3	6,652,117	2,274,965	(1,076,455)
TRS Plan 1	420,281	334,334	260,427
TRS Plan 2/3	398,616	94,211	(132,089)

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

The following represent the components of the College's deferred outflows and inflows of resources as reflected on the Statement of Net Position, for the year ended June 30, 2016:

	PERS 1		PERS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience			241,830	
Difference between expected and actual earnings of pension plan investments				607,308
Changes in Assumptions			3,666	
Changes in College's proportionate share of pension liabilities		150,764	109,692	7,529
Contributions to pension plans after measurement date	322,933		368,343	
Total	**322,933**	**150,764**	**723,531**	**614,837**

	TRS 1		TRS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience			14,913	
Difference between expected and actual earnings of pension plan investments		24,746	-	36,551
Changes in Assumptions			82	
Changes in College's proportionate share of pension liabilities			9,578	5,922
Contributions to pension plans after measurement date	46,047		47,536	
Total	**46,047**	**24,746**	**72,109**	**42,473**

The $784,859 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, 2017.

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	Total
2017	(58,431)	(139,635)	(9,598)	(11,100)	(218,764)
2018	(58,431)	(139,635)	(9,598)	(11,100)	(218,764)
2019	(58,431)	(161,574)	(9,598)	(11,100)	(240,703)
2020	24,529	158,875	4,047	10,247	197,698
2021	-	22,319	-	3,791	26,110
2022	-	-	-	1,362	1,362
	(150,764)	(259,650)	(24,747)	(17,900)	(453,061)

State Board Retirement Plan

Plan Description. Faculty and exempt administrative and professional staff are eligible to participate in SBRP. The Teacher's Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) are the companion organizations through which individual retirement annuities are purchased. Employees have at all times a 100% vested interest in their accumulations.

TIAA-CREF benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in TIAA-CREF.

The Plan has a supplemental payment component that guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. The SBCTC makes direct payments on behalf of the College to qualifying retirees when the retirement benefit provided by TIAA-CREF does not meet the benefit goal. Employees are eligible for a non-reduced supplemental payment after the age of 65 with ten years of full-time service.

The minimum retirement benefit goal is 2% of the average annual salary for each year of full-time service up to a maximum of 25 years. However, if the participant does not elect to make the 10% TIAA-CREF contribution after age 49, the benefit goal is 1.5% for each year of full-time service for those years the lower contribution rate is selected.

The State Board for Community and Technical Colleges is authorized to amend benefit provisions under RCW 28B.10.400. In 2011, the plan was amended to eliminate the supplemental benefit provisions for all employees hired after June 30, 2011.

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, 2016 were each $1,086,220.

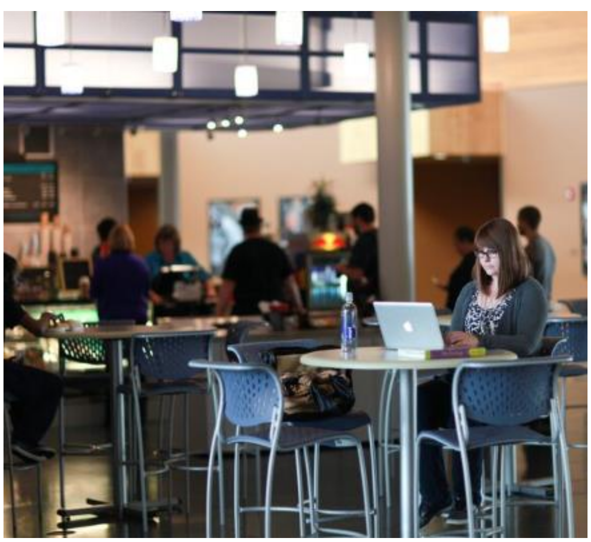
The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2016, supplemental benefits were paid by the SBCTC on behalf of the system in the amount of $766,692. In 2012, legislation (RCW 28B.10.423) was passed requiring colleges to pay into a Supplemental Benefit Fund managed by the State Investment Board, for the purpose of funding future benefit obligations. During FY 2016, the College paid into this fund at a rate of 0.5% of covered salaries, totaling $60,702. As of June 30, 2016, the Community and Technical College system accounted for $10,439,441 of the fund balance.

Washington State Deferred Compensation Program

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

17. Other Post-Employment Benefits

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



State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors. The health care premiums for active employees, which are paid by the agency during the employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the Other Post-Employment Benefits (OPEB) obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an "explicit" subsidy). This explicit subsidy is also passed through to state agencies via active employee rates charged to the agency. There is no formal state or College plan that underlies the subsidy of retiree health and life insurance.

The actuary allocated the statewide disclosure information to the community and technical college system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 Actuarially Accrued Liability (AAL) is $12,629,638, with an Annual Required Contribution (ARC) of $1,256,801. The ARC represents the amortization of the liability for FY 2016 plus the current expense for active employees, which is reduced by the current contributions of approximately $182,779. The College's net OPEB obligation at June 30, 2016 was approximately $2,912,670. This amount is not included in the College's financial statements.

The College paid $3,487,327 for healthcare expenses in 2016, which included its pay-as-you-go portion of the OPEB liability.

18. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Assets, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2016.

Expenses by Functional Classification

Instruction	14,788,271
Academic Support Services	4,038,279
Student Services	5,896,596
Institutional Support	6,077,316
Operations & Maintenance	5,000,730
Auxiliary Operations	2,962,151
Scholarships & Other FA	4,011,935
Depreciation	3,032,552
	45,807,830

19. Commitments and Contingencies

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

The College has commitments of $952,817 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

20. Prior Year Adjustment

The College's beginning net position was increased by $1,760,145 of which $823,746 was primarily due to changes in the estimated cost of hazmat removal in the building 32 and 37 demolition project and $936,399 was related to buildings and other capital assets.

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 Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 1 Measurement Date of June 30		
	2014	**2015**
College proportion of the net pension liability	0.053744%	0.052680%
College proportionate share of the net pension liability	$ 2,707,379	$ 2,755,654
College covered-employee payroll	$ 5,681,919	$ 5,832,883
College proportionate share of the net pension liability as a percentage of its covered-employee payroll	47.65%	47.24%
Plan's fiduciary net position as a percentage of the total liability	61.19%	59.10%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.		

Schedule of Clover Park Technical College's Proportionate Share of the Net Pension Liability Public Employees' Retirement System (PERS) Plan 2/3 Measurement Date of June 30		
	2014	**2015**
College proportion of the net pension liability	0.063904%	0.063670%
College proportionate share of the net pension liability	$ 1,291,731	$ 2,274,966
College covered-employee payroll	$ 5,478,784	$ 5,662,352
College proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.58%	40.18%
Plan's fiduciary net position as a percentage of the total liability	93.29%	89.20%
* As of June 30; this schedule is to be built prospectively until it contains ten 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 Proportionate Share of the Net Pension Liability Teachers Retirement System (TRS) Plan 1 Measurement Date of June 30		
	2014	**2015**
College proportion of the net pension liability	0.009333%	0.010553%
College proportionate share of the net pension liability	$ 275,272	$ 334,334
College covered-employee payroll	$ 444,608	$ 527,297
College proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.91%	63.41%
Plan's fiduciary net position as a percentage of the total liability	68.77%	65.70%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.		

Schedule of Clover Park Technical College's Proportionate Share of the Net Pension Liability Teachers Retirement System (TRS) Plan 2/3 Measurement Date of June 30		
	2014	**2015**
College proportion of the net pension liability	0.010065%	0.011165%
College proportionate share of the net pension liability	$ 32,509	$ 94,211
College covered-employee payroll	$ 444,608	$ 527,297
College proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.31%	17.87%
Plan's fiduciary net position as a percentage of the total liability	96.81%	92.48%
* As of June 30; this schedule is to be built prospectively until it contains ten years of data.		

Cost Sharing Employer Plans

Schedules of Contributions:

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 1
Fiscal Year Ended June 30*

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2014	$ 237,494	$ 237,886	$ (392)	$ 5,681,919	4.19%
2015	$ 241,893	$ 242,287	$ (393)	$ 5,832,883	4.15%
2016	$ 301,738	$ 309,519	$ (7,781)	$ 6,275,450	4.93%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

*As of June 30; this schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 2/3
Fiscal Year Ended June 30*

Fiscal Year	Contractually Required Contributions	Contributions in relation to the Contractually Required Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2014	$ 275,583	$ 269,955	$ 5,628	$ 5,478,784	4.93%
2015	$ 284,816	$ 284,275	$ 541	$ 5,662,352	5.02%
2016	$ 361,929	$ 380,662	$ (18,733)	$ 6,111,143	6.23%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

*As of June 30; this schedule is to be built prospectively until it contains ten 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-employee payroll	Contributions as a percentage of covered-employee payroll
2014	$ 19,918	$ 18,456	$ 1,462	$ 444,608	4.15%
2015	$ 23,623	$ 23,837	$ (214)	$ 527,297	4.52%
2016	$ 47,659	$ 45,533	$ 2,127	$ 765,000	5.95%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

*As of June 30; this schedule is to be built prospectively until it contains ten years of data.

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-employee payroll	Contributions as a percentage of covered-employee payroll
2014	$ 25,476	$ 24,697	$ 779	$ 444,608	5.55%
2015	$ 30,214	$ 30,000	$ 214	$ 527,297	5.69%
2016	$ 51,408	$ 50,205	$ 1,203	$ 765,000	6.56%
2017					
2018					
2019					
2020					
2021					
2022					
2023					

*As of June 30; this schedule is to be built prospectively until it contains ten years of data.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov