



## Special Report

Submitted to the Northwest Commission  
on Colleges and Universities  
October 1, 2016

**SUBMITTED BY:**

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## **Report of Continued Progress on NWCCU Recommendation Two: External Audit**

Clover Park Technical College (CPTC) underwent a Comprehensive Year Seven Peer-Evaluation visit on October 13-15, 2014. The visiting Evaluation Committee provided a detailed report of their findings, including six commendations and four recommendations. On January 27, 2015, the Northwest Commission on Colleges and Universities (NWCCU) sent a letter reaffirming CPTC's accreditation. In the reaffirmation letter, NWCCU requested that CPTC provide a one-year update with addendum addressing recommendations 2 and 4.

The Commission determined that Recommendations 1, 3, and 4 are areas where the College is in substantial compliance with the Commission's criteria for accreditation. Recommendation 2 is an area where the College did not meet the Commission's criteria for accreditation, requiring that the College take appropriate action to ensure that Recommendation 2 is resolved within the prescribed two-year period.

At the time of CPTC's Year One Self-Evaluation Report and addendum addressing Recommendations 2 and 4 (Sept. 14, 2015), CPTC had not yet completed the external audit necessary to satisfy the requirements for Recommendation 2. On Feb. 16, 2016, in response to CPTC's Year One Self-Evaluation Report, NWCCU requested CPTC provide a special report by April 1, 2016, addressing progress toward compliance with Recommendation 2. At that time audit fieldwork had been completed, but the results had not yet been received by CPTC. On July 5, 2016, the Commission imposed a warning on CPTC and requested this special report be submitted Oct. 1, 2016.

### ***Recommendation 2***

*While acknowledging the complexities of revising financial processes motivated by changes in generally accepted auditing standards, it is recommended that Clover Park Technical College complete financials as planned and undergo an external financial audit, in a reasonable timeframe, by professionally qualified personnel in accordance with generally accepted auditing standards (Eligibility Requirement 19, Standard 2.F.7).*

In continued response to this recommendation, CPTC has now completed the following steps to come into compliance with this recommendation:

- a. The auditor's results were received by CPTC on May 26, 2016.***
- b. The Board of Trustees reviewed the results during their Board of Trustees' meeting on June 8, 2016.***
- c. The next external audit has been scheduled.***

Each step accomplished is described in detail below.

- a. The auditor's results were received by CPTC on May 26, 2016.***

Sarah Mahugh and Conor Clingman, from the State Auditor's Office, gave a formal out brief presentation on the audit results on May 26, 2016. CPTC received a clean audit with no findings. In attendance at this meeting were: Vice President for Finance and

Administration Larry Clark, Budget Director Lisa Wolcott, and Interim President Joyce Loveday. Members of the Board of Trustees were invited to attend, but unable to do so due to scheduling conflicts. The results of the audit were provided to attendees (Appendix A). These results were combined with our final financial statements and posted to our external website at <http://www.cptc.edu/about> and are enclosed (Appendix B).

***b. The Board of Trustees reviewed the results during their Board of Trustees' meeting on June 8, 2016.***

During the June 8, 2016 Board of Trustees' (BoT) meeting, Vice President Clark presented the auditor's results to the Trustees', which were reviewed and accepted by the Trustees. The agenda for the June meeting (Appendix C) and the minutes from this meeting (Appendix D) are attached to this report. A letter to NWCCU, signed by the BoT Chair, is enclosed acknowledging the review, acceptance and approval of the audit results (Appendix E).

***c. The next external audit has been scheduled.***

In our continued efforts to uphold our responsibility to undergo an annual external financial audit, the College has tentatively agreed with State Auditor's Office to schedule the next external audit for February 2017.

## **CONCLUSION**

CPTC's progress reflects the College's commitment to compliance with NWCCU Standards and financial transparency. As demonstrated in the previous pages, the College is fully addressing the Commission's recommendation and will continue to do so with our annual external audits.



Washington State Auditor's Office

Government that works for citizens

Financial Statements Audit Report  
**Clover Park Technical College**

For the period July 1, 2013 through June 30, 2014

Published June 6, 2016

Report No. 1016670





## Washington State Auditor's Office

June 6, 2016

Board of Trustees  
Clover Park Technical College  
Lakewood, Washington

### Report on Financial Statements

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

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

Sincerely,

A handwritten signature in cursive script that reads "Troy X Kelley".

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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

**Clover Park Technical College  
July 1, 2013 through June 30, 2014**

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 Clover Park Technical College, Pierce County, Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated May 26, 2016.

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. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2014, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent,



or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## COMPLIANCE AND OTHER MATTERS

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

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

## PURPOSE OF THIS REPORT

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

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

May 26, 2016

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## Clover Park Technical College July 1, 2013 through June 30, 2014

Board of Trustees  
Clover Park Technical College  
Lakewood, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the Clover Park Technical College, Pierce County, Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clover Park Technical College, as of June 30, 2014, and the changes in financial position and 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. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2014, 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**

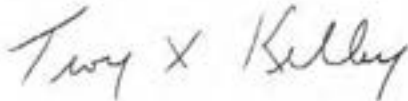
#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 May 26, 2016 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.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

May 26, 2016

## 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.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>



# FINANCIAL REPORT

**FOR FISCAL YEAR ENDED**  
June 30, 2014



**2014  
Financial Report**

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For information about the financial data included in this report, contact:

Larry Clark, Vice President for Finance and Administration  
Clover Park Technical College  
4500 Steilacoom Blvd SW  
Lakewood, WA 98499  
253-589-5602

For information about enrollment, degrees awarded, or academic programs, contact:

Margie Tomsic, Institutional Research  
Clover Park Technical College  
4500 Steilacoom Blvd SW  
Lakewood, WA 98499  
253-589-4520



## **Trustees and Administrative Officers**

### **BOARD OF TRUSTEES** *(As of June 30, 2014)*

Lua Pritchard, Chair  
Mary Moss, Vice Chair  
Mark Martinez  
Bruce Lachney  
Robert Lenigan

### **EXECUTIVE OFFICERS**

Lonnie Howard, President  
Joyce Loveday, Vice President for Instruction  
Linda Schoonmaker, Vice President for Finance and Administration  
Ted Broussard, Vice President for Student Services  
Deborah Ranniger, Vice President for Institutional Advancement

### **ACADEMIC DEANS**

Michelle Hillesland, Dean, Division II  
Claire Korschinowski, Interim Dean, Divisions I & III  
William Coyner, Interim Dean, Division I & III  
Jamilyn Penn, Associate Dean, Division V



## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

### **Clover Park Technical College July 1, 2013 through June 30, 2014**

Board of Trustees  
Clover Park Technical College  
Lakewood, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the Clover Park Technical College, Pierce County, Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clover Park Technical College, as of June 30, 2014, and the changes in financial position and 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. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2014, 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.

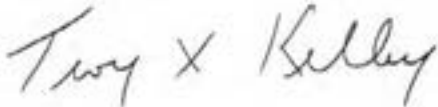
## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 May 26, 2016 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.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA  
May 26, 2016

## Management's Discussion and Analysis

### Clover Park Technical College

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, 2014 (FY 2014). The 2014 report constitutes the college's inaugural audited financial statements. As a result, comparisons included in this discussion were made with unaudited information for the fiscal year ended June 30, 2013 (FY 2013), where available.

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 7,300 students. The College confers associates degrees, certificates and high school diplomas. A baccalaureate program was added in 2014. The College was established in 1991 and its primary purpose is to be a values-driven institution that delivers quality education, training and support focused on student success in an evolving economy.

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 and its discretely presented component unit. 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 at a moment in time, at year-end. The Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash flows provide information about operations and activities over a period of time. Together, these statements, along with the accompanying notes, provide a comprehensive way to assess the college's financial health as a whole.

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

## Statement of Net Position

The Statement of Net Position provides information about the College's financial position, and presents the College's assets, liabilities, and net assets at year-end and includes all assets and liabilities of the College. A single year is presented as part of this inaugural set of financial statements. Future years will include comparative information.

Condensed Statement of Net Position As of June 30th	FY 2014
<b>Assets</b>	
Current Assets	27,830,429
Capital Assets, net	84,467,266
<b>Total Assets</b>	<b>112,297,695</b>
<b>Liabilities</b>	
Current Liabilities	5,551,916
Other Liabilities, non-current	11,531,621
<b>Total Liabilities</b>	<b>17,083,537</b>
<b>Net Position</b>	<b>95,214,158</b>

Current assets consist primarily of cash, various accounts receivables and inventories. They increased by over \$4 million in FY 2014 mainly due to an increase in the state allocation and the fact that in FY 2013, large amounts of local funds were expended in support of capital projects underway that year. In FY 2014, most of the major construction projects were substantially complete.

Net capital assets increased by over \$2 million from FY 2013 to FY 2014. After taking into consideration current depreciation expense of \$3,236,289 the majority of the increase is the result of final work to complete the construction of a new Allied Health Sciences Building.

Current liabilities include amounts payable to suppliers for goods and services, accrued payroll and related liabilities, the current portion of Certificate of Participation (COP) and Local Improvement District (LID) 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.

Current liabilities decreased nearly \$1 million from FY 2013 to FY 2014 due to a decrease in accounts payable. At the end of FY 2013, the college was in the early stages of construction on the new Allied Health Sciences Building. There were over \$1.5 million in payables on the last day of 2013 for this project alone.

Non-current liabilities primarily consist of the value of vacation and sick leave earned but not yet used by employees and the long-term portions of Certificates of Participation and Local Improvement District debt. The College's non-current liabilities continue to decrease as the College pays down the principal owed on each.

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

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

**Restricted:**

**Expendable** – resources the College is legally or contractually obligated to spend in accordance with restrictions placed by donor and/or external parties who have placed time or purpose restrictions on the use of the asset. The primary expendable funds for the College are student loans, capital project funds and 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.

<b>Condensed Net Position</b> As of June 30th	<b>FY 2014</b>
Net Investment in Capital Assets	\$74,482,266
Restricted	
Expendable	\$766,030
Unrestricted Net Position	\$19,965,862
<b>Total Net Position</b>	<b>\$95,214,158</b>

**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 2014. The objective of the statement is to present the revenues received, both operating and non-operating, and the expenses paid by the College, along with any other revenue, expenses, gains and losses of the College.

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

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

A condensed statement of revenues, expense and changes in net position is presented below:

Statement of Revenue, Expenses and Changes in Net Position As of June 30th	FY 2014	FY 2013 (Unaudited)
<b>Operating Revenues</b>		
Tuition & Fees Collected	8,514,604	8,121,408
Auxiliary Enterprise Sales	1,352,371	1,214,406
Grants & Contracts	7,117,410	7,879,415
Other Operating Revenues	1,887,769	2,739,132
<b>Total Operating Revenues</b>	<b>18,872,154</b>	<b>19,954,361</b>
<b>Operating Expenses</b>	<b>42,413,983</b>	<b>42,757,404</b>
<b>Net Operating Loss</b>	<b>\$ (23,541,829)</b>	<b>\$ (22,803,043)</b>
<b>Non-Operating Revenues (Expenses)</b>		
State Appropriations	17,928,954	16,200,638
Pell Grants	7,190,575	6,522,023
Interest on Indebtedness	(494,482)	(480,582)
<b>Net Non-Operating Revenues(Expenses)</b>	<b>24,625,047</b>	<b>22,242,079</b>
<b>Gain (Loss) Before Capital Contributions</b>	<b>\$ 1,083,218</b>	<b>\$ (560,964)</b>
Capital Appropriations	2,840,200	15,671,499
<b>Increase (Decrease) in Net Position</b>	<b>\$ 3,923,418</b>	<b>\$ 15,110,535</b>
<b>Net Position, Beginning of the Year</b>	<b>\$ 91,290,740</b>	<b>\$ 76,180,205</b>
<b>Net Position, End of the Year</b>	<b>\$ 95,214,158</b>	<b>\$ 91,290,740</b>

Revenues

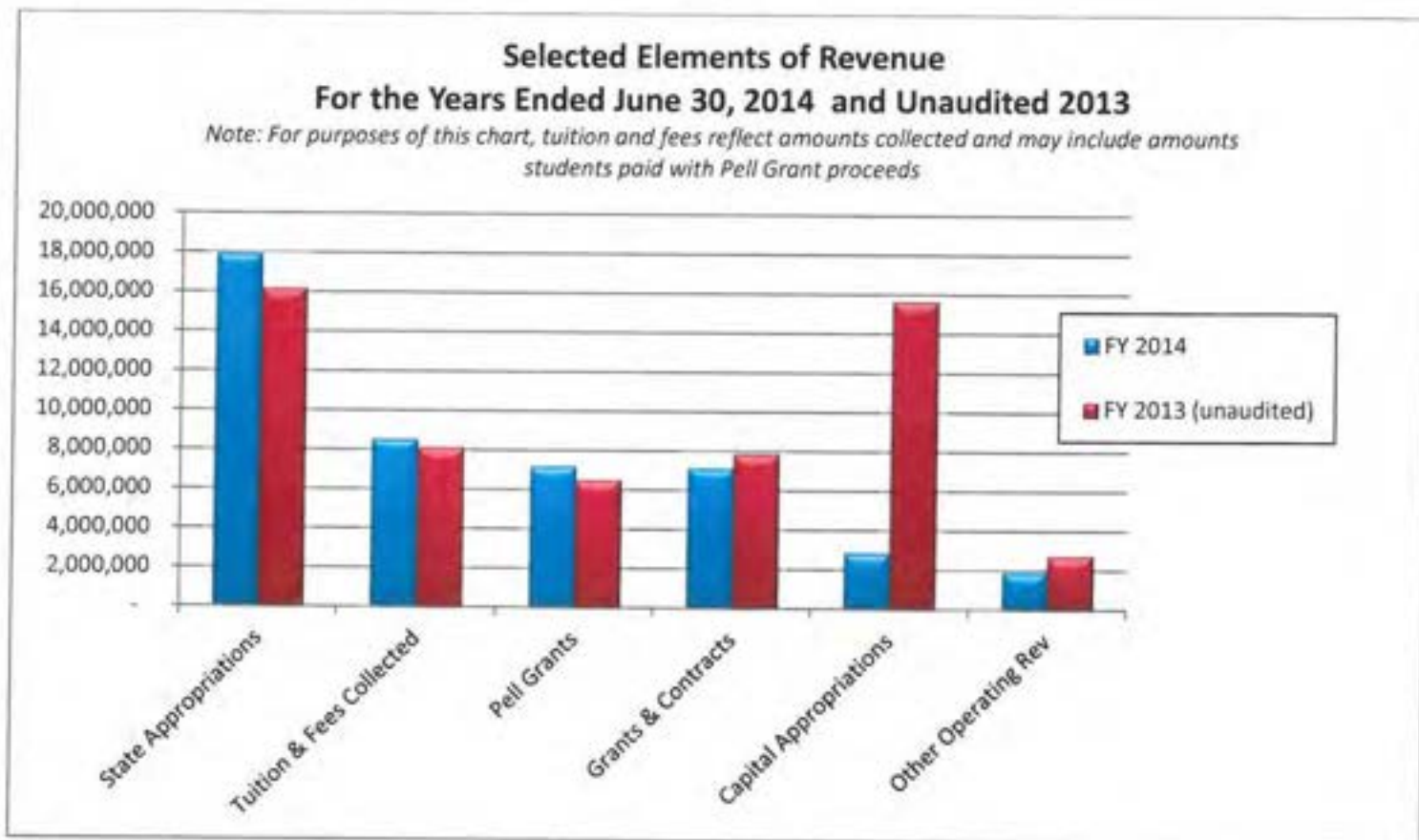
The College’s state operating appropriations increased in FY 2014 by 11%, reversing a trend of declines since 2009. The state of Washington appropriates funds to the community college system as a whole and then the State Board for Community and Technical Colleges (SBCTC) allocates monies to each college. System-level appropriations hit their height in FY 2009 and had been reduced by almost 24% as of FY 2013.

Over this same period, the Legislature and SBCTC instituted increases in tuition rates to partially offset the reduction in state appropriations. Enrollments decreased slightly (115 FTE) in FY 2014, however the College’s tuition and fee revenue increased, largely due to increases in student fees. Tuition rates did not change in FY 2014 compared with FY2013 rates. PELL grant revenue increased slightly as award levels were increased.





In FY 2013, the College was constructing a new Allied Health Sciences building which accounted for the large comparative decrease in capital appropriations revenue in FY 2014.



**Expenses**

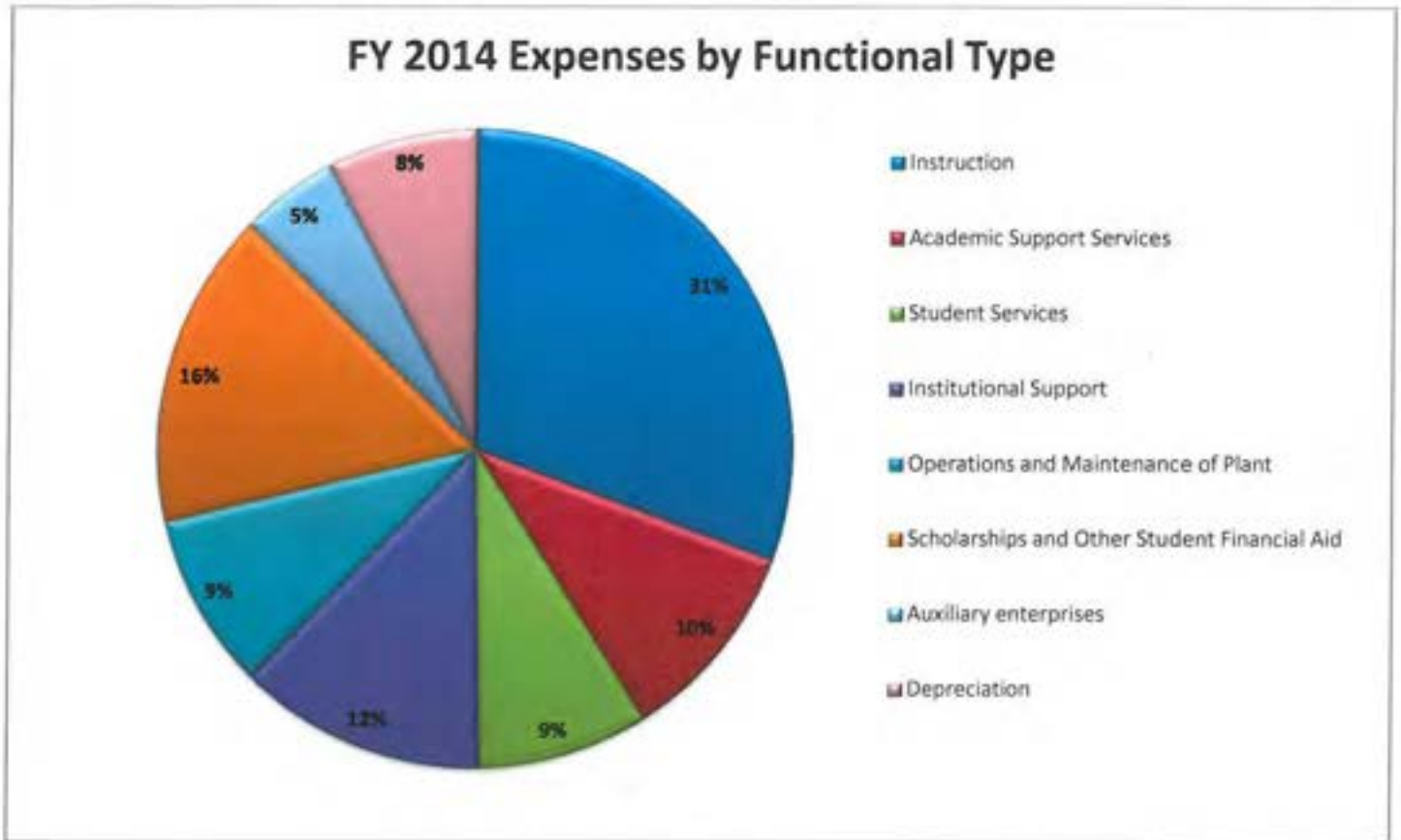
Faced with severe budget cuts over the past five years, the College has continuously sought opportunities to identify savings and efficiencies. Over time, the College decreased spending and services and was subject to various state spending freezes and employee salary reductions.

In FY 2014, salaries and benefits increased 3.5% which was approximately the increase restored by the state for previous salary cuts. Depreciation expense went up over 50% in FY 2014 since the Allied Health Building was placed into service. Most other categories of expense remained fairly constant from prior year levels with the exception of certain capital project costs which did not meet accounting criteria for capitalization as a part of the cost of the building and instead were recognized as supplies and materials or purchased services costs. These costs were over \$2.3 million higher in FY 2013 and accounted for much of the spending of reserves that year which did not happen in FY 2014.

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.

Operating Expenses by Function

The chart below shows the percentage of each functional area of operating expenses for FY 2014.



**Statement of Cash Flows**

The Statement of Cash Flows gives a general picture of where the College obtains and spends its cash and cash equivalents. The statement gives detailed information about cash flows related to three different types of activities within the institution.

A condensed statement of cash flows is presented below. A single year is presented as part of this inaugural set of financial statements. Future years will include comparative information.

<b>Condensed Statement of Cash Flows</b>	
As of June 30th	<b>FY 2014</b>
Operating Activities	(21,375,935)
Non-Capital Financing Activities	25,653,876
Capital Financing Activities	473,760
Net Change in Cash	<b>\$ 4,751,701</b>
Cash, Beginning of Year	19,785,276
Cash, End of Year	<b>\$ 24,536,977</b>

The College’s cash and cash equivalents at June 30<sup>th</sup> increased in 2014 by \$4,751,701. Primary contributing factors include an increase in the state’s allocation and a much lower use of reserves in FY 2014 compared with FY 2013 when local funds were used to supplement capital projects.

## Capital Assets and Long-Term Debt Activities

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

At June 30, 2014, the College had invested \$84,467,266 in capital assets, net of accumulated depreciation. This represents an increase of \$2,022,353 from last year, as shown in the table below.

Asset Type	June 30, 2014	June 30, 2013 (unaudited)	Change
Land	\$6,650,806	\$6,650,806	
Construction in Progress	\$0	\$18,894,177	-\$18,894,177
Buildings, net	\$74,501,981	\$54,271,055	\$20,230,926
Other Improvements and Infrastructure, net	\$597,945		\$597,945
Equipment, net	\$2,610,006	\$2,475,285	\$134,721
Library Resources, net	\$106,528	\$153,590	-\$47,062
<b>Total Capital Assets, Net</b>	<b>\$84,467,266</b>	<b>\$82,444,913</b>	<b>\$2,022,353</b>

The increase in net capital assets can be attributed to the construction of the new Allied Health Sciences building. In FY 2013, the College applied the retroactive infrastructure reporting requirements of Government Accounting Standards Board Statement Number 34 for the first time.



At June 30, 2014, the College had \$10,391,452 in outstanding debt. The College entered into a Certificate of Participation (COP) for the Student Union Building during FY 2006. The College also owed the City of Lakewood \$406,452 for a Local Improvement District (LID) assessment which began in 2007.

	June 30, 2014
Certificates of Participation	\$ 9,985,000
Local Improvement District	\$ 406,452
<b>Total</b>	<b>\$ 10,391,452</b>

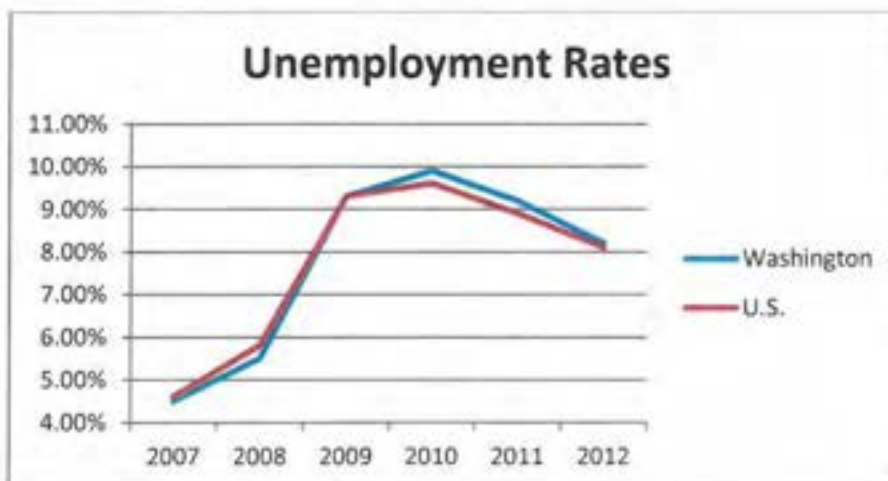
For more information, refer to notes 10 and 11 on the accompanying statements.

### Economic Factors That Will Affect the Future

Following a trend of declining state appropriations, the 2013-2015 biennial budget reflected the first increase of the state Legislature's re-investment in community and technical colleges since 2009. They continued this trend with a supplemental budget that included community colleges as a key partner in an investment in aerospace training. As a result, the net reduction of community college funding between FY 2009 and expected funding levels by the end of FY 2015 will have been a little over 15 percent. These investments in community colleges allowed the Legislature to keep FY 2014 tuition flat for resident, non-resident and baccalaureate students. It is unclear how much opportunity there may be for additional investments in community and technical colleges during the next few years, as state budget writers continue to grapple with court-mandated basic education obligations and other priorities. The overall health of the state's economy will likely be the largest determinant of funding trends.

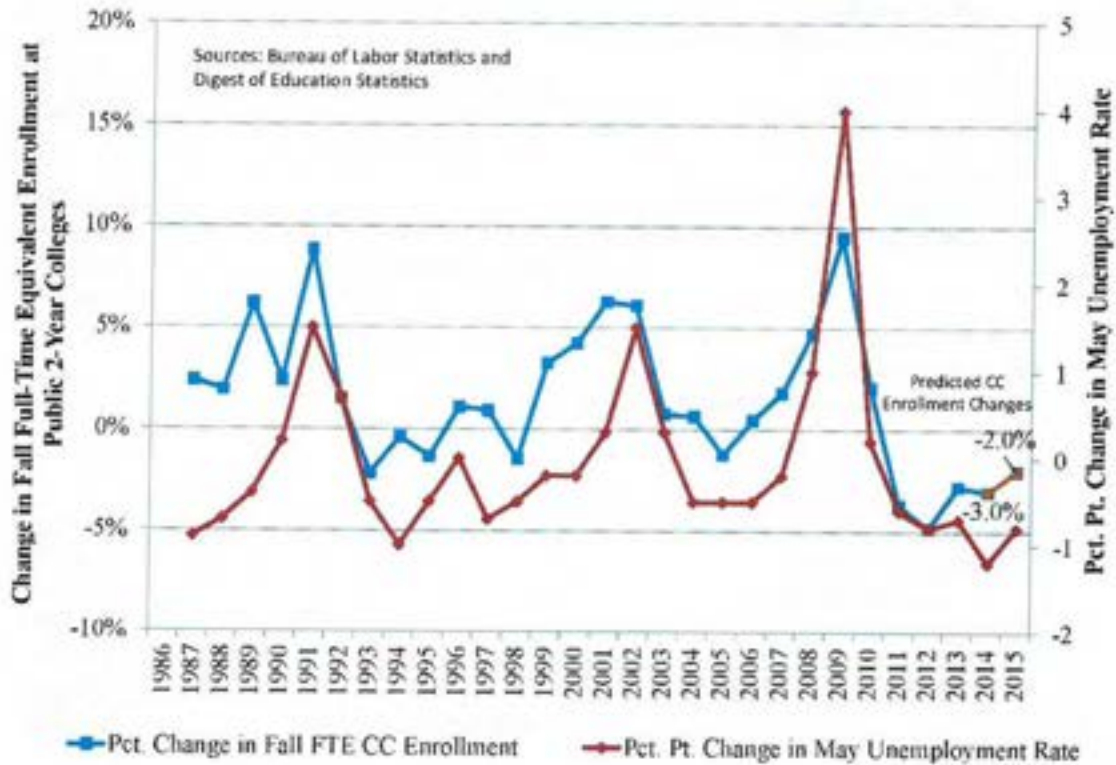
Washington's Economic and Revenue Forecast Council prepares independent forecasts quarterly throughout the year. In its most applicable forecast, June 2014, the council observed that the national recovery was weaker than forecast, but that Washington should continue to outperform the U.S. in growth. Most of the state's economic risk factors continue to come from outside the state, particularly from the Middle East, where turmoil was expected to result in higher oil prices. Despite this risk, the council continued to forecast lower oil prices over the course of the 2014-2019 forecast. Revenue collections for the 2013-15 biennium were \$122.2 million ahead of earlier forecasts, which has increased the economic forecast for the 2015-17 biennium by \$33.4 million and added \$314.6 million to the 2017-19 biennium.

Washington continues to add jobs, though at a slower rate than expected due to a sluggish national recovery. Single family housing permits continued to be disappointing but overall construction was about as expected. Personal income growth was strong in the first quarter, largely due to aerospace bonuses, but overall employment remained flat.



Unemployment rate changes have been shown to be very closely linked to public 2-year college full-time equivalent enrollments. Historically, enrollments change about 2.5% for every one percent change in the unemployment rate, as shown on this chart prepared by Postsecondary Analytics:

### Rule of Thumb: Community College Enrollments Change 2.5% for Every 1 Point Change in the May Unemployment Rate



**Clover Park Technical College**

**Statement of Net Position**

**June 30, 2014**

**Assets**

**Current assets**

Cash and cash equivalents	24,536,977
Accounts Receivable	2,351,657
Due from Office of the State Treasurer	450,620
Inventories	491,175
<b>Total current assets</b>	<u>27,830,429</u>

**Non-Current Assets**

Non depreciable Capital Assets	6,650,806
Depreciable Capital Assets, net of depreciation	77,816,460
<b>Total non-current assets</b>	<u>84,467,266</u>
<b>Total assets</b>	<u>112,297,695</u>

**Deferred Outflows of Resources**

**Total Deferred Outflows of Resources**

**Liabilities**

**Current Liabilities**

Accounts Payable	1,368,783
Accrued Liabilities	1,138,766
Compensated absences	3,676
Deposits Payable	19,650
Unearned Revenue	2,371,041
Certificates of Participation Payable	650,000
<b>Total current liabilities</b>	<u>5,551,916</u>

**Noncurrent Liabilities**

Compensated Absences	1,827,398
Long-term liabilities	9,704,223
<b>Total non-current liabilities</b>	<u>11,531,621</u>
<b>Total liabilities</b>	<u>17,083,537</u>

**Deferred Inflows of Resources**

**Total Deferred Inflows of Resources**

**Net Position**

Net Investment in Capital Assets	74,482,266
Restricted for:	
Expendable	
Institutional Financial Aid	766,030
Unrestricted	19,965,862
<b>Total Net Position</b>	<u>95,214,158</u>

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

**CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -  
MODIFIED CASH BASIS**

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ <u>762,688</u>	\$ <u>542,308</u>
Total Current Assets	762,688	542,308
<b>OTHER ASSETS</b>		
Assets held in charitable remainder trust	77,425	79,302
Donated goods inventory	77,714	23,316
Investments - long-term	<u>978,581</u>	<u>951,192</u>
Total Investments	<u>1,133,720</u>	<u>1,053,810</u>
Total Assets	\$ <u>1,896,408</u>	\$ <u>1,596,118</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liability under trust agreement	\$ <u>46,535</u>	\$ <u>48,202</u>
Total Liabilities	46,535	48,202
<b>NET ASSETS</b>		
Unrestricted	840,402	565,624
Board-designated	<u>53,446</u>	<u>53,175</u>
Total unrestricted	893,848	618,799
Temporarily restricted	319,661	322,832
Permanently restricted	<u>636,364</u>	<u>606,285</u>
Total Net Assets	<u>1,849,873</u>	<u>1,547,916</u>
Total Liabilities and Net Assets	\$ <u>1,896,408</u>	\$ <u>1,596,118</u>

**Clover Park Technical College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2014**

<b>Operating Revenues</b>		
Student tuition and fees, net		8,514,604
Auxiliary enterprise sales		1,352,371
State and local grants and contracts		5,890,148
Federal grants and contracts		1,227,262
Other operating revenues		1,887,769
Interest on loans to students		-
	<b>Total Operating Revenue</b>	<u>18,872,154</u>
<b>Operating Expenses</b>		
Salaries and wages		19,709,017
Benefits		6,575,651
Scholarships and fellowships		6,796,232
Supplies and materials		1,439,167
Depreciation		3,236,289
Purchased services		886,481
Utilities		1,064,710
Miscellaneous Expenses		2,706,436
	<b>Total Operating Expenses</b>	<u>42,413,983</u>
	<b>Operating Income (Loss)</b>	<u>(23,541,829)</u>
<b>Non-Operating Revenues (Expenses)</b>		
State appropriations		17,928,954
Federal Pell grant revenue		7,190,575
Interest on indebtedness		(494,482)
	<b>Net Non-Operating Revenues (Expenses)</b>	<u>24,625,047</u>
	<b>Income (Loss) Before Capital Appropriations</b>	<u>1,083,218</u>
	<b>Capital Appropriations</b>	2,840,200
	<b>Increase (Decrease) in Net Position</b>	<u>3,923,418</u>
<b>Net Position</b>		
Net position, beginning of year		<u>91,290,740</u>
Net position, end of year		<u>95,214,158</u>

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



**CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

**STATEMENTS OF REVENUE, EXPENSES AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS**

Years Ended December 31, 2014 and 2013

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>				
Contributions	\$ 482,821	\$ 48,724	\$ 30,079	\$ 561,624
Donated goods	78,643			78,643
Investment income	985	30,212		31,197
Fundraisers	1,075			1,075
Total Support and Revenue	<u>563,524</u>	<u>78,936</u>	<u>30,079</u>	<u>672,539</u>
Net assets released from restriction and reclassifications	<u>82,107</u>	<u>(82,107)</u>		
Total Support, Revenue and Reclassifications	645,631	(3,171)	30,079	672,539
<b>EXPENSES</b>				
Program services:				
Scholarships and grants	94,634			94,634
Program specific support	246,840			246,840
Total Program Services	341,474			341,474
Supporting services:				
General and administrative	22,676			22,676
Fundraising	6,432			6,432
Total Supporting Services	<u>29,108</u>			<u>29,108</u>
Total Expenses	<u>370,582</u>			<u>370,582</u>
Change in Net Assets	275,049	(3,171)	30,079	301,957
NET ASSETS AT BEGINNING OF YEAR	<u>618,799</u>	<u>322,832</u>	<u>606,285</u>	<u>1,547,916</u>
NET ASSETS AT END OF YEAR	<u>\$ 893,848</u>	<u>\$ 319,661</u>	<u>\$ 636,364</u>	<u>\$ 1,849,873</u>

**CLOVER PARK TECHNICAL COLLEGE FOUNDATION**

**STATEMENTS OF REVENUE, EXPENSES AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS (Continued)**

Years Ended December 31, 2014 and 2013

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>				
Contributions	\$ 258,204	\$ 35,813	\$ 16,657	\$ 310,674
Donated goods	235,773			235,773
Investment income	1,149	103,519		104,668
Fundraisers	<u>32,422</u>			<u>32,422</u>
Total Support and Revenue	<u>527,548</u>	<u>139,332</u>	<u>16,657</u>	<u>683,537</u>
Net assets released and reclassifications from restriction	<u>70,489</u>	<u>(169,995)</u>	<u>99,506</u>	<u>          </u>
Total Support, Revenue and Reclassifications	598,037	(30,663)	116,163	683,537
<b>EXPENSES</b>				
Program services:				
Scholarships and grants	80,326			80,326
Program specific support	<u>394,595</u>			<u>394,595</u>
Total Program Services	474,921			474,921
Supporting services:				
General and administrative	22,588			22,588
Fundraising	<u>14,454</u>			<u>14,454</u>
Total Supporting Services	<u>37,042</u>			<u>37,042</u>
Total Expenses	<u>511,963</u>			<u>511,963</u>
Change in Net Assets	86,074	(30,663)	116,163	171,574
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>532,725</u>	<u>353,495</u>	<u>490,122</u>	<u>1,376,342</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 618,799</u>	<u>\$ 322,832</u>	<u>\$ 606,285</u>	<u>\$ 1,547,916</u>

**Clover Park Technical College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

<b>Cash flow from operating activities</b>	
Student tuition and fees	8,428,031
Grants and contracts	7,184,275
Payments to vendors	(5,664,449)
Payments for utilities	(1,904,054)
Payments to employees	(19,687,868)
Payments for benefits	(6,579,148)
Auxiliary enterprise sales	1,347,442
Payments for scholarships and fellowships	(6,796,232)
Other receipts (payments)	2,296,068
Net cash used by operating activities	<u>(21,375,935)</u>
<b>Cash flow from noncapital financing activities</b>	
State appropriations	18,463,301
Pell grants	7,190,575
Net cash provided by noncapital financing activities	<u>25,653,876</u>
<b>Cash flow from capital and related financing activities</b>	
Capital appropriations	5,450,199
Purchases of capital assets	(3,842,578)
Principal paid on capital debt	(662,229)
Interest paid	(471,632)
Net cash used by capital and related financing activities	<u>473,760</u>
<b>Increase in cash and cash equivalents</b>	4,751,701
<b>Cash and cash equivalents at the beginning of the year</b>	19,785,276
<b>Cash and cash equivalents at the end of the year</b>	<u>24,536,977</u>
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
<b>Operating Loss</b>	<u>(23,541,829)</u>
<b>Adjustments to reconcile net loss to net cash used by operating activities</b>	
Depreciation expense	3,236,289
<b>Changes in assets and liabilities</b>	
Receivables, net	311,107
Inventories	69,351
Accounts payable	(1,160,433)
Accrued liabilities	(352,427)
Deferred revenue	72,174
Compensated absences	(10,547)
Deposits payable	380
Net cash used by operating activities	<u>(21,375,935)</u>

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

## Notes to Financial Statements

June 30, 2014

*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 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. 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, 2014, the Foundation distributed \$341,474 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.

#### Related Party

INVISTA Performance Solutions 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, INVISTA, 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. INVISTA 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.

#### Basis of Presentation

The college follows all GASB pronouncements. 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.

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, if probable of collection.

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.

During the course of operations, numerous transactions occur between funds for goods provided and services rendered. For the financial statements, interfund 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.

### **Cash, Cash Equivalents and Investments**

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

### **Accounts Receivable**

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

### **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 to the reader.

Land, buildings and equipment are recorded at cost, or if acquired by gift, at fair market value at the date of the gift. As this is the first institution-level financial statement prepared by the college, GASB 34 guidance concerning preparing initial estimates for historical cost and accumulated depreciation related to infrastructure was followed. Capital additions, replacements and major renovations are capitalized. The value of assets constructed includes all material direct and indirect construction costs. Any interest costs incurred are capitalized during the period of construction. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. In accordance with the state capitalization policy, all land, intangible assets and software with a unit cost of \$1,000,000 or more, buildings and improvements with a unit cost of \$100,000 or more, library collections with a total cost of \$5,000 or more and all other assets with a

unit cost of \$5,000 or more are capitalized. Depreciation is computed using the straight line method over the estimated useful lives of the assets as defined by the State of Washington's Office of Financial Management. Useful lives range from 15 to 50 years for buildings and improvements, 3 to 50 years for improvements other than buildings, 5 to 7 years for library resources, 2 to 10 years for most equipment, and 11 to 40 years for heavy duty equipment, aircraft, locomotives, and vessels.

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. At June 30, 2014, no assets had been written down.

### **Unearned Revenues**

Unearned revenues occur when funds have been collected prior to the end of the fiscal year but related to the subsequent fiscal year. 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 Position**

The College's net position is classified as follows.

*Net Investment in Capital Assets.* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

*Restricted for Institutional Financial Aid.* The institutional financial aid funds are established for the explicit purpose of providing institutional financial aid as prescribed by RCW 28B.15.820.

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

### **Scholarship Discounts and Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State or non-governmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance. Discounts and allowances for the year ending June 30, 2014 are \$5,542,396.

### **State Appropriations**

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

### **Operating Revenues/Expenses**

Operating revenues consist of tuition and fees, grants and contracts, sales and service of educational activities and auxiliary enterprise revenues. Operating expenses include salaries, wages, fringe benefits, utilities, supplies and materials, purchased services, and depreciation. All other revenue and expenses of the College are reported as non-operating revenues and expenses including state general appropriations, Federal Pell grant revenues, investment income and interest expense.

## Inventories

Inventories are valued at cost using the first-in-first out method.

## 2. Cash, Cash Equivalents and Investments

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.

As of June 30, 2014, the carrying amount of the College's cash and equivalents was \$24,536,977 as represented in the table below.

<b>Table 1: Cash and Cash Equivalents</b>	<b>June 30, 2014</b>
Petty Cash and Change Funds	\$7,501
Bank Demand and Time Deposits	\$5,526,906
Local Government Investment Pool	\$19,002,570
<b>Total Cash and Cash Equivalents</b>	<b>\$24,536,977</b>

## 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 the 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, 2014, accounts receivable were as follows.

<b>Table 2: Accounts Receivable</b>	<b>Amount</b>
Student Tuition and Fees	2,215,683
Due from the Federal Government	308,565
Due from the Office of the State Treasurer (OST)	450,620
Due from Other State Agencies	469,846
Due from Other Governments	126,575
Auxiliary Enterprises	69,699
Other	59,021
Subtotal	3,700,009
Less Allowance for Uncollectible Accounts	(897,732)
<b>Accounts Receivable, including OST, net</b>	<b>2,802,277</b>

#### 4. Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2014 is presented as follows. The current year depreciation expense was \$3,236,289.

<b>Table 3: Capital Assets</b>	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Nondepreciable capital assets</b>				
Land	6,650,806	0	0	6,650,806
Construction in progress	18,894,177	(18,894,177)	0	0
<b>Total nondepreciable capital assets</b>	<b>25,544,983</b>	<b>(18,894,177)</b>	<b>0</b>	<b>6,650,806</b>
<b>Depreciable capital assets</b>				
Buildings	76,570,851	22,943,686	0	99,514,537
Other improvements and infrastructure	0	618,564	0	618,564
Equipment	6,133,979	586,478	(19,353)	6,701,104
Library resources	1,726,433	5,732		1,732,165
<b>Subtotal depreciable capital assets</b>	<b>84,431,263</b>	<b>24,154,460</b>	<b>(19,353)</b>	<b>108,566,370</b>
<b>Less accumulated depreciation</b>				
Buildings	22,299,796	2,712,760	0	25,012,556
Other improvements and infrastructure	0	20,619	0	20,619
Equipment	3,658,694	450,115	(17,711)	4,091,098
Library resources	1,572,843	52,794		1,625,637
<b>Total accumulated depreciation</b>	<b>27,531,333</b>	<b>3,236,288</b>	<b>(17,711)</b>	<b>30,749,910</b>
<b>Total depreciable capital assets</b>	<b>56,899,930</b>	<b>20,918,172</b>	<b>(1,642)</b>	<b>77,816,460</b>
<b>Capital assets, net of accumulated depreciation</b>	<b>82,444,913</b>	<b>2,023,995</b>	<b>(1,642)</b>	<b>84,467,266</b>

#### 5. Accounts Payable and Accrued Liabilities

At June 30, 2014, accrued liabilities are the following.

<b>Table 4: Accounts Payable and Accrued Liabilities</b>	<b>Amount</b>
Amounts Owed to Employees	\$ 962,141
Accounts Payable	\$ 1,368,783
Amounts Held for Others and Retainage	\$ 176,625
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>\$ 2,507,549</b>

#### 6. Unearned Revenue

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

<b>Table 5: Unearned Revenue</b>	<b>Amount</b>
Summer Quarter Tuition & Fees	2,371,041
<b>Total Unearned Revenue</b>	<b>2,371,041</b>

#### 7. Risk Management

The College, in accordance with state policy, pays unemployment claims on a pay-as-you-go basis. Payments made for claims from July 1, 2013 through June 30, 2014, were \$104,042.

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.

**8. Compensated Absences**

At termination of employment, employees may receive cash payments for all accumulated vacation and compensatory time. 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 \$949,990, accrued sick leave totaled \$877,408, and accrued compensatory time totaled \$3,676 at June 30, 2014

Accrued annual and sick leave are categorized as non-current liabilities. Compensatory time is categorized as a current liability since it must be used before other leave.

**9. Notes Payable**

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

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

The College's debt service requirements for these note agreement(s) for the next five years and thereafter are as follows:

**10. Annual Debt Service Requirements**

Future debt service requirements at June 30, 2014 for the next five years and thereafter are as follows.

Fiscal year	Certificates of Participation		
	Principal	Interest	Total
2015	650,000	445,851	1,095,851
2016	680,000	419,039	1,099,039
2017	705,000	390,139	1,095,139
2018	735,000	359,824	1,094,824
2019	770,000	327,668	1,097,668
2020-2024	5,395,000	1,185,525	6,580,525
2025-2029	1,050,000	48,563	1,098,563
<b>Total</b>	<b>9,985,000</b>	<b>3,176,608</b>	<b>13,161,608</b>

## 11. Schedule of Long Term Debt

<b>TABLE 7: Schedule of Long Term Debt</b>	<b>Balance outstanding 6/30/13</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance outstanding 6/30/14</b>	<b>Current portion</b>
Certificates of Participation	10,610,000		(625,000)	9,985,000	650,000
Local Improvement District	443,681		(37,229)	406,452	37,229
Compensated Absences	1,426,413	1,263,489	(855,152)	1,831,074	3,676
<b>Total</b>	<b>12,480,094</b>	<b>1,263,489</b>	<b>(1,517,381)</b>	<b>12,222,526</b>	<b>690,905</b>

## 12. 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 2014, the payroll for the College's employees was \$5,593,281 for PERS, \$423,066 for TRS, and \$11,559,692 for SBRP. Total covered payroll was \$17,576,040.

### 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 for Plans 1 and 2 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 ten years of eligible service.

TRS Plan 3 provides retirement benefits to certain eligible faculty hired on or after July 1, 1996. 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 college also has 4 employees with pre-existing eligibility who continue to participate in TRS 1 or 2.

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 and TRS 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, 2013, and 2012 are as follows.

	FY2012		FY2013		FY2014	
	Employee	College	Employee	College	Employee	College
<b>PERS</b>						
Plan 1	6.00%	7.08%	6.00%	7.21%	6.00%	9.21%
Plan 2	4.64%	7.08%	4.64%	7.21%	4.92%	9.21%
Plan 3	5 - 15%	7.08%	5 - 15%	7.21%	5 - 15%	9.21%
<b>TRS</b>						
Plan 1	6.00%	8.04%	6.00%	8.05%	6.00%	10.39%
Plan 2	4.69%	8.04%	4.10%	8.05%	4.96%	10.39%
Plan 3	5-15%	8.04%	5-15%	8.05%	5-15%	10.39%

	FY2012		FY2013		FY2014	
	Employee	College	Employee	College	Employee	College
<b>PERS</b>						
Plan 1	10,691	12,812	11,206	13,466	12,290	18,859
Plan 2	166,608	259,017	181,686	282,326	211,675	394,871
Plan 3	60,820	72,081	64,692	73,925	72,255	106,688
<b>TRS</b>						
Plan 1	4,304	9,148	0	0	0	0
Plan 2	15,022	25,974	13,017	22,368	12,140	24,584
Plan 3	11,337	10,182	7,954	6,558	7,413	7,415

### **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, 2014 were \$1,009,785 for employer and \$1,010,055 for employees.

The SBRP supplemental pension benefits are unfunded. For the year ended June 30, 2014, supplemental benefits were paid by the SBCTC on behalf of the College in the amount of \$3,901. 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 2014, the College paid into this fund at a rate of 0.5% of covered salaries, totaling \$57,925. As of June 30, 2014, the Community and Technical College system accounted for \$5,008,355 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.

#### **Other Post-Employment Benefits**

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

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

The actuary allocated the statewide disclosure information to the community and technical college at the system level. The SBCTC further allocated these amounts among the colleges. The College's share of the GASB 45 actuarially accrued liability (AAL) is \$9,639,527, with an annual required contribution (ARC) of \$941,787. The ARC represents the amortization of the liability for the fiscal year 2014 plus the current expense for active employees, which is reduced by the current contributions of approximately \$300,189. The College's net OPEB obligation (NOO) at June 30, 2014 was approximately \$764,586. This amount is not included in the College's financial statements.

The College paid \$3,255,129 for healthcare expenses in 2014, which included its pay-as-you-go portion of the OPEB liability.

### 13. Operating Expenses by Program

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are displayed by natural classifications, such as salaries, benefits, and supplies. The table below summarizes operating expenses by program or function such as instruction, research, and academic support. The following table lists operating expenses by program for the year ending June 30, 2014.

Instruction	12,999,671
Academic Support Services	4,405,657
Student Services	3,690,821
Institutional Support	5,334,109
Operations and Maintenance of Plant	3,827,686
Scholarships and Other Student Financial Aid	6,796,232
Auxiliary enterprises	2,123,518
Depreciation	3,236,289
<b>Total operating expenses</b>	<b>42,413,983</b>



### 14. Commitments and Contingencies

There is a class action lawsuit, Moore v. HCA, filed against the State of Washington on behalf of former part-time and non-permanent employees alleging improper denial of healthcare benefits. Although the College has not been named as a defendant in the lawsuit, some of the class members are current or former employees of the College. Potentially, the state could assess the College with a material share of any amount paid in the event of a settlement or judgment. As of the end of fiscal year 2015 (or 2014), the parties have reached a settlement agreement with the plaintiffs to settle all matters relating to this and related lawsuits. Final settlement is contingent on a) funding of the settlement by the legislature and b) final approval by the trial court if funding is provided. As such, the amount of loss cannot be reasonably estimated at this time.

Additionally, 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 statements.

The College has commitments of \$3,969,074 for various capital improvement projects that include construction and completion of new buildings and renovations of existing buildings.

### 15. Subsequent Events

The College learned in FY 2015 that the buildings acquired in the FY 2012 land swap with the Clover Park School District contained significant amounts of hazmat materials which would ultimately be removed in FY 2016 at a cost of approximately \$2 million.

On March 29th 2016, the legislature passed the supplemental budget which included an appropriation to fund the settlement for the Moore v. HCA lawsuit. SBCTC's portion of this obligation is \$32 million of which \$19 million is funded by the legislature and the remaining \$13 million will be allocated among 34 colleges in the system. At this time, Clover Park Technical College's potential share of this lawsuit has not been determined.

We would like to acknowledge the following staff for their assistance in preparing this report:

Valarie Nelson, Accounting Coordinator  
Lisa Wolcott, Director of Budget and Finance  
Tanya Petrov, Foundation Fiscal Accountant



4500 Stillacooms Blvd SW, Tukwila, WA 98199-4004

**Board of Trustees Regular Meeting  
 Rotunda, Building 3  
 Wednesday, June 8, 2016  
 Study Session Cancelled  
 Regular Meeting: 4:00-5:50**

**Agenda**

<b>4:00</b>	<b>Call to Order, Flag Salute, Introductions</b> .....	Mark Martinez	
	<b>Adoption of Agenda</b> .....	Mark Martinez	
	<i>Action</i>		
	<b>Approval of the Regular Meeting Minutes of</b> .....	Mark Martinez	<b>Tab 1</b>
	<b>May 18, 2016</b>		
	<i>Action</i>		
<b>4:05</b>	<b>President's Report</b> .....	Joyce Loveday	
	▪ Veteran Honor Cord Ceremony		
	▪ Retiree Luncheon		
	▪ 2016 Graduation Update		
	▪ Miscellaneous		
<b>4:20</b>	<b>Other College Reports or Highlights:</b>		
	▪ Associated Student Government Report.....	Myra Morales	<b>Tab 2</b>
	▪ CPTC Audit Exit Report.....	Larry Clark	<b>Tab 3</b>
	▪ Security Update.....	Larry Clark/Lisa Beach/Brian Grossman	
	▪ Student Learning Report .....	Feng Yang	
	Presentation: Mechatronics		
<b>4:45</b>	<b>Chair's Report</b> .....	Mark Martinez	
<b>4:50</b>	<b>Board Reports and/or Remarks</b> .....	All	
<b>4:55</b>	<b>Public Comments</b> .....	Mark Martinez	
<b>5:00</b>	<b>New Business</b> .....	Mark Martinez	
	<b>Approval of ASG Services and Activities Budget for 2016-17</b> .....	Mark Martinez	<b>Tab 4</b>
	<i>Action</i>		

**Approval of Resolution 16-06-92, Extension of 2015-16 Operating Budget**..... Mark Martinez **Tab 5**  
*Action*

**Election of Officers** ..... Mark Martinez  
**Positions of Board Chair and Vice Chair –**  
**For the term of one year, July 1, 2016 – June 30, 2017**  
*Action*

**5:15 Executive Session** ..... Mark Martinez  
**Convene Executive Session for approximately 30 minutes for the purpose of reviewing the performance of a public employee.**

The Board may hold an executive session for purposes allowed under the Open Public Meetings Act. Legal purposes include, to consider acquisition or sale of real estate; to review negotiations of publicly bid contracts; to receive and evaluate complaints or charges brought against a public officer or employee; to evaluate the qualifications of an applicant for public employment; to review the performance of a public employee; and to discuss with legal counsel matters relating to agency enforcement actions, litigation, or potential litigation. Before convening in executive session, the Board Chair will publicly announce the purpose for executive session and the time when the executive session is expected to conclude.

**5:45 Action Items as a Result of Executive Session**..... Mark Martinez

**Approval of Resolution 16-06-91 to Extend Dr. Lonnie L. Howard's Contract through July 1, 2016** ..... Mark Martinez **Tab 6**  
*Action*

**Approval of Contract for Interim President** ..... Mark Martinez  
*Action*

**5:50 Adjournment**..... Mark Martinez  
*All Board meetings will be recorded.*





4100 Stebbins Blvd NW, Lakewood, WA 98499-4000  
**Board of Trustees Meeting**  
Bldg. 3, Rotunda  
Wednesday, May 18, 2016

Minutes

Study Session

**Call to Order:** Chair Martinez called the Board of Trustees Study Session for Clover Park Technical College (CPTC) to order on May 18, 2016, at 3:08 p.m.

**Board of Trustees Present:**

Mark Martinez, Chair  
Bruce Lachney  
Mary Moss

Lua Pritchard  
Wayne Withrow

**College President:** Dr. Lonnie L. Howard

**Assistant Attorney General:** Justin Kjolseth

**Other Attendees:**

Dr. Joyce Loveday, VP, Student Learning  
Ted Broussard, VP, Student Success  
John Caulfield, Lakewood City Manager  
Larry Clark, VP, Finance & Admin.  
Tawny Dotson, VP, Strategic Development  
Lisa Beach, Dir., Security & Compliance  
Greg Doyon, Aviation Maint. Tech. Inst./Dept.  
Chair  
Bev Dupuis, Computer Operator/Spt. Tech.  
Mabel Edmonds, Spec. Asst., Pres./VP Stud.  
Learning

Shelby Fritz, Dir., Human Resources  
Lyman Gifford, Exec. Dir., Foundation  
Janet Holm, Marketing/Outreach Coord.  
John Kaniss, Dir., Facilities Services  
Claire Korschinowski, Dean  
Cherie Steele, Exec. Asst. to the President  
Michael Taylor, Dir., Info. Technology  
Dr. Margie Tomsic, Exec. Dir., IR & Accred.  
Lisa Wolcott, Dir., Budget & Finance

**“State of the City” Update**

Lakewood City Manager John Caulfield presented Lakewood’s “State of the City” address (Tab 1), a summary of 2015 and what’s happening in 2016. Mr. Caulfield introduced the City’s Communication Manager, Brent Champaco, who helped to create the presentation, and City Council Member Mary Moss, who is doing great things in Lakewood.

**Monitoring the Strategic Plan (Tab 1)**

Ms. Dotson offered an update on monitoring of the Strategic Plan.

**2016-17 Nominations for Chair and Vice Chair Discussion**

**MOTION:**

Motion to nominate Bruce Lachney for the position of Board Chair for the July 1, 2016 – June 30, 2017, term was made by Trustee Pritchard, seconded by Trustee Moss. Approved unanimously.

**MOTION:**

Motion to nominate Lua Pritchard for the position of Board Vice Chair for the July 1, 2016 – June 30, 2017, term was made by Trustee Moss, seconded by Trustee Lachney. Approved unanimously.

**MOTION:**

Motion to accept the slate of nominees for election at the June Board of Trustees meeting was made by Trustee Withrow, seconded by Trustee Moss.

**General Discussion**

There was no general discussion.

Chair Martinez adjourned the Study Session at 4:03 p.m.

.....

Regular Session

**Call to Order:** Chair Martinez called the Board of Trustees Regular Session for Clover Park Technical College (CPTC) to order on May 18, 2016, at 4:11 p.m.

**Board of Trustees Present:**

Mark Martinez, Chair  
Bruce Lachney  
Mary Moss

Lua Pritchard  
Wayne Withrow

**College President:** Dr. Lonnie Howard

**Assistant Attorney General:** Justin Kjolseth

**Other Attendees:**

Dr. Joyce Loveday, VP, Student Learning  
Ted Broussard, VP, Student Success  
John Caulfield, Lakewood City Manager  
Larry Clark, VP, Finance & Admin.  
Tawny Dotson, VP, Strategic Development  
Lisa Beach, Dir., Security & Compliance  
Michael Bowman, Interior Design Inst.  
Loren Davis, Dir., NWCTHS  
Greg Doyon, Aviation Maint. Tech. Inst./Dept.  
Chair  
Bev Dupuis, Computer Operator/Spt. Tech.  
Mabel Edmonds, Spec. Asst., Pres./VP Stud.  
Learning  
Cal Erwin-Svoboda, Dir., Stud. Involvement/  
Conf. Center Svcs.  
Lisa Fortson, Asst. Dir., Financial Aid  
Sandy Frederick, Cosmetology Inst.  
Andy Fritz, Env. Sci. & Tech. Inst.

Shelby Fritz, Dir., Human Resources  
Michelle Ganyon, Cosmetology Inst.  
Lyman Gifford, Exec. Dir., Foundation  
Amy Hatfield, Guest  
Michelle Hillesland, Dean  
Janet Holm, Marketing/Outreach Coord.  
Elaine Holster, Librarian/Dept. Chair  
Angela Johnson, Mgr., Child Care Center  
Wendy Joseph, Dir., Financial Aid  
John Kaniss, Dir., Facilities Services  
Dean Kelly, Dir., Advising/Counseling  
Claire Korschinowski, Dean  
Kristen Martindale, English Inst.  
Mary McCune, Confidential Secy.  
Myra Morales, Student, ASG President  
Cindy Mowry, Dir, Enrollment Svcs.  
Jody Randall, CNISS Inst.  
Juanita Ricks, Dir., Admissions

Tanya Sorenson, Dean  
 Don Souza, CNISS Inst.  
 Cherie Steele, Exec. Asst. to the President  
 Michael Taylor, Dir., Info. Technology  
 Dr. Margie Tomsic, Exec. Dir., IR & Accred.

Jeffrey Turner, CNISS Inst.  
 Jane Wagers, Materials Mgmt. Inst.  
 Tiffany Windmeyer, Career Devel. Coord.  
 Lisa Wolcott, Dir., Budget & Finance

### **Adoption of the Agenda**

#### **MOTION:**

Motion to adopt the agenda as presented was made by Trustee Withrow, seconded by Trustee Lachney. Approved unanimously.

### **Approval of Minutes (Tab 1)**

#### **MOTION:**

Motion to approve the minutes of the Regular Board meeting of April 13, 2016, made by Trustee Withrow, seconded by Trustee Moss. Approved unanimously.

### **President's Report**

#### Executive Search Update

Vice President for Student Success (VPSS):

The search did not yield a viable candidate, and Juanita Ricks, currently Director of Admissions, will serve as Interim VPSS when Ted Broussard retires at the end of June.

Vice President for Strategic Development (VPSD):

Tawny Dotson has served as Interim VPSD for the last ten months. The position was opened for internal candidates. After applying and being interviewed, Ms. Dotson was appointed as the VPSD.

Dean of Student Learning:

Tanya Sorenson served as Interim Dean of Student Learning for last year, the position was opened, candidates were interviewed, and Ms. Sorenson was hired as Dean of Student Learning.

#### 2016 CPTC Commencement

Commencement will be held on Saturday, June 18, 2016, 2:30 p.m., at the Tacoma Dome. Dr. Gene Sharratt, Executive Director of Washington Student Achievement Council, will be the keynote speaker. All Trustees except Chair Martinez will attend.

#### Audit Update

The Audit Exit Conference will be held on May 26, 2016, 1:30 p.m., in Building 19, Room 107. Trustees have been invited.

#### 2016 Spring Quarter Enrollment

Enrollment at Washington two-year colleges is beginning to wane, partly due to the inverse correlation theory. CPTC's 10<sup>th</sup> day enrollment is on a slight incline – up 1.89% compared to the same time last year.

### Hayes Child Development Center Update

Dr. Howard recapped steps taken this year in an attempt to reduce the Child Development Center deficit, which included proposing a grant with the Children's Home Society, additional funding from ASG, and reducing staff. Mr. Broussard said the College will receive a decision on the grant by the end of May and will provide an update report in June.

### Miscellaneous

Prior to the Board meeting, Dr. Howard and the Vice Presidents provided Trustees with their recommendations on the merit of continuing with the Invista partnership. It is the Board's decision to continue the partnership or not.

The twin-engine plane that the College ordered has been shipped from Italy to Florida and is being painted to reflect CPTC's colors. When ready, our pilots will fly to Florida and bring the plane back to have it ready for fall quarter.

### Questions from Trustees:

- When ctcLink is no longer an issue with Invista, Trustee Lachney would like an updated report on Invista.
- Trustee Lachney asked that the State Audit Exit Report be sent to Trustees.
- Trustee Lachney requested a Retention Update, to include the process and numbers, at the June 8 Board meeting.

### **Other College Reports**

#### ASG Report (Tab 3)

Ms. Morales presented the attached report and invited Trustees to attend the Annual Student Awards Ceremony on June 8, 6-7:30 p.m., in the McGavick Center.

#### FY 2015-16 3<sup>rd</sup> Quarter Budget Report (Tab 4)

Ms. Wolcott reviewed the 3<sup>rd</sup> Quarter Budget Report. Questions and discussion followed.

#### Career Center Overview (Tab 5)

Ms. Windmeyer reported on the Career Center, the mission, and how it helps students and industry partners.

#### CPTC Dashboard Update (Tab 6)

Tableau is an interactive intelligence software that allows one to connect relational databases, spreadsheets, and cloud databases through queries to generate a variety of visual graphics that can be combined into dashboards and shared. The College intends to make meaningful data available to faculty, staff, and administrators to improve decision making used in recruitment, enrollment, retention, instruction, grant development, and budget decisions. Phase 1 kick-off is this week, design print to follow, the first dashboard in July, with at least two dashboards by August. Training will be available to faculty and staff.

### **Chair's Report**

Chair Martinez attended Dr. Howard's Farewell Reception where many kind words were spoken. Trustees Lachney and Martinez served on the search committee, stated that Dr. Howard was an amazing candidate who did exactly what the Board wanted him to do – look at the College with fresh eyes and take CPTC to the next level, he did, and the Board thanked him.

### **Board Reports and/or Remarks**

Trustee Pritchard remarked that she and Trustees Moss and Withrow attended the Washington State Association of College Trustees (ACT) Spring Convention. One presentation, "Safe-guarding College Campuses," was offered by administration and staff from Umpqua Community College. They shared steps taken immediately after the tragedy they experienced up to one year later and offered suggestions for protocol and intervention. Trustee Withrow learned that no college is ever ready for a tragedy and that there should be counselors prepared who work with traumatic situations.

### **Public Comments**

There were no public comments.

### **New Business**

No new business.

### **Executive Session**

At 5:34 p.m., Chair Martinez stated that, in accordance with RCW 42.30.110, the Board would recess to go into Executive Session for approximately 60 minutes for the purposes of reviewing, evaluating, and interviewing a faculty probationer for tenure award and reviewing the performance of a public employee.

Chair Martinez reconvened the Regular Meeting at 6:21 p.m. and asked if there were any action items as a result of Executive Session. There were actions as a result of the Executive Session.

### **MOTION:**

Trustee Lachney moved that the Board of Trustees, after having given reasonable consideration to the recommendations of the Tenure Review Committee and the President, grant tenure to Jeffrey Turner at Clover Park Technical College, seconded by Trustee Pritchard. No discussion. Approved unanimously.

### **MOTION:**

Trustee Withrow moved that the Board of Trustees appoint Vice President for Student Learning Dr. Joyce Loveday as Interim President of Clover Park Technical College, effective June 1, 2016; and,  
That the Board of Trustees delegate to the College administration the authority to negotiate a contract for employment as Interim President with Dr. Loveday, for a term not to exceed one calendar year, which shall be presented to the Board for approval at the June 2016 Board meeting; and  
That the Board's delegation of authority in WAC 495C-104-030 be transferred from Dr. Howard to Dr. Loveday, effective upon her assumption of the role of Interim President.  
Seconded by Trustee Lachney, approved unanimously.

**Next Meeting**

June 8, 2016, at the Lakewood Campus.

**Adjournment**

Chair Martinez adjourned the Regular Meeting at 6:23 p.m.

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**Dr. Lonnie L. Howard**  
**President**  
**College District Twenty-Nine**

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**Mark Martinez**  
**Chair, Board of Trustees**  
**College District Twenty-Nine**

# Associated Student Government Board of Trustees Report

June 2016

## Highlights

The cloudy weather aside, Springfest 2016 was a major success! 605 students, guests, and employees enjoyed club/department booths, fun activities and games, ice cream, and the photo booth! We attribute the successful event to the collaboration between student organizations, college departments, faculty, staff, and college administration.

## Increasing Student Advocacy

Student Council hosted a "Texting and Driving Campaign" after meeting a CPTC student who was in a car accident that involved a distracted driver, just after leaving campus one afternoon. This aligns with our Student Priorities Paper, Increasing Student Safety.

## Partnership Highlight

ASG approved \$1,200 towards a project to install a refrigerator and freezer for the Food Pantry. Beginning this summer, the Food Pantry will be relocated to the Student Leadership & Service Center (SLSC) to centralize support services supported by the Office of Student Involvement. Plans are being developed to expand services offered by the Food Pantry, which was originally started by Phi Theta Kappa over five years ago.

The Blue Light Emergency Phone Towers located on the Lakewood campus and call box located at the South Hill campus have all been installed and will soon be operational. This was a wonderful partnership between the ASG and college administration. Thank you to all who supported this worthwhile project. This connects to our Student Priorities Paper, Increasing Student Safety.

The Wear it Forward Program is aimed at distributing gowns, free of charge, to help CPTC students with the cost of participating in graduation. There are 100 gowns in a variety of sizes available to students on a first-come, first-served basis. Students can fill out an application for a rental gown in the SLSC, Building 23. At the conclusion of the ceremony on June 18, students may also donate their gowns to the program outside the Tacoma Dome entrance.

The 4th annual Student Awards Ceremony is scheduled for June 8, from 6:00-7:30 pm. This event celebrates those exemplifying academic excellence and community leadership. There will be appetizers, desserts, and a photo booth to enjoy. Board members are encouraged to drop in.

## Shared Governance

The newly appointed Student Council officers are as follows: Annie Mafi (President), Derek McFarland (Vice President), Francis Gachukia (Administrative), and Michael Clarke (Legislative). The Clubs & Organizations position was left vacant and will be filled during summer quarter. All students who were appointed to leadership positions participated in a new hire orientation on June 6. Summer training will begin on August 9 and run through September 23.

## By The Numbers

**100** Graduation gowns are available to CPTC students to check out during Graduation.

**605** People attended the 2016 Springfest celebration held on May 26.

**100** Reservations have been made to use the game room since early April.

## Upcoming Events

**Ian Dobson: Music Showcase**, June 9  
Building 23, 12:30-2:00 p.m.

**Car Smash**, June 10  
Building 23 Parking Lot, 10:30-12:30 p.m.

**Northwest Trek**, June 11  
Eatonville, 11:00 a.m.

**Elias Kauhane: Music Showcase**, June 16  
Building 23, 12:30-2:00 p.m.



## Washington State Auditor's Office

### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

**Clover Park Technical College**  
**July 1, 2013 through June 30, 2014**

Board of Trustees  
Clover Park Technical College  
Lakewood, Washington

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the Clover Park Technical College, Pierce County, Washington, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clover Park Technical College, as of June 30, 2014, and the changes in financial position and 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. They do not purport to, and do not, present fairly the financial position of the state of Washington as of June 30, 2014, 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**

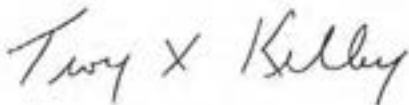
#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 May 26, 2016 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.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

May 26, 2016

TO: Ted Broussard, Vice President of Student Success  
 FROM: Services & Activities (S&A) Budget Committee  
 RE: Proposed 2016-2017 S&A Budget  
 DATE: Monday, March 21, 2016

The student budget committee has unanimously adopted the \$765,336 budget for the 2016-2017 fiscal year (FY) without an increase to the student fee. The proposed budget is based on revenue projection numbers provided by Lisa Wolcott during the budget development process. It is the understanding of the committee that approving this operating budget will ensure that the Associated Student Government and student funded programs can continue to contribute to the campus community and create a campus environment that is engaging, vibrant and actively involves students throughout their academic journey.

#### Considerations

- No new funding requests were received.
- No mid-year travel requests were allocated to student organizations during this budgeting process. Travel requests occurring November 1- June 30, 2017 will be heard by the student budget committee.
- Allocated \$2,760 + tax towards the purchase of two washer/dryers for Hayes Child Development Center from the Fund Balance of the Associated Students of Clover Park Technical College.
- Recommended that the Veterans Resource Center (VRC) and Hayes Child Development Center submit one-time funding requests to the student budget committee for consideration of a bulk purchase of honor cords (\$1,375) and two covered play areas (\$10,000 + tax).
- Did not fund general operational costs or a lending library program for the Veterans Resource Center because these items are considered an impermissible use of funds as noted in Article 3, Section 4 of the Financial Code of the Associated Students of Clover Park Technical College.

#### Decisions

- Approved the proposed \$765,336 operating budget for the 2016-17 FY without an increase to the student fee. This is an overall decrease of \$324 compared to the 2015-2015 FY.
- In accordance with the Financial Code of the Associated Students, the committee earmarked \$40,000 for student travel and/or supplemental mid-year requests.
- Allocated an additional \$20,000 to Hayes Child Development Center for their Tuition Discount and Emergency Assistance Programs. Department Staff will work with Hayes staff to develop process and program outcomes prior to any funds being expended. Student Council requests a program planning progress report prior to June 7, 2016.
- \$27,203 to support eight (8) student clubs; a \$9,333 increase compared to 2015-2016 FY.
- \$127,650 to support eight (8) institutional initiatives and support programs; a \$15,333 increase.
- \$171,383 to the Associated Student Government (ASG). \$11,517 decrease overall based on reductions to travel, NACA membership fee and Student Council goods/services.
- \$133,300 to the Peer Ambassadors who also manage the Student Leadership & Service Center (SLSC). \$7,700 decrease overall based on the reductions of the training budget, student salaries, newsletter printing and emergency bus pass program.
- \$230,330 to the Office of Student Involvement. \$5,728 increase to cover the proposed increase to employer costs for health care coverage, 1.89% COLA and increased costs of training series.
- \$26,500 to Communications and Marketing and \$9,000 to the Student Awards Ceremony. No change.

Please let me know how the committee or myself can assist through the duration of this approval process. I can be reached at Clover Park Technical College at [cal.erwin@cptc.edu](mailto:cal.erwin@cptc.edu) or by phone at (253) 589-5644.

### 2016-2017 S&A Budget

Program/Organization	16-17 Award
<b>Office of Student Involvement</b>	
Student Council	\$ 54,839.00
Campus Activities Board	\$ 116,544.00
Office of Student Involvement	\$ 230,300.00
Peer Ambassadors	\$ 133,300.00
Communications & Marketing	\$ 26,500.00
<b>Student Clubs &amp; Organizations</b>	
Automotive /CPTC Motorsports	\$ 1,940.00
Engineering Club	\$ 2,665.00
Club Cyber Techs	\$ 6,508.00
Nursing Club	\$ 3,005.00
Phi Theta Kappa Honor Society	\$ 4,475.00
Linux Open Source Club	\$ 2,000.00
Veterans Club	\$ 2,350.00
OOPS	\$ 4,260.00
<b>Institutional Support</b>	
College Opening Day	\$ 200.00
Graduation	\$ 12,000.00
Hayes Child Development Cntr	\$ 60,000.00
Diversity & International Fair	\$ 1,000.00
Career Center	\$ 1,100.00
Tutoring Center	\$ 48,500.00
Veterans Resource Center	\$ 1,850.00
College 101	\$ 3,000.00
<b>Auxiliary Programs</b>	
ASG Contingency	\$ 20,000.00
ASG Travel	\$ 20,000.00
Student Awards Ceremony	\$ 9,000.00
<b>Total</b>	<b>\$ 765,336.00</b>



4300 Stillmeadow Blvd SW, Tukwila, WA 98148-4001

**RESOLUTION 16-06-92**

**Extension of 2015-16 Operating Budget**

**WHEREAS**, the College's currently-approved operating budget expires on June 30, 2016; and

**WHEREAS**, the Legislature allocates the 2016-17 Operating Budget prior to June 30, 2016, but without sufficient time for the Board of Trustees to approve the Clover Park Technical College budget;

**NOW, THEREFORE, BE IT RESOLVED** the Board of Trustees hereby authorizes the College President to continue, until the Clover Park Technical College Board of Trustees has sufficient time to approve a budget, to receive revenues, make expenditures, and otherwise enter into transactions at a rate which overall does not exceed the rates of annual expenditures under the current 2015-16 budget.

**ADOPTED** by the Board of Trustees at its regular meeting June 8, 2016.

**Attested by:**

\_\_\_\_\_  
Dr. Joyce Loveday  
Interim President  
College District Twenty-Nine

\_\_\_\_\_  
Mark Martinez  
Chair, Board of Trustees  
College District Twenty-Nine



**COLLEGE DISTRICT TWENTY-NINE  
BOARD OF TRUSTEES**

**RESOLUTION 16-06-91  
Presidential Contract Amendment**

**WHEREAS**, the Presidential contract between the Board of Trustees and President Lonnie L. Howard requires an annual evaluation to be conducted; and

**WHEREAS**, an evaluation of President Howard was completed by the Board of Trustees in August of 2015;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Trustees of College District Twenty-Nine hereby authorizes the Board Chair to execute a change to the employment contract with the College President which continues the terms of his existing contract except with these changes:

- (1) The President's contract end date will change to July 1, 2016.
- (2) President Howard will not be paid in addition to his current salary for this extra day, as he will take vacation on July 1, 2016.
- (3) The College will provide health care benefits for President Howard and his dependent for the month of July 2016.

**June 8, 2016**

**Attested by:**

\_\_\_\_\_  
Dr. Joyce Loveday  
Interim President  
College District Twenty-Nine

\_\_\_\_\_  
Mark Martinez  
Chair, Board of Trustees  
College District Twenty-Nine



4700 Steilacoom Blvd SW - Lakewood, WA 98404-4004

**Board of Trustees Regular Meeting  
Rotunda, Building 3  
Wednesday, July 13, 2016  
Study Session Cancelled  
Regular Meeting: 4:00-5:05**

Agenda

<b>4:00</b>	<b>Call to Order, Flag Salute, Introductions</b> .....	Bruce Lachney	
	<b>Adoption of Agenda</b> .....	Bruce Lachney	
	<i>Action</i>		
	<b>Approval of the Regular Meeting Minutes of</b> .....	Bruce Lachney	<b>Tab 1</b>
	<b>June 8, 2016</b>		
	<i>Action</i>		
<b>4:05</b>	<b>President's Report</b> .....	Joyce Loveday	
	• Student Success Speaker		
	• Graduation Recap		
	• Open House		
	• Miscellaneous		
<b>4:20</b>	<b>Other College Reports or Highlights:</b>		
	• Retention Update .....	Dean Kelly/Tanya Sorenson	<b>Tab 2</b>
	• Hayes Child Devel. Center Update .....	Larry Clark/Juanita Ricks/Angela Johnson	
	• Budget Update .....	Larry Clark	
<b>4:40</b>	<b>Chair's Report</b> .....	Bruce Lachney	
	• 2016-17 Trustee Committee Assignments		<b>Tab 3</b>
<b>4:50</b>	<b>Board Reports and/or Remarks</b> .....	All	
	• PCCC Meeting (Mark Martinez)		
<b>4:55</b>	<b>Public Comments</b> .....	Bruce Lachney	
<b>5:00</b>	<b>New Business</b> .....	Bruce Lachney	
	• <b>New Tenure Track Faculty Introductions</b> .....	Claire Korschinowski	<b>Tab 4</b>
	Monique Trudnowski	Culinary Arts Instructor	2 <sup>nd</sup> Quarter
	Feng Yang	Mechatronics Instructor	3 <sup>rd</sup> Quarter

**5:05 Executive Session** ..... Bruce Lachney

The Board may hold an executive session for purposes allowed under the Open Public Meetings Act. Legal purposes include, to consider acquisition or sale of real estate; to review negotiations of publicly bid contracts; to receive and evaluate complaints or charges brought against a public officer or employee; to evaluate the qualifications of an applicant for public employment; to review the performance of a public employee; and to discuss with legal counsel matters relating to agency enforcement actions, litigation, or potential litigation. Before convening in executive session, the Board Chair will publicly announce the purpose for executive session and the time when the executive session is expected to conclude.

**5:05 Adjournment** ..... Bruce Lachney

*All Board meetings will be recorded.*





4200 Stillmeadow Blvd NW - Lakewood, WA 98404-4004

## Board of Trustees Meeting

Bldg. 3, Rotunda

Wednesday, June 8, 2016

### Minutes

**Call to Order:** Vice Chair Lachney called the Board of Trustees Regular Meeting for Clover Park Technical College (CPTC) to order on June 8, 2016, at 4:00 p.m.

**Board of Trustees Present:**

Bruce Lachney, Vice Chair

Mary Moss

Lua Pritchard

Wayne Withrow

**College Interim President:** Dr. Joyce Loveday

**Assistant Attorney General:** Justin Kjolseth

**Excused Absences:** Mark Martinez, Board Chair

**Other Attendees:**

Ted Broussard, VP, Student Success

Larry Clark, VP, Finance & Admin.

Mabel Edmonds, Int. VP, Student Learning

Lisa Beach, Dir., Security & Compliance

Rachael Butler, Student

Danny Copeland, C2E Grant Manager

Bev Dupuis, Computer Operator/Spt. Tech.

Cal Erwin-Svoboda, Dir., Stud. Involvement/  
Conf. Center Svcs.

Shelby Fritz, Dir., Human Resources

Brian Grossman, Dir., Security/Emerg. Mgmt.

Michelle Hillesland, Dean

Angela Johnson, Mgr., Child Care Center

Fiona Johnson, C2E Navigator

Wendy Joseph, Dir., Financial Aid

John Kaniss, Dir., Facilities Services

Dean Kelly, Dir., Advising/Counseling

Claire Korschinowski, Dean

Annie Mafi, Student, Incoming ASG President

Myra Morales, Student, ASG President

Cindy Mowry, Dir, Enrollment Svcs.

Juanita Ricks, Dir., Admissions

Tanya Sorenson, Dean

Cherie Steele, Exec. Asst. to the President

Michael Taylor, Dir., Info. Technology

Dr. Margie Tomsic, Exec. Dir., IR & Accred.

Tiffany Windmeyer, Career Devel. Coord.

Lisa Wolcott, Dir., Budget & Finance

Ron Wright, Coord. of Svcs., New Students

Feng Yang, Mechatronics Instructor

**Adoption of the Agenda**

**MOTION:**

Motion to adopt the agenda as presented was made by Trustee Withrow, seconded by Trustee Pritchard. Approved unanimously.

**Approval of Minutes (Tab 1)**

**MOTION:**

Motion to approve the minutes of the Regular Board meeting of May 18, 2016, made by Trustee Withrow, seconded by Trustee Pritchard. Approved unanimously.

## **President's Report**

### Student Success Speaker

Rachel Butler graduated from the Human Services Program in Winter 2016 and is currently working part-time at the Hayes Child Development Center. When returning to school, Ms. Butler chose CPTC because of the friendly staff, supportive faculty, and child care facility. Her future goal is to pursue a Bachelor's degree in Human Services and become a case manager to help others.

### Staff updates

Ted Broussard, VP for Student Success, is retiring as of June 30, 2016. Juanita Ricks, Director of Admissions, will serve as Interim VP for the Department for the next several months. Mr. Broussard commented that he had a good experience here and met great people and students. The best part was seeing the dramatic changes made in the lives of students.

Mabel Edmonds, Special Assistant to the President and VP for Student Learning, will serve as Interim VP for Student Learning.

### Veteran Honor Cord Ceremony

President Loveday attended the 3<sup>rd</sup> Annual Veterans Honor Cord Ceremony where 20 students crossed the stage and were presented the red/white/blue honor cord they will wear during the graduation ceremony. Congressman Derek Kilmer was the guest speaker.

### Retiree Luncheon

Trustee Moss and President Loveday attended the Annual Retiree Luncheon, which recognizes those who have contributed to CPTC's heritage of excellence in preparing students for tomorrow's workforce. Lunch was provided by the Culinary Arts Program, the program was led by the Foundation Executive Director, Lyman Gifford, and Ashley Duncan provided a student's perspective of her experiences at CPTC and how she has overcome obstacles.

### 2016 Graduation Update

CPTC's 2016 Graduation will be held on Saturday, June 18, 2:30 p.m., at the Tacoma Dome. Lunch will be available starting at noon, and it is recommended that Trustees arrive by 1 p.m.

### Miscellaneous

**Invista Performance Solutions:** At the May executive committee meeting, a motion was passed to distribute to the colleges a portion of the profits generated by the organization. CPTC has received a check for \$150,000 to be used in a manner yet to be determined by the college. This is the first distribution of profit by Invista, five years after its inception.

**Hayes Child Development Center:** In the budget deficit planning that has taken place this year with Hayes Child Development Center, one of the steps was to submit a grant application with the Children's Home Society. We are still awaiting word on the outcome of the application.

**New mission statement set by the Board – Educating Tomorrow's Workforce.** At the March 10 Board Retreat, Trustee Lachney led a process to refine the mission statement. It has been announced to the College community and well accepted. It will be in the 2016-17 Catalog.

## **Other College Reports**

### ASG Report (Tab 2)

Ms. Morales presented the attached report. She thanked trustees for all they do for the college and for the new mission statement and also introduced the incoming ASG President for 2016-17, Annie Mafi.

Vice Chair Lachney recognized Ms. Morales for her service to the College, keeping the Board apprised of student activities and ASG business, and serving on various College and ASG committees. Vice Chair Lachney presented Ms. Morales with a small token of appreciation from the Board and wished her well in the future.

### CPTC Audit Exit Report (Tab 3)

Mr. Clark noted that the Audit Exit Report had no findings and was a “clean” report. Trustee Pritchard thanked Finance and Administration for a job well done. Trustee Lachney has worked with many Boards and Councils over the years, this is the first audit he’s seen with zero findings, and he added his accolades.

### Security Update

Ms. Beach has been serving as the Director of Security for the past couple of years; however, this was only a portion of her job. She summarized emergency management procedures, drills, and training during that period.

Mr. Clark introduced Brian Grossman, Director for Security & Emergency Management, who is developing and integrating four plans:

- Occupant Emergency Plan (OEP)
- Emergency Operations Plan (EOP)
- Comprehensive Emergency Management Plan (CEMP)
- Continuity of Operations Plan (COOP)

Once all plans are developed and implemented, they will continue to be updated, trained, tested, and evaluated on a yearly basis. The planning process recognizes turnover of campus population and the need for continual training.

### Student Learning Report (Mechatronics, Attachment 1)

Ms. Korschinowski, Mr. Yang, Mr. Copeland, and Ms. Johnson reported on the Mechatronics Program. Trustee Withrow asked if partnering with Labor in the state had been considered. Ms. Korschinowski explained it was not part of this grant, but CPTC has been named as a subcontractor on a grant with the American Apprenticeship Institute through South Seattle Community College. CPTC’s deliverable is to evolve a branch of Mechatronics into a pre-apprenticeship program.

Trustee Lachney noted that grants run out, and there is need to have a continual flow of students. CPTC has developed partnerships with companies, there’s a possibility of being certified as trainers, and Mechatronics is a pathway to CPTC’s Bachelor of Applied Science in Operations Management.

Trustee Lachney questioned if facilities for the large equipment have been integrated into the Master Plan. Mr. Clark replied they have been.

### **Chair's Report**

No chair's report.

### **Board Reports and/or Remarks**

Trustee Moss commented that she enjoyed the Retiree Luncheon and learning how retirees see the College today. Many are happy to know that our focus is still about the students.

### **Public Comments**

No public comments.

### **New Business**

#### ASG Services and Activities Budget for 2016-17 (Tab 4)

#### **MOTION:**

Motion to approve the ASG Services and Activities Budget for 2016-17 was made by Trustee Withrow, and seconded by Trustee Pritchard. Motion was approved unanimously.

#### Resolution 16-06-92, Extension of 2015-16 Operating Budget (Tab 5)

#### **MOTION:**

Motion to approve Resolution 16-06-92, Extension of 2015-16 Operating Budget, was made by Trustee Withrow, and seconded by Trustee Pritchard. Motion was approved unanimously.

#### Election of Officers

#### **MOTION:**

Motion to elect Bruce Lachney to the position of Chair of the Board of Trustees for the term July 1, 2016, to June 30, 2017, was made by Trustee Withrow, and seconded by Trustee Pritchard. Motion was approved unanimously.

#### **MOTION:**

Motion to elect Lua Pritchard to the position of Vice Chair of the Board of Trustees for the term July 1, 2016, to June 30, 2017, was made by Trustee Moss, and seconded by Trustee Withrow. Motion was approved unanimously.

### **Executive Session**

At 5:02 p.m., Vice Chair Lachney stated that, in accordance with RCW 42.30.110, the Board would recess to go into Executive Session for approximately 30 minutes for the purpose of reviewing the performance of a public employee.

Vice Chair Lachney reconvened the Regular Meeting at 5:16 p.m. and asked if there were any action items as a result of Executive Session. There were actions as a result of the Executive Session.

#### **MOTION:**

Motion to approve Resolution 16-06-91 to Extend Dr. Lonnie L. Howard's Contract through July 1, 2016, was made by Trustee Pritchard, and seconded by Trustee Withrow. Motion was approved unanimously.

**MOTION:**

Motion to approve the proposed Contract for Dr. Joyce Loveday to serve as Interim President, from June 1, 2016, until May 31, 2017, at a salary of \$183,600, prorated, was made by Trustee Pritchard, and seconded by Trustee Moss. Motion was approved unanimously.

**Next Meeting**

July 13, 2016, at the Lakewood Campus. Please note change in location – Building 21, Room 108.

**Adjournment**

Vice Chair Lachney adjourned the Regular Meeting at 5:17 p.m.

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**Dr. Joyce Loveday**  
**Interim President**  
**College District Twenty-Nine**

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**Bruce Lachney**  
**Vice Chair, Board of Trustees**  
**College District Twenty-Nine**

Tab 2

## Retention Committee Update

July 13, 2016

Tanya Sorenson- Dean, Instruction  
Dean Kelly- Director, Advising/Counseling



## Retention Plan

Objective 1	Create plan to reduce stop-outs and decrease student attrition
Objective 2	Develop common language and definitions
Objective 3	Enhance data collection, access, usability, and analytics
Objective 4	Enhance early warning systems
Objective 5	Strengthen Advising and other support services
Objective 6	Mobilize ATD strategies to focus on teaching and learning

## Objective 1: Create plan to reduce stop-outs and decrease student attrition

- Strategies ●
  - Establish Retention Committee ●

Instructor	Student Success/IR
Tanya Sorenson	Dean Kelly
Bill Coyner	Ron Wright
Ken Meerdink	Tracey Songso

- Implement retention plan ●
- Communicate with stakeholders ●

● Met target (90-100%)   
 ○ Within acceptable range (80-89%)   
 ● Improvement needed (less than 80%)

## Objective 2: Develop common language and definitions

- Strategies ●
  - Adopt Noel-Levitz definitions ●
  - Communicate definitions to stakeholders ○

● Met target (90-100%)   
 ○ Within acceptable range (80-89%)   
 ● Improvement needed (Less than 80%)

### Objective 3: Enhance data collection, access, usability, and analytics

- Strategies ○
  - Establish common indicators ●
  - Analyze course success data ○

Programs	1st-4th Coast	Avg Class Size	Quarterly Enrollment	Annual Enrollment	Annual Student FTE	Annual Retention	Completion Rate	Employment Rate
Admission								
Student Success								

● Met target (90-100%)   ○ Within acceptable range (80-89%)   ● Improvement needed (less than 80%)

### Objective 4: Enhance early warning systems

- Strategies ○
  - Purchase early alert system ●
  - Pilot Phase 2 early alert system ○
  - Track, collect, and analyze data to identify most at-risk students ●

● Met target (90-100%)   ○ Within acceptable range (80-89%)   ● Improvement needed (less than 80%)



## Objective 5: Strengthen Advising and other support services

- Strategies 
  - Transition to a new advising model
  - Expand SALT for financial literacy
  - Enhance student ambassador program
  - Required College Success course

Met target (90-100%)     Within acceptable range (80-89%)     Improvement needed (less than 80%)

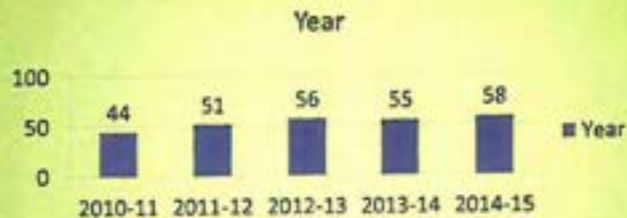
## Objective 6: Mobilize ATD strategies to focus on teaching and learning

- Strategies 
  - Create new adjunct training and orientation
  - Utilize CANVAS as an alert system
  - Expand ATD strategies in Math/English
  - Publicize and communicate strategies with faculty
  - Develop strategies to improve retention for populations with lower than average retention rates

Met target (90-100%)     Within acceptable range (80-89%)     Improvement needed (less than 80%)

## Baseline Data

- Retention (Fall to Fall)



- Persistence (Quarter to Quarter)
  - 75.7% Fall '15 to Winter '16
- Completion (6-year cohort)
  - Graduation rate (34%) Transfer rate (14%)

## Retention next steps

- Assess current efforts and make adjustments
- Analyze data to identify populations needing more supports
- Identify needed faculty/staff training to work more effectively with students
- Improve systems and student experience
- Communicate efforts broadly across campus



**Board of Trustees Committee Assignments  
2016-17**

**TACTC Board of Directors**

Bruce Lachney, Chair

**TACTC Legislative Steering Committee**

Lua Pritchard, Vice Chair

\_\_\_\_\_, Alternate

**Pierce County Coordinating Council (PCCC)**

Bruce Lachney, Chair

Lua Pritchard, Vice Chair

All members are welcome (non-voting)

**Foundation Board Liaison**

\_\_\_\_\_

**CEO Evaluation Committee**

Bruce Lachney, Chair

\_\_\_\_\_, Member

**Board Self-Assessment Committee**

\_\_\_\_\_

\_\_\_\_\_

**International Programs Liaison**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



TECHNICAL COLLEGE

4500 Stillacooms Blvd SW, Tukwila, WA 98148-1001

## **Monique Valenzuela Trudnowski Biography Culinary Arts Instructor**

Monique Valenzuela Trudnowski was born in El Paso, Texas, on the local military base. She traveled the world with her family until they settled in Pierce County.

As a teenager she began her restaurant service career over 20 years ago, bussing tables and washing dishes until she was promoted to server at a local restaurant. During her early years she transitioned to managing several Tacoma and Seattle restaurants until finally opening her own restaurant, the Adriatic Grill, with other partners in 2007.

As a restaurant owner, Monique has worked hard to build a successful business that serves incredible cuisine and provides outstanding customer service. She has a special mission that permeates her life – changing the lives of the people working there.

For this reason, as a co-owner of the Adriatic Grill, she has sought to give back to her industry and community. As a result of her work, Monique has won several awards including the "Face of Diversity Award" from the National Restaurant Association.

Whether directly supporting employees or students through an established CPTC Culinary Arts program scholarship that assists with tuition and books for low-income students, Monique has worked hard to support current and future generations of chefs, managers, and restauranteurs.

In addition to supporting students through scholarships, Monique has served as a mentor and coach for the Lakes High School Culinary Team, which participated in a statewide competition.

While an instructor, Monique continues her (22 years) experience as a restaurateur, extensive connections within the industry, and helping people as a corporate trainer. Monique seeks to use her knowledge and personal story to inspire others to work in one of the most exciting industries there is – an industry that provides millions of family-wage jobs across the country.



4500 Stillmeadow Blvd NW, Lakewood, WA 98499-3004

## **Feng Yang Biography Mechatronics Instructor**

Feng Yang received his Master of Engineering at Northern Arizona University (NAU) in 2005 and is currently the Mechatronics instructor at Clover Park Technical College. He was born in Jiaozuo, China. He moved to the United States when he was sixteen years old and attended St. John High School in Ashtabula, Ohio. After graduating, Feng continued his education in a small community college in California.

In 2004, Feng completed his bachelor's degree in Electrical Engineering at NAU. During his graduate studies, he worked on a research project on Martian Dust Devil Detection, sponsored by the U.S. Geological Survey in Flagstaff, Arizona. He has two publications, one titled "Automated Procedures for Detecting Martian Dust Devils," originally presented at the *Lunar and Planetary Science Conference*, and the other titled "Gaussian-Based Filters for Detecting Martian Dust Devils," presented at the *Southwest Symposium on Image Analysis and Interpretation Conference*.

Feng worked as a technology teacher at Alchesay High School in Whiteriver, Arizona. In 2008, he took a group of basketball players to China for a cultural exchange. He also worked as a math teacher at Douglas High School and as a mechatronics instructor at Cochise College in Sierra Vista, Arizona.

In August 2015, Feng joined Clover Park Technical College as a tenure-track Mechatronics instructor. His professional career outside of academia includes being a pilot for Wright Flight and a SAV (Sheriff Auxiliary Volunteer) at Pima County Sheriff's Department.

Between 2010 and 2015, Feng taught Chinese and computer every Sunday at Tucson Mandarin Christian Church. Outside of professional interests, Feng travels widely and enjoys the outdoors, hiking the Grand Canyon from the North Rim to the South Rim. He loves to fly and received his pilot's license in 2010.



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Interim President  
Dr. Joyce Loveday

Int. VP, Student Learning  
Mabel Edmonds

Int. VP, Student Success  
Juanita Ricks

VP, Finance and  
Administration  
Larry Clark

VP, Strategic Development  
Tawny Dotson

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Board of Trustees

Chair  
Bruce Lachney

Vice Chair  
Lua Pritchard

Trustees  
Mark Martinez  
Mary Moss  
Wayne Withrow

July 20, 2016

Dr. Sandra Elman  
NWCCU  
8060 165th Avenue N.E., Suite 100  
Redmond, WA 98052-3981

Dear Dr. Elman,

Subject: External Financial Audit of Clover Park Technical College

This letter is to verify that the Clover Park Technical College Board of Trustees requested that the college have an external audit performed. The audit began in November 2015, and the Exit Interview was conducted on May 26, 2016.

The audit manager, who provided the report, referred to it as a "clean" report and stated during the Exit Interview that it is "super rare for a college to have a clean audit."

The Board of Trustees has reviewed, accepted, and approved the external audit completed by the State Auditor's Office. Reflection of the Board's review is included in the minutes of the Regular Board Meeting dated June 8, 2016.

Sincerely,

Bruce Lachney  
Board Chair