

**Chippewa Valley Technical
College District**

Eau Claire, Wisconsin

**Financial Statements With
Supplementary Financial Information**

Years Ended June 30, 2017 and 2016

Chippewa Valley Technical College District

Financial Statements With Supplementary Financial Information

Years Ended June 30, 2017 and 2016

Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Net Position.....	12
Statements of Cash Flows.....	13
Notes to the Basic Financial Statements.....	15
Required Supplementary Information	
Schedule of Funding Progress.....	67
Schedule of Changes in the Employer's Total Pension Liability and Related Ratios – District Pension Plan (Supplemental Stipend).....	68
Schedules of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions – Wisconsin Retirement System	69
Supplementary Financial Information	
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	70
Special Revenue Aidable Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	71
Special Revenue Non-Aidable Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	72
Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	73
Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	74
Enterprise Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	75

Chippewa Valley Technical College District

Financial Statements With Supplementary Financial Information

Years Ended June 30, 2017 and 2016

Table of Contents (Continued)

Supplementary Financial Information (Continued)

Internal Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	76
Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to Basic Financial Statements.....	77
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 <i>Government Auditing Standards</i>	79
Independent Auditor’s Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance....	81
Schedule of Expenditures of Federal Awards.....	83
Notes to the Schedule of Expenditures of Federal Awards	86
Schedule of Expenditures of State Awards	88
Notes to the Schedule of Expenditures of State Awards.....	92
DHS Cost Reimbursement Award Schedule	95
Schedule of Findings and Questioned Costs.....	96
Schedule of Prior Year’s Findings and Questioned Costs.....	100



Independent Auditor's Report

District Board
Chippewa Valley Technical College District
Eau Claire, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Chippewa Valley Technical College District (the "District") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Chippewa Valley Technical College Foundation, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of Chippewa Valley Technical College District as of June 30, 2017 and 2016, and its changes in financial position and, where applicable, cash flows thereof, for the years then ended, in accordance with accounting principles generally accepted in the United States.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, schedule of funding progress, the schedules of employer's proportionate share of the net pension liability and employer contributions – Wisconsin Retirement System, and the schedule of changes in the employer's total pension liability and related ratios – District pension plan (supplemental stipend) 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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The budgetary comparison schedules listed in the table of contents as supplementary information, as required by the Wisconsin Technical College System Board, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and are not a required part of the basic financial statements. The accompanying DHS Cost Reimbursement Award Schedule is presented for purposes of additional analysis as required by the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the budgetary comparison schedules, the schedules of expenditures of federal and state awards, and the DHS cost reimbursement award schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017, on our consideration of the Chippewa Valley Technical College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 District's internal control over financial reporting and compliance.

/s/ Wipfli LLP

Wipfli LLP

November 17, 2017
Eau Claire, Wisconsin

Management's Discussion and Analysis

Chippewa Valley Technical College District

Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016

Introduction

Chippewa Valley Technical College District (CVTC, "College" or the "District") Management's Discussion and Analysis of its financial condition provides an overview of financial activity, identifies changes in financial positions, and assists the reader of these basic financial statements to focus on noteworthy financial issues for the years ended June 30, 2017 and 2016.

CVTC is a public institution of higher education whose mission is to deliver innovative and applied education that supports the workforce needs of the region, improves the lives of students, and adds value to the communities it serves. In order to accomplish this mission, it is crucial for CVTC to maintain its financial health for the long term. It is necessary to accumulate sufficient net position to ensure reserves are available to implement new programs and to expand existing programs as the need arises.

Management's discussion and analysis provides summary financial information to assist readers in understanding and interpreting the financial statements.

Statement of Net Position

The Statement of Net Position presents the financial position of the District at the end of the fiscal year and includes all assets (items that the District owns and amounts owed to the District by others), liabilities (what the District owes to others and what has been collected from others before we have provided the services) and deferred inflows and outflows as applicable. This statement is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service to the District regardless of when cash is exchanged.

The District adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68* and GASB Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. Net position as of July 1, 2016, was restated by \$539,461 due to the implementation of GASB Statement No. 73.

Total assets and deferred outflows decreased by \$7,844,838 in 2017 or 7.1% compared to an increase of \$11,970,884 or 12.1% in 2016. Cash decreased by approximately \$3.6 million.

The net decrease of \$7,844,838 is driven by a decrease in deferred outflows of resources related to pensions of \$6,159,577 related to changes in actuarial assumptions in calculating the District's share of the WRS net pension liability and net deferred outflows of resources related to pensions.

Total liabilities and deferred inflows decreased by \$7,932,290 or 16.2% from 2016. Current and long-term general obligation debt decreased \$3.8 million in 2017. Refer to Note 5 long-term debt for a breakdown of the general obligation debt changes. Deferred inflows of resources related to pensions decreased \$1,998,334 and the net pension liability – WRS decreased \$1,845,816 related to changes in actuarial assumptions in calculating the District’s share of the WRS net pension liability and deferred inflows of resources.

Net Position for 2017 increased \$87,452 or 0.1% from 2016 to \$61,891,943. The majority of the increase was due to a \$1.8 million decrease in the District’s net pension liability related to WRS.

Statement of Net Position

	2017	2016	2015	Increase (Decrease) 2017-2016		Increase (Decrease) 2016-2015	
Assets and deferred outflows:							
Cash and restricted cash and equivalents	\$ 13,524,861	\$ 17,148,158	\$ 16,185,326	\$ (3,623,297)	(21.1%)	\$ 962,832	5.9%
Net capital assets	64,869,638	62,824,701	61,694,539	2,044,937	3.3%	1,130,162	1.8%
Other assets	11,470,575	11,577,476	16,450,648	(106,901)	(0.9%)	(4,873,172)	(29.6%)
Deferred outflows of resources	13,192,947	19,352,524	4,601,462	(6,159,577)	(31.8%)	14,751,062	320.6%
Total assets and deferred outflows	\$ 103,058,021	\$ 110,902,859	\$ 98,931,975	\$ (7,844,838)	(7.1%)	\$ 11,970,884	12.1%
Liabilities and deferred inflows:							
Current liabilities	\$ 13,678,967	\$ 13,647,116	\$ 12,552,466	\$ 31,851	0.2%	\$ 1,094,650	8.7%
Noncurrent liabilities	21,639,466	27,605,273	21,414,278	(5,965,807)	(21.6%)	6,190,995	28.9%
Deferred inflows of resources	5,847,645	7,845,979	103,143	(1,998,334)	(25.5%)	7,742,836	7506.9%
Total liabilities and deferred inflows	\$ 41,166,078	\$ 49,098,368	\$ 34,069,887	\$ (7,932,290)	(16.2%)	\$ 15,028,481	44.1%
Net position:							
Net investment in capital assets	\$ 42,866,807	\$ 42,024,734	\$ 40,483,084	\$ 842,073	2.0%	\$ 1,541,650	3.8%
Restricted for debt service	466,703	487,211	587,556	(20,508)	(4.2%)	(100,345)	(17.1%)
Restricted for net pension asset	-	-	5,502,797	-	0.0%	(5,502,797)	(100.0%)
Unrestricted	18,558,433	19,292,546	18,288,651	(734,113)	(3.8%)	1,003,895	5.5%
Total net position	\$ 61,891,943	\$ 61,804,491	\$ 64,862,088	\$ 87,452	0.1%	\$ (3,057,597)	(4.7%)

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the results of operating and non-operating activities for the fiscal year. The District receives the majority of its revenues from the taxpayers and other governmental entities, thus the District will always report an operating deficit or loss. The utilization of capital assets is reflected in the basic financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Total operating revenues are the charges for services offered by the college. During 2017, the District generated \$37,139,235 of operating revenue, a 4.1% increase from 2016. Federal and State grant revenue increased by \$213,942 in 2017 from 2016 due to additional funding in federal grants related to workforce training. Tuition and fees revenues increased \$710,523, or 6.1%, due to an increase in enrollment.

Operating expenses are costs related to offering the programs of the District. During 2017, total operating expenses were \$81,020,647, a decrease of \$165,339 or 0.2% from 2016. Of the decrease, \$575,693 was for student services costs. Expenses are categorized by functional groupings with approximately 56% of the total related to direct instruction and instructional resources. Refer to Note 10 in the financial statements for a detailed breakdown of the operating expenses.

Non-operating revenue and expenses are items not related directly to providing instruction. Total non-operating revenues and expenses increased overall by \$962,980 or 2.3% to \$43,429,403 for the year. Property taxes and state operating appropriations provided additional revenue of \$939,028 compared to prior year due to an increase in equalized value tax base but also an increase in student enrollment.

Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30,

	2017	2016	2015	Net Position Increase (Decrease) 2017-2016		Net Position Increase (Decrease) 2016-2015		
Operating revenues:								
Tuition and fees	\$ 12,330,081	\$ 11,619,558	\$ 12,541,589	\$ 710,523	6.1%	\$ (922,031)	(7.4%)	
State and federal grants	19,654,961	19,441,019	15,740,118	213,942	1.1%	3,700,901	23.5%	
Contract revenue	824,404	692,781	668,231	131,623	19.0%	24,550	3.7%	
Auxiliary revenue	3,317,431	2,926,820	2,620,402	390,611	13.3%	306,418	11.7%	
Other operating revenues	1,012,358	981,788	868,617	30,570	3.1%	113,171	13.0%	
Total operating revenues	\$ 37,139,235	\$ 35,661,966	\$ 32,438,957	\$ 1,477,269	4.1%	\$ 3,223,009	9.9%	
Operating expenses:								
Instruction	\$ 44,684,117	\$ 44,378,476	\$ 39,837,082	\$ 305,641	0.7%	\$ 4,541,394	11.4%	
Instructional resources	708,385	568,230	511,985	140,155	24.7%	56,245	11.0%	
Student services	5,737,576	6,313,269	6,167,620	(575,693)	(9.1%)	145,649	2.4%	
General institutional	11,508,081	11,914,949	10,697,070	(406,868)	(3.4%)	1,217,879	11.4%	
Physical plant	4,425,996	4,516,990	3,546,049	(90,994)	(2.0%)	970,941	27.4%	
Auxiliary services	3,363,288	3,246,778	2,552,953	116,510	3.6%	693,825	27.2%	
Depreciation	5,999,159	5,343,101	5,236,483	656,058	12.3%	106,618	2.0%	
Student aid	4,594,045	4,904,193	5,764,509	(310,148)	(6.3%)	(860,316)	(14.9%)	
Total operating expenses	\$ 81,020,647	\$ 81,185,986	\$ 74,313,751	\$ (165,339)	(0.2%)	\$ 6,872,235	9.2%	
Nonoperating revenue (expenses):								
Property taxes	\$ 19,866,540	\$ 19,318,977	\$ 18,813,224	\$ 547,563	2.8%	\$ 505,753	2.7%	
State operating appropriations	23,655,359	23,263,894	23,842,709	391,465	1.7%	(578,815)	(2.4%)	
Other nonoperating revenues	374,042	417,955	3,546,432	(43,913)	(10.5%)	(3,128,477)	(88.2%)	
Investment income earned	81,898	121,793	199,658	(39,895)	(32.8%)	(77,865)	(39.0%)	
Interest expense	(548,436)	(656,196)	(748,354)	107,760	(16.4%)	92,158	(12.3%)	
Total nonoperating revenue (expense)	\$ 43,429,403	\$ 42,466,423	\$ 45,653,669	\$ 962,980	2.3%	\$ (3,187,246)	(7.0%)	
Net increase (decrease) in position	\$ (452,009)	\$ (3,057,597)	\$ 3,778,875	\$ 2,605,588	(85.2%)	\$ (6,836,472)	(180.9%)	
Net position:								
Beginning of year	61,804,491	64,862,088	51,106,658	(3,057,597)				
Change in accounting principle	539,461	-	9,976,555	539,461				
End of year	\$ 61,891,943	\$ 61,804,491	\$ 64,862,088	\$ 87,452				

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital, financing, and investing activities. This statement is important in evaluating the District's ability to meet financial obligations as they mature.

Statement of Cash Flows (Continued)

The following schedule shows the major components of the Statement of Cash Flows:

		Statement of Cash Flows For the Years Ended June 30			Increase (Decrease)		Increase (Decrease)	
		2017	2016	2015	2017-2016		2016-2015	
Cash provided by (used in):								
Operating activities		\$ (35,280,052)	\$ (36,462,986)	\$ (37,020,754)	\$ 1,182,934	(3.2%)	\$ 557,768	(1.5%)
Noncapital financing activities		43,604,138	42,264,375	48,420,725	1,339,763	3.2%	(6,156,350)	(12.7%)
Capital and related financing activities		(12,029,282)	(4,960,350)	(3,837,951)	(7,068,932)	142.5%	(1,122,399)	29.2%
Investing activities		81,898	121,793	199,658	(39,895)	(32.8%)	(77,865)	(39.0%)
<hr/>								
Net increase (decrease) in cash and cash equivalents		\$ (3,623,298)	\$ 962,832	\$ 7,761,678	\$ (4,586,130)		\$ (6,798,846)	

Cash used in operating activities decreased by \$1.2 million compared to 2016. The largest component is payments to employees for salaries. \$49,754,352 was paid in 2017 which was an increase from 2016 of \$1,108,301 or 2.3%.

Noncapital financing sources increased by \$1,339,763 or 3.2% in 2017 from 2016. All property taxes and state aid received, \$43,604,138, are categorized as cash flows from noncapital financing activities. Overall property taxes increased by \$948,298 or 5.0% this year.

The cash used in capital and related financing activities is primarily for purchases of capital assets and capital related debt activity (debt proceeds and principal and interest payments). The increase of \$7,068,932 from prior year comprises of fewer new financing in 2017 as compared to 2016, as well as, private donations supporting the remodeling and instructional capital equipment purchases during 2016.

Capital Asset and Debt Activities

The District's net capital assets increased by \$2,044,937 to \$64,869,638 as of June 30, 2017, with investments in upgrading a variety of programs' instructional equipment and technology infrastructure. Additional information on the District's capital assets can be found in Note 3.

For 2017, the District had total general obligation promissory notes outstanding of \$23,145,000 compared to \$26,955,000 as of June 30, 2016. Outstanding general obligation bond issues maintain a Moody's Investors Service Aa1 rating, and the District has continued to meet all of its debt service requirements. General obligation promissory notes are repaid in as few as one year and as long as eight years depending upon the underlying assets and other debt management criteria. The current debt adequately replaces and expands the equipment and facility needs of the District. Additional information on the District's noncurrent liabilities can be found in Note 5.

Capital Asset and Debt Activities (Continued)

The District participates in the Wisconsin Retirement System (WRS), and the Basic Financial Statements include a proportionate share of the assets, liabilities, deferred inflows and outflows, and an increase or decrease in pension expense related to WRS actuarial projections for calendar years ended December 31, 2017 and 2016.

The following table summarizes financial impacts related to adoption of GASB Statement No. 68. For more information, see Note 7 and the Schedules of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions – Wisconsin Retirement System.

Impact of GASB No. 68 on the Basic Financial Statements Years Ended June 30, 2017 and 2016

	2017	2016
Deferred outflows related to pensions	\$ 12,971,125	\$ 19,352,524
Assets and deferred outflows	12,971,125	19,352,524
Net pension liability - WRS	1,841,556	3,687,372
Deferred inflows related to pensions	5,847,645	7,845,979
Liabilities and deferred inflows	7,689,201	11,533,351
Impact on total net position	5,281,924	7,819,173
Impact on pension expense	2,537,249	2,285,086
Increase (decrease) in net position, excluding GASB No. 68 pension expense	2,085,240	(772,511)
Increase (decrease) in net position	\$ (452,009)	\$ (3,057,597)
District proportion of the net WRS pension	0.22342502%	0.22691790%
Plan fiduciary net position as a percentage of the total WRS pension liability	99.12%	98.20%

Financial Position

CVTC's net position decreased during the year ended June 30, 2017, by \$452,009. \$2.54 million of the decrease is due to the declining position in the WRS net pension liability. In spite of operating results in 2017, CVTC continues to maintain a strong financial position with adequate operating reserves within board policy guidelines.

Financial Position (Continued)

The District has diversified sources of revenues consisting of property taxes, state aid, student fees, federal and state grants, and other sources to meet the expenses of the District. The District uses property tax levy to repay its debt and manages capital assets on replacement or refresh cycle when the assets' useful lives have expired allowing the District the use of current technology and well-maintained facilities.

Moody's Investor Service confirms the healthy financial condition of the District in the most recent analysis of the District's financial condition:

"The Aa1 rating reflects the district's sizable tax base in northwestern Wisconsin (Aa2 positive); sound financial operations characterized by healthy reserves despite recent planned General Fund draws; manageable debt profile; and minimal exposure to unfunded pension liabilities."

Western Wisconsin's economy continues to grow at a moderate pace. Employment in the District continues to improve in 2016, and employers have difficulty filling openings for skilled positions. The 11 counties within the District have slightly lower unemployment rates than the state average of 3% and the United States average of 4.1% as reported in October 2017 (Wisconsin Department of Workforce Development). Ten of CVTC's 11 counties are in the top 50% of those with lowest unemployment rates.

Property values in the District's 11 counties increased 3.8% in October 2016 from October 2015. This is the fifth consecutive year following four years of declines in property values. Taxable equalized valuations now exceed \$23.6 billion, a record level.

The District experienced a student enrollment increase of 3.74% in fiscal year 2017 compared to the previous six years of enrollment declines. Recent major student success initiatives include recruiting the high school populations in the District and also adding winter term to reduce the time between semesters. The District continues to pursue these initiatives along with persistence and completion approaches in fiscal year 2018 to increase enrollment.

CVTC has persevered in the face of significant challenges over its 100-year history. The College remains committed to being a strong community partner, to focusing on student success, and to constantly align programs with business and industry needs.

Request for Information

This financial report is designed to provide a general overview of Chippewa Valley Technical College finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Director of Finance and Budgeting, Chippewa Valley Technical College, 620 W. Clairemont Avenue, Eau Claire, WI 54701.

Basic Financial Statements

Chippewa Valley Technical College District

Statements of Net Position

June 30, 2017 and 2016

<i>Assets and Deferred Outflows of Resources</i>	Primary Government		Component Unit	
	2017	2016	2017	2016
Current assets:				
Cash and cash equivalents	\$ 11,579,340	\$ 10,422,293	\$ 473,247	\$ 462,504
Accounts receivable	1,653,619	922,474	-	-
Property taxes receivable	6,561,567	6,643,806	-	-
Federal and state aid receivable	1,773,687	2,782,931	-	-
Program and material fees receivable	1,006,181	719,212	-	-
Fee arrangements receivable	136,890	136,696	-	-
Unconditional promises to give	-	-	20,000	22,500
Inventories	84,781	88,058	-	-
Prepaid items	230,000	246,433	-	-
Total current assets	23,026,065	21,961,903	493,247	485,004
Noncurrent assets:				
Restricted cash and cash equivalents	1,945,520	6,725,865	-	-
Investments	-	-	3,132,859	2,806,476
Unconditional promises to give	-	-	20,000	40,000
Net OPEB asset	23,851	37,866	-	-
Capital assets, not being depreciated	2,780,797	2,788,687	228,000	228,000
Capital assets, being depreciated	132,610,664	125,497,291	1,928,923	1,928,923
Less accumulated depreciation	(70,521,823)	(65,461,277)	(622,736)	(570,081)
Total noncurrent assets	66,839,009	69,588,432	4,687,046	4,433,318
Total assets	89,865,074	91,550,335	5,180,293	4,918,322
Deferred outflows of resources:				
Related to pensions - WRS	12,971,125	19,352,524	-	-
Related to pensions - District pension plan	221,822	-	-	-
Total deferred outflows of resources	13,192,947	19,352,524	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 103,058,021	\$ 110,902,859	\$ 5,180,293	\$ 4,918,322

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	<u>Primary Government</u>		<u>Component Unit</u>	
	2017	2016	2017	2016
Liabilities:				
Current liabilities:				
Accounts payable	\$ 2,167,029	\$ 2,212,535	\$ 4,765	\$ 81,614
Accrued payroll	2,507,092	3,286,288	-	-
Accrued compensated absences	389,017	421,627	-	-
Accrued interest	105,732	125,872	-	-
Unearned program and material fees	971,947	582,436	-	-
Due to student organizations	1,413,150	923,358	-	-
Current portion of long-term obligations	6,125,000	6,095,000	84,153	114,607
Total current liabilities	13,678,967	13,647,116	88,918	196,221
Noncurrent liabilities:				
General obligation promissory notes	17,020,000	20,860,000	231,492	364,757
Net pension obligation	-	3,057,901	-	-
Total pension liability - District pension plan	2,777,910	-	-	-
Net pension liability - WRS	1,841,556	3,687,372	-	-
Total noncurrent liabilities	21,639,466	27,605,273	231,492	364,757
Total liabilities	35,318,433	41,252,389	320,410	560,978
Deferred inflows of resources:				
Related to pensions - WRS	5,847,645	7,845,979	-	-
Net position:				
Net investment in capital assets	42,866,807	42,024,734	-	-
Restricted - Nonexpendable	-	-	1,014,888	880,376
Restricted for:				
Debt service	466,703	487,211	-	-
Scholarships and other activities	-	-	1,733,333	1,640,465
Unrestricted	18,558,433	19,292,546	2,111,662	1,836,503
Total net position	61,891,943	61,804,491	4,859,883	4,357,344
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 103,058,021	\$ 110,902,859	\$ 5,180,293	\$ 4,918,322

Chippewa Valley Technical College District

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2017 and 2016

	Primary Government		Component Unit	
	2017	2016	2017	2016
Operating revenues:				
Tuition and fees:				
Program fees, net of scholarship allowances of \$2,726,188 and \$2,714,718	\$ 10,844,161	\$ 10,298,439	\$ -	\$ -
Material fees, net of scholarship allowances of \$165,030 and \$164,364	655,811	614,843	-	-
Other student fees, net of scholarship allowances of \$148,011 and \$131,251	830,109	706,276	-	-
Federal grants	16,999,445	16,809,886	-	-
State grants	2,655,516	2,631,133	-	-
Business and industry contract revenue	824,404	692,781	-	-
Auxiliary	3,317,431	2,926,820	-	-
Other operating revenues	1,012,358	981,788	1,141,975	1,060,113
Total operating revenues	37,139,235	35,661,966	1,141,975	1,060,113
Operating expenses:				
Instruction	44,684,117	44,378,476	-	-
Instructional resources	708,385	568,230	-	-
Student services	5,737,576	6,313,269	-	-
General institutional	11,508,081	11,914,949	903,847	856,215
Physical plant	4,425,996	4,516,990	-	-
Auxiliary services	3,363,288	3,246,778	-	-
Depreciation	5,999,159	5,343,101	52,656	52,656
Student aid	4,594,045	4,904,193	-	-
Total operating expenses	81,020,647	81,185,986	956,503	908,871
Operating income (loss)	(43,881,412)	(45,524,020)	185,472	151,242
Nonoperating revenues (expenses):				
Property taxes	19,866,540	19,318,977	-	-
State operating appropriations	23,655,359	23,263,894	-	-
Other nonoperating revenues	374,042	417,955	-	-
Investment income earned	81,898	121,793	329,382	65,930
Interest expense	(548,436)	(656,196)	(12,315)	(15,359)
Total nonoperating revenues (expenses)	43,429,403	42,466,423	317,067	50,571
Increase (decrease) in net position	(452,009)	(3,057,597)	502,539	201,813
Net position - Beginning of year, as previously reported	61,804,491	61,083,213	4,357,344	4,155,531
Cumulative effect of change in accounting principle	539,461	-	-	-
Net position - Beginning of year, as restated	62,343,952	64,862,088	4,357,344	4,155,531
Net position - End of year	\$ 61,891,943	\$ 61,804,491	\$ 4,859,883	\$ 4,357,344

See accompanying notes to the basic financial statements.

Chippewa Valley Technical College District

Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Tuition and fees received	\$ 12,432,429	\$ 12,035,862
Federal and state grants received	20,664,205	19,023,985
Business and industry contract revenues received	93,259	622,493
Payments to employees	(49,754,352)	(48,646,051)
Payments to suppliers	(23,045,382)	(23,407,883)
Auxiliary enterprise revenues received	3,317,431	2,926,820
Other receipts	1,012,358	981,788
Net cash used in operating activities	(35,280,052)	(36,462,986)
Cash flows from noncapital financing activities:		
Local property taxes received	19,948,779	19,000,481
State appropriations received	23,655,359	23,263,894
Net cash provided by noncapital financing activities	43,604,138	42,264,375
Cash flows from capital and related financing activities:		
Purchases of capital assets	(8,024,748)	(7,375,104)
Other non-operating revenues	374,042	417,955
Proceeds from issuance of capital debt	2,500,000	9,000,000
Principal paid on capital debt	(6,310,000)	(6,345,000)
Interest paid on capital debt	(524,326)	(573,651)
Debt issuance costs	(44,250)	(84,550)
Net cash used in capital and related financing activities	(12,029,282)	(4,960,350)
Cash flows from investing activities:		
Investment income received	81,898	121,793
Net increase (decrease) in cash and cash equivalents	(3,623,298)	962,832
Cash and cash equivalents - Beginning of year	17,148,158	16,185,326
Cash and cash equivalents - End of year	\$ 13,524,860	\$ 17,148,158

Chippewa Valley Technical College District

Statements of Cash Flows (Continued)

Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 11,579,340	\$ 10,422,293
Restricted cash and cash equivalents	1,945,520	6,725,865
Total	\$ 13,524,860	\$ 17,148,158
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (43,881,412)	\$ (45,524,020)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,999,159	5,343,101
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	(731,145)	(70,288)
Federal and state grant receivable	1,009,244	(417,034)
Program and material fees receivable	(286,969)	(43,589)
Fee arrangements receivable	(194)	(29,687)
Inventories	3,277	4,874
Prepaid items	16,433	(31,507)
Accounts payable	(64,854)	614,362
Accrued payroll	(779,196)	665,894
Unearned program and material fees	389,511	489,580
Accrued compensated absences	(32,610)	8,190
Due to student organizations	489,792	(49,530)
Net pension obligation	-	118,623
Total pension liability - District pension plan	100,160	-
Net pension asset - WRS	-	5,605,940
Net pension liability - WRS	(1,845,816)	3,687,372
Deferred outflows related to pension benefit - WRS	6,381,399	(14,751,062)
Deferred outflows related to pension benefit - District pension plan	(62,512)	-
Deferred inflows related to pension benefit	(1,998,334)	7,742,836
Net OPEB asset	14,015	172,959
Net cash used in operating activities	\$ (35,280,052)	\$ (36,462,986)
Noncash capital and related financing activities:		
Purchases of capital assets in accounts payable	\$ 502,767	\$ 483,419

See accompanying notes to the basic financial statements.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Reporting Entity

Chippewa Valley Technical College District (the "District") is organized under state legislation enacted in 1911 establishing vocational, technical, and adult education. The goals of the District are to train people for employment in a system flexible enough to permit adjustment to meet the needs of the community, with programs offered on a part-time, full-time, day, and evening basis.

The geographic area of the District is comprised of all or part of 11 counties in west central Wisconsin. There are 204 municipalities with an estimated population of over 305,000 and 34 public school districts within the District's boundaries. The District contains 5,500 square miles and operates campuses in four cities: Chippewa Falls, Eau Claire, Menomonie, and River Falls. The Eau Claire educational complex includes the Clairemont Campus Business Education Center and Health Education Center; the West Campus Emergency Service Education Center, Energy Education Center, and Transportation Education Center; and the Gateway Campus Manufacturing Education Center. In addition, educational offerings are also provided at approximately 33 locations throughout the District.

The governing body of the District is the District Board, which consists of nine members. The members are appointed to staggered three-year terms by 11 county board chairpersons (one from each county served by the District), who meet once a year to appoint members to the three open seats. The District Board membership includes two employers, two employees, three additional members, one school district administrator, and one elected official who hold a state or local office. The District Board powers are established under the provisions of Chapter 38 of the Wisconsin Statutes and include:

- Authority to borrow money and levy taxes.
- Budgetary authority.
- Authority over other fiscal and general management of the District, which includes, but is not limited to, the authority to execute contracts, to exercise control over facilities and properties, to determine the outcome or disposition of matters affecting the recipients of the services being provided, and to approve the hiring or retention of key management personnel who implement Board policy and directives.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Reporting Entity (Continued)

The District offers 82 one- or two-year degree programs and 27 technical training certificates. In addition, the District offers various advanced technical programs, basic skills education, and adult continuing education. Professional customized training and technical assistance is provided to the District's businesses.

The accounting policies of the District conform to accounting principles generally accepted in the United States (GAAP) as applicable to public colleges and universities, as well as those prescribed by the Wisconsin Technical College System (WTCS). The District reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

The accompanying financial statements present the activities of the Chippewa Valley Technical College District. Accounting principles generally accepted in the United States require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements.

Chippewa Valley Technical College Foundation, Inc. ("Foundation") is a not-for-profit corporation whose purpose is to solicit, hold, manage, invest, and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of the District and its students. Since the Foundation's resources are almost entirely for the benefit of the District and its students, the Foundation has a history of supporting the District with its economic resources, and the financial resources of the Foundation are significant to the District as a whole, the Foundation is presented as a discretely presented component unit of the District.

Separately issued financial statements of the Foundation may be obtained from the Foundation administration office.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

New Accounting Pronouncement

Management adopted new accounting guidance GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68* and GASB Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73.*

GASB Statement No. 73 extends the approach to accounting and financial reporting established in GASB Statement No. 68 to the District's Pension Plan that is not administered through a trust fund. See Note 15 for the restatement of beginning net position.

GASB Statement No. 82 clarifies certain issues that have been raised on financial accounting and reported of pension plans and did not result in a restatement of beginning net position.

Measurement Focus and Basis of Accounting

The District financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Operating revenues and expenses generally include all fiscal transactions directly related to instructional and auxiliary activities plus administration, operations, and maintenance of capital assets and depreciation of capital assets. Included in non-operating revenues are property taxes, state appropriations, investment income, and revenues for capital construction projects. Interest on debt is a non-operating expense.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Budgets and Budgetary Accounting

The District follows the procedures listed below in adopting the annual budgets for all governmental fund types that are legally required and are reflected in the financial statements.

- a. Public hearings are conducted on the proposed budget prior to District Board approval.
- b. Prior to July 1, the budget is legally enacted through approval by the District Board.
- c. The District Board establishes the District's tax levy based on the adopted budget. Property taxes are then levied on the various taxing municipalities. The District records as revenue its share of the local tax in the year levied that is considered available during its fiscal year to finance its operations.
- d. Budget amendments during the year are legally authorized. According to Wisconsin Statutes, budget transfers (between funds and functional areas within funds) and changes in budgeted expenditures (appropriations) require approval by a vote of two-thirds of the entire membership of the District's Board and require publishing a Class 1 public notice in the District's official newspaper within 10 days. Management exercises control over budgeted expenditures by fund and function. Expenditures may not legally exceed funds available or appropriated unless authorized by a resolution adopted by a vote of two-thirds of the District Board. Unused appropriations lapse at the end of each fiscal year.
- e. Formal budgetary integration is employed as a planning device for all funds. The District adopts an annual operating budget that is prepared on a different basis from the basic financial statements, which are prepared in accordance with GAAP. The budget differs from GAAP by recognizing encumbrances as expenditures. Also, the budget does not incorporate changes related to other GASB statements.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Use of Estimates

In preparing basic financial statements in conformity with GAAP, the District is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

State Statutes permit the District to invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations of Wisconsin municipal entities, high-grade commercial paper that matures in less than seven years, and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

Investments

All investments are reported at fair market value, except for the investment in the Local Government Investment Pool, which is reported on the amortized cost basis. Investment income includes changes in fair value of investments, interest, and realized gains and losses.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Receivables and Credit Policies

Accounts receivable and program and material fees receivable are stated at amounts due from students net of an allowance for doubtful accounts. Amounts outstanding longer than the agreed-upon payment terms are considered past due. The District determines its allowance for doubtful accounts by considering a number of factors, including length of time amounts are past due, the District's previous loss history, and the student's ability to pay his or her obligation. Accounts receivable and program and material fees receivable are stated at amounts due from students net of an allowance for doubtful accounts of \$429,000 at June 30, 2017, and \$436,000 at June 30, 2016. The District writes off receivables when they become uncollectible. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

Prepays

Prepaid balances are for payments made by the District for which benefits extend beyond June 30.

Inventories

Inventories are stated at the lower of cost or market; cost is determined primarily by the first-in, first-out (FIFO) method. Instructional and administrative inventories are accounted for as expenses when purchased.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value at the time of receipt. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets useful life are not capitalized.

Equipment assets having a cost of \$5,000 or more per unit and building or remodeling projects of \$15,000 or more are capitalized. Depreciation on buildings and equipment is provided in amounts sufficient to relate the cost of the depreciable assets to operations on the straight-line basis over the estimated service lives, which range from 3 to 7 years for equipment, 15 years for site improvements, 20 years for remodeling, and 40 years for buildings.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the District reports deferred outflows of resources related to the District pension plan and the Wisconsin Retirement System (WRS). The deferred outflows of resources related to the District pension plan represent contributions to the pension plan subsequent to the measurement date of the total pension liability. The deferred outflows of resources related to the WRS represent its proportionate shares of collective deferred outflows of resources related to pension and District contributions to pension plan subsequent to the measurement date of the collective net pension liability (asset).

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has only one type of item that qualifies for reporting in its category. The District reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions.

Property Taxes

The District Board's allowable tax levy increase, under Section 38.16 of the Wisconsin Statutes, is based on the total revenue. It is defined in statute as the total tax levy (net of debt service) from the previous year plus the property tax relief aid received in the previous year. The amount is multiplied by the District's tax valuation factor to calculate the amount of additional levy allowable from previous year.

The mill rate limitation is not applicable to taxes levied for the purposes of paying principal and interest on general obligation promissory notes issued by the District that are used for capital improvements and equipment acquisitions.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Property Taxes (Continued)

The District communicates its property tax levy to city, village, and town treasurers or clerks in October of the fiscal year for which the taxes are levied. The following dates are pertinent to the District’s tax calendar:

Levy date	October 31, or within 10 days of receipt of equalized valuation, whichever is later
Tax bills are mailed	Month of December
Lien date	Month of December
Payments:	
Taxes paid in one installment	January 31
Taxes paid in two installments:	
First installment date	January 31
Second installment date	July 31

The District recognizes its total levy as revenue in the fiscal year for which taxes are levied. The 2016 tax levy used to finance the fiscal year ended June 30, 2017, and the 2015 tax levy used to finance the fiscal year ended June 30, 2016, were \$19,841,626 and \$19,293,590, respectively. Mill rates for the 2016 and 2015 levies were 0.57695 and 0.57396, respectively, for operations and 0.30082 and 0.31239, respectively, for debt service.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

District employees are granted vacation in varying amounts, based on length of service. Vacation earned is forfeited if not taken within the allowable time period. The expense for vacation pay is recorded on the accrual basis. The value of vested vacation pay was \$389,017 and \$421,627 based on current wage rates in effect at June 30, 2017, and June 30, 2016, respectively.

Sick Leave – The District’s policy allows employees to earn up to 15 sick days for each year employed that can accumulate to a maximum of 135 days. The accumulated sick leave does not vest; therefore, no liability has been accrued.

Retiree Health Insurance – The District provides postemployment health care benefits to teachers, support staff, and administrators. Expenditures are recognized as they are incurred for eligible retirees. For eligible employees who have not yet elected to retire, potential health insurance has been accrued based on the provisions of GASB Statement No. 45.

Pensions – The District offers a retirement incentive to eligible teachers and administrators who elect to retire on or after the age of 55. Benefit payments are recognized when due and payable in accordance with the benefit terms. The total pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense for the plan have been accounted for based on the provisions of GASB Statement No. 73.

The District has a pension plan covering substantially all of its employees, which is funded through contributions to the Wisconsin Retirement System. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS’ fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Self-Insurance

The District is exposed to various risks of loss related to dental insurance. Under the program, the self-insurance fund provides dental coverage up to a maximum reimbursement per claimant of \$1,500 per year. The District makes payments for actual claims and administrative fees needed to pay prior and current year's claims. Changes in the claims liability amount for the years ended June 30 are below.

	2017	2016
Unpaid claims and claim adjustment expenses at the beginning of the year	\$ 56,532	\$ 38,918
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	515,498	583,263
Total incurred claims	572,030	622,181
Payments:		
Claims and claim adjustment expenses attributable to:		
Insured events of the current fiscal year	484,207	526,731
Claims and claim adjustment expenses attributable to:		
Insured events of prior fiscal years	56,532	38,918
Total payments	540,739	565,649
Total unpaid claims and claim adjustment expenses at the end of the fiscal year	\$ 31,291	\$ 56,532

The claims liabilities of \$31,291 and \$56,532 reported above at June 30, 2017 and 2016, respectively, are based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicated that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Fees and Tuition

Fees and tuition are recorded as revenue in the period in which the related activity or instruction takes place.

State and Federal Revenues

The District receives funding from various federal and state grants. Some of these revenues are earned over fiscal periods different from that of the District and are subject to Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State of Wisconsin Single Audit Guidelines*.

State operating appropriations are recognized as revenue in the entitlement year. Federal and state grants for reimbursable programs are recognized as revenue in the year related program expenditures are incurred or eligibility requirements are met. Grants received prior to meeting revenue recognition criteria are recorded as unearned revenues.

Scholarship Allowances and Student Aid

Financial aid to students is reported in the basic financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the basic financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total District basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third-party aid.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 1 **Summary of Significant Accounting Policies** (Continued)

Net Position

Net position is classified according to restrictions or availability of assets for satisfaction of District obligations. Net investment in capital assets represents the net value of capital assets (property, plant, and equipment) less the debt incurred to acquire or construct the assets and the borrowed resources not yet expended, but restricted for capital purchases. Restricted net position for debt service can only be used to repay debt service costs (principal and interest) as they are levied for that specific purpose. All remaining net position is unrestricted for legal purposes, but may be designated for specific purposes.

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

Unearned Revenues

Unearned revenues include amounts recorded as tuition and fees prior to the end of the fiscal year, but related to the subsequent accounting period. Tuition and fees attributable to the upcoming fall school term are recorded as unearned revenue for students who have paid before June 30.

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Subsequent Events

Subsequent events have been evaluated through November 17, 2017, which is the date the financial statements were available to be issued.

On July 6, 2017, the District issued \$5,000,000 of general obligation promissory notes with an interest rate of 1.00-2.00%. The proceeds of the notes will be used for building remodeling and improvement projects and for the acquisition of moveable equipment.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 2 Cash and Investments

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2017 and 2016, none of the District's bank balance was exposed to custodial credit risk.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash on hand, demand deposits with financial institutions, investments in the Wisconsin Investment Series Cooperative, and investments in the Wisconsin Investment Pool are considered cash and cash equivalents.

The District's cash and cash equivalents consist of the following amounts at June 30, 2017 and 2016.

	2017	2016
Cash:		
Petty cash funds	\$ 6,385	\$ 6,315
Operating funds in US Bank	3,053,161	7,961,526
Operating funds in BMO Harris Bank	1,500	1,673
Investments:		
Wisconsin Local Government Investment Pool	10,463,814	9,178,644
Total cash and cash equivalents	\$ 13,524,860	\$ 17,148,158

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 2 Cash and Investments (Continued)

Cash and Cash Equivalents (Continued)

The District's cash and cash equivalents are classified as follows at June 30, 2017 and 2016:

	2017	2016
Restricted for:		
Debt service	\$ 360,971	\$ 370,628
Capital projects	1,584,549	6,355,237
Total restricted	1,945,520	6,725,865
Unrestricted	11,579,340	10,422,293
Total cash and cash equivalents	\$ 13,524,860	\$ 17,148,158

The portion of cash and cash equivalents restricted is for compliance with legal requirements and cannot be used for general purposes of the District.

Investments

The District is authorized by Wisconsin Statute 66.0603(1m) to invest in the following instruments:

- Obligations of the U.S. Treasury and U.S. Agencies.
- Obligations of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Time deposits in any bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin, if the time deposits mature in not more than three years.
- The state's local government pooled investment fund.
- Any security maturing in seven years or less with either the highest or second rating category of a nationally recognized rating agency.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 2 Cash and Investments (Continued)

Investments (Continued)

- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- Securities of open-end management investment companies or investment trusts, if the portfolio is limited to obligations of the U.S. Treasury and U.S. Agencies.
- Bonds issued by a local exposition district, local professional baseball park district, local cultural arts district, the Wisconsin Aerospace Authority, or the University of Wisconsin Hospitals and Clinics Authority.

The District is a participant in the Local Government Investment Pool (LGIP), which is authorized in Wisconsin Statutes 25.14 and 25.17 under the State of Wisconsin Investment Board. The LGIP is not registered with the Securities Exchange Commission as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in LGIP is not subject to the fair value hierarchy disclosures.

As of June 30, 2017 and 2016, the District had the following investments and maturities:

Investment Type	Investment Maturities Less Than 1 Year
Wisconsin Local Government Investment Pool:	
June 30, 2017	\$10,463,814
June 30, 2016	9,178,644

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy states that funds shall be invested only in investments permitted by Wisconsin Statutes and in such a manner as to maximize the investment income within these options.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy minimizes credit risk by limiting investments to the safest type of securities.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 3 Capital Assets

Capital asset activity was as follows for the fiscal year ended June 30, 2017:

	2017			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 2,667,208	\$ -	\$ -	\$ 2,667,208
Construction in progress	121,479	113,589	121,479	113,589
Total capital assets not being depreciated	2,788,687	113,589	121,479	2,780,797
Capital assets being depreciated:				
Land improvements	4,448,059	-	11,968	4,436,091
Buildings and improvements	75,870,346	2,735,260	-	78,605,606
Equipment	45,178,886	5,316,726	926,645	49,568,967
Total capital assets being depreciated	125,497,291	8,051,986	938,613	132,610,664
Less accumulated depreciation for:				
Land improvements	3,328,865	174,118	11,968	3,491,015
Buildings and improvements	27,571,433	2,409,825	-	29,981,258
Equipment	34,560,979	3,415,216	926,645	37,049,550
Total accumulated depreciation	65,461,277	5,999,159	938,613	70,521,823
Net capital assets being depreciated	60,036,014	2,052,827	-	62,088,841
Net capital assets	62,824,701	\$ 2,166,416	\$ 121,479	64,869,638
Less outstanding debt related to capital assets	(26,955,000)			(23,145,000)
Plus unexpended debt proceeds	6,155,033			1,142,169
Net investment in capital assets	\$ 42,024,734			\$ 42,866,807

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 3 Capital Assets (Continued)

Capital asset activity was as follows for the fiscal year ended June 30, 2016:

	2016			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 2,667,208	\$ -	\$ -	\$ 2,667,208
Construction in progress	11,911,941	121,480	11,911,942	121,479
Total capital assets not being depreciated	14,579,149	121,480	11,911,942	2,788,687
Capital assets being depreciated:				
Land improvements	4,358,059	90,000	-	4,448,059
Buildings and improvements	63,197,476	12,693,985	21,115	75,870,346
Equipment	40,817,142	5,479,740	1,117,996	45,178,886
Total capital assets being depreciated	108,372,677	18,263,725	1,139,111	125,497,291
Less accumulated depreciation for:				
Land improvements	3,149,692	179,173	-	3,328,865
Buildings and improvements	25,410,193	2,182,355	21,115	27,571,433
Equipment	32,697,402	2,981,573	1,117,996	34,560,979
Total accumulated depreciation	61,257,287	5,343,101	1,139,111	65,461,277
Net capital assets being depreciated	47,115,390	12,920,624	-	60,036,014
Net capital assets	61,694,539	\$ 13,042,104	\$ 11,911,942	62,824,701
Less outstanding debt related to capital assets	(24,300,000)			(26,955,000)
Plus unexpended debt proceeds	3,088,545			6,155,033
Net investment in capital assets	\$ 40,483,084			\$ 42,024,734

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 4 Short-Term Debt

The District did not engage in any short-term debt activity during the year.

Note 5 Long-Term Debt

Long-term debt of the District consists of general obligation promissory notes.

The changes in long-term debt are as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
General obligation promissory notes	\$ 26,955,000	\$ 2,500,000	\$ 6,310,000	\$ 23,145,000	\$ 6,125,000

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
General obligation promissory notes	\$ 24,300,000	\$ 9,000,000	\$ 6,345,000	\$ 26,955,000	\$ 6,095,000

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 5 Long-Term Debt (Continued)

The District pledges full faith, credit, and resources of the District to pay all outstanding general obligation promissory notes. The District levies taxes annually to pay the amount of principal and interest due for the debt. General obligation debt of the District at June 30, 2017 and 2016, is as follows:

	Principal		Interest	
	2017	2016	2017	2016
June 2008 - \$5,000,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 3% to 4%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2018. Proceeds used for acquiring movable equipment, building remodeling and improvements, and site improvements.	\$ 100,000	\$ 200,000	\$ 4,000	\$ 12,000
June 2009 - \$3,250,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 2.25% to 3.25%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2017. Proceeds used for acquiring movable equipment and building remodeling and improvements.	-	140,000	-	4,550
November 2009 - \$1,750,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 2.25% to 3.25%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2017. Proceeds used for acquiring movable equipment and building remodeling and improvements.	-	140,000	-	4,550
June 2010 - \$3,500,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 1.8% to 2.8%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2018. Proceeds used for acquiring movable equipment and building remodeling and improvements.	210,000	720,000	5,880	25,020
March 2011 - \$2,475,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 2% to 3%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2020. Proceeds used for acquiring movable equipment and building remodeling and improvements.	605,000	935,000	33,775	57,350

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 5 Long-Term Debt (Continued)

	Principal		Interest	
	2017	2016	2017	2016
June 2011 - \$3,500,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 1.75% to 3%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2019. Proceeds used for acquiring movable equipment and building remodeling and improvements.	\$ 730,000	\$ 1,235,000	\$ 26,250	\$ 57,562
July 2011 - \$2,490,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at .09% to 2.45%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2019. Proceeds used for facility remodeling and improvements and to acquire land.	545,000	910,000	16,255	35,220
June 2012 - \$3,400,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at .6% to 2.45%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2020. Proceeds used for acquiring movable equipment and building remodeling and improvements.	1,140,000	1,640,000	38,300	71,100
May 2013 - \$2,000,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 1.0% to 2.0%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2021. Proceeds used for acquiring movable equipment and building remodeling and improvements.	890,000	1,175,000	40,350	59,550
July 2013 - \$4,980,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 2.0% to 2.25%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2021. Proceeds used for acquiring movable equipment and building remodeling and improvements.	1,230,000	1,995,000	45,125	85,775
July 2014 - \$4,425,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 1.0% to 2.125%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2022. Proceeds used for acquiring moveable equipment and building remodeling and improvements.	2,205,000	2,970,000	97,981	157,638

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 5 Long-Term Debt (Continued)

	Principal		Interest	
	2017	2016	2017	2016
August 2014 - \$4,395,000 general obligation promissory notes payable at Cede and Co., New York, New York, with interest at 2.0% to 2.5%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2024. Proceeds used for acquiring movable equipment and building remodeling and improvements.	\$ 2,695,000	\$ 3,285,000	\$ 187,500	\$ 255,200
September 2014 - \$1,500,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at .05% to 2.05%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2020. Proceeds used for acquiring movable equipment and building remodeling and improvements.	980,000	1,160,000	59,600	81,080
October 2014 - \$1,500,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at .05% and 2.125%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2022. Proceeds used for acquiring movable equipment and building remodeling and improvements.	700,000	900,000	36,625	52,750
November 2014 - \$1,500,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 1.0% to 2.0%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2022. Proceeds used for acquiring movable equipment and building remodeling and improvements.	905,000	1,070,000	51,700	68,525
July 2015 - \$4,000,000 general obligation promissory note payable at Cede and Co, New York, New York., with interest at 1.0% to 2.0%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2023. Proceeds used for acquiring instructional equipment and building remodeling and improvements.	2,995,000	3,535,000	184,300	242,825
August 2015 - \$1,500,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 1.0% to 2.0%, payable semiannually in April and October, varying principal payments are due annually on April 1 until maturity on April 1, 2020. Proceeds used for acquiring equipment and building improvements.	1,430,000	1,445,000	50,175	74,175

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 5 Long-Term Debt (Continued)

	Principal		Interest	
	2017	2016	2017	2016
June 2016 - \$3,500,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 1.25% to 2.0%, payable semiannually in April and October, varying principal payments are due annually on April 1 until maturity on April 1, 2024. Proceeds used for acquiring equipment and building remodeling.	\$ 3,500,000	\$ 3,500,000	\$ 207,137	\$ 243,572
August 2016 - \$2,500,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at .75% to 2.0%, payable semiannually in April and October, varying principal payments are due annually on April 1 until maturity on April 1, 2026. Proceeds used for acquiring movable equipment and building additions or enlargements.	2,285,000	-	137,613	-
Total general obligation debt	\$23,145,000	\$26,955,000	\$ 1,222,566	\$ 1,588,442

Principal and interest maturities on general obligation promissory notes at June 30, 2016:

Fiscal Year	Principal	Interest	Total
2018	\$ 6,125,000	\$ 422,929	\$ 6,547,929
2019	5,355,000	303,954	5,658,954
2020	3,680,000	206,836	3,886,836
2021	3,000,000	138,936	3,138,936
2022	2,685,000	86,674	2,771,674
2023-2026	2,300,000	63,237	2,363,237
Total	\$ 23,145,000	\$ 1,222,566	\$ 24,367,566

The Wisconsin State Statutes Chapter 67.03(1) limits general obligation debt of the District to 5% of the equalized value of the taxable property located in the District. As of June 30, 2017, the 5% limitation was \$1,174,092,503 and the District's outstanding general obligation debt was \$23,145,000. The District's outstanding general obligation debt (net of resources available to pay principal and interest) at June 30, 2017, was \$22,678,297. Wisconsin State Statutes Chapter 67.03(9) limits bonded indebtedness of the District to 2% of the equalized value of the taxable property located in the District. As of June 30, 2017, the 2% limitation was \$469,637,001. The District had no bonded indebtedness for the period.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 6 Operating Leases

The District leases the Chippewa Valley Job Center space from the Chippewa Valley Technical College Foundation under a noncancelable operating lease expiring in 2024. The District shall pay to the Foundation \$103,142 per year during the term of the lease. Future minimum lease payments to be received under this lease are in the table below.

The Foundation purchased land and erected an electronic messaging sign that is leased to the District under a noncancelable operating lease expiring in 2020. The District shall pay to the Foundation \$28,800 per year during the term of the lease. Future minimum lease payments to be received under this lease are in the table below.

	Job Center	Sign	Total
2018	\$ 103,142	\$ 28,800	\$ 131,942
2019	103,142	28,800	131,942
2020	103,142	9,600	112,742
2021	103,142	-	103,142
2022	103,142	-	103,142
2023-2024	257,855	-	257,855
Total	\$ 773,565	\$ 67,200	\$ 840,765

The total lease payment to the Foundation under these two leases was \$131,942 for each of the years ended June 30, 2017 and 2016.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 **Employee Retirement Plans – Wisconsin Retirement System**

The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government, and other public employees. All employees, initially employed by a participating District on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Vesting

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and state executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employees.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10.0%
2008	6.6%	0.0%
2009	(2.1%)	(42.0%)
2010	(1.3%)	22.0%
2011	(1.2%)	11.0%
2012	(7.0%)	(7.0%)
2013	(9.6%)	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	(5.0%)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the executive and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. During the reporting period, the WRS recognized \$2,113,038 in contributions from the employer.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Contributions (Continued)

Contributions rates as of June 30, 2017 and 2016, are:

Employee Category	2017		2016	
	Employee	Employer	Employee	Employer
General (including teachers, executives, and elected officials)	6.8%	6.8%	6.6%	6.6%
Protective with social security	6.8%	10.6%	6.6%	9.4%
Protective without social security	6.6%	14.9%	6.6%	13.2%

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

At June 30, 2017 and 2016, the District reported a liability of \$1,841,556 and \$3,687,372 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31 within the District’s fiscal year and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation one year prior to and rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016 and 2015, the District’s proportion was 0.22342502% and 0.22691790% (a decrease of 0.00349288 from the prior year.)

For the year ended June 30, 2017 and 2016, the District recognized pension expense of \$4,697,278 and \$4,418,501.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 Employee Retirement Plans – Wisconsin Retirement System (Continued)

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

At June 30, 2017 and 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 702,185	\$ (5,791,533)	\$ 627,404	\$ (7,760,011)
Changes in assumptions	1,925,418	-	2,579,846	-
Net differences between projected and actual earnings on pension plan investments	9,166,680	-	15,108,862	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	89,464	(56,112)	-	(85,968)
Employer contributions subsequent to the measurement date	1,087,378	-	1,036,412	-
Total	\$ 12,971,125	\$ (5,847,645)	\$ 19,352,524	\$ (7,845,979)

Deferred outflows related to pensions resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2018	\$2,442,069
2019	2,442,068
2020	1,680,488
2021	(532,550)
2022	4,027

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the actuarial valuations used for the years ended June 30, 2017 and 2016, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2017	2016
Actuarial valuation date	December 31, 2015	December 31, 2014
Measurement date of net pension liability (asset)	December 31, 2016	December 31, 2015
Actuarial cost method	Entry Age	Entry Age
Asset valuation method	Fair market value	Fair market value
Long-term expected rate of return	7.2%	7.2%
Discount rate	7.2%	7.2%
Salary increases:		
Inflation	3.2%	3.2%
Seniority/Merit	0.2% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 and 2015, is based upon a roll-forward of the liability calculated from the December 31, 2015 and 2014, actuarial valuations.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns

As of December 31, 2016

	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
Global equities	50.0%	45%	8.3%	5.4%
Fixed income	24.5%	37%	4.2%	1.4%
Inflation sensitive assets	15.5%	20%	4.3%	1.5%
Real estate	8.0%	7%	6.5%	3.6%
Private equity/debt	8.0%	7%	9.4%	6.5%
Multi-asset	4.0%	4%	6.6%	3.7%
Total core fund	110.0%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. equities	70%	70%	7.6%	4.7%
International equities	30%	30%	8.5%	5.6%
Total variable fund	100%	100%	7.9%	5.0%

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%.

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

Asset Allocation Targets and Expected Returns

As of December 31, 2015

	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
U.S. equities	27.0%	23%	7.6%	4.7%
International equities	24.5%	22%	8.5%	5.6%
Fixed income	27.5%	37%	4.4%	1.6%
Inflation sensitive assets	10.0%	20%	4.2%	1.4%
Real estate	7.0%	7%	6.5%	3.6%
Private equity/debt	7.0%	7%	9.4%	6.5%
Multi-asset	4.0%	4%	6.7%	3.8%
Total core fund	107.0%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. equities	70%	70%	7.6%	4.7%
International equities	30%	30%	8.5%	5.6%
Total variable fund	100%	100%	7.9%	5.0%

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%.

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 Employee Retirement Plans – Wisconsin Retirement System (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate: A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	2017		2016	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to discount rate	6.2%	\$ 24,226,845	6.2%	\$ 25,863,297
Current discount rate	7.2%	1,841,556	7.2%	3,687,372
1% increase to discount rate	8.2%	(15,396,131)	8.2%	(13,632,421)

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 7 **Employee Retirement Plans – Wisconsin Retirement System (Continued)**

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available online at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the Pension Plan

As of June 30, 2017 and 2016, the District reported payables to the defined pension plan of \$331,822 and \$329,125.

The District also sponsors a defined contribution retirement plan under Code Section 403(b) that allows all employees to make pretax voluntary contributions. This plan does not provide for employer contributions.

Note 8 **District Pension Plan and Benefits (Supplemental Stipend)**

The District administers a single-employer defined benefit plan for eligible management and professional employees hired prior to June 30, 2009, and faculty hired prior to June 30, 2012, that provides a one-time contribution equal to 36% of an employee's final contracted salary into a TSA account. The pension plan is closed to new entrants. There are no assets accumulated in a trust that meets the criteria in GASBS No. 73, paragraph 4, and there is no standalone report for the plan. There are 175 active plan members and 5 inactive plan members currently receiving benefits. The District Board has the authority to establish and amend the types of benefits provided through the pension plan.

The total pension liability was measured as of June 30, 2016, and was determined by an actuarial valuation as of June 30, 2016. There have been no changes of assumptions or other inputs and no changes of benefit terms that affected measurement of the total pension liability since the prior measurement date. There have been no charges that are expected to have a significant effect on the total pension liability since the measurement date. The actuarial assumptions included an inflation rate of 2.5 percent and projected salary increases of 3.0 percent, average, including inflation. The discount rate used in the measurement of the total pension liability was 3.0 percent as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond as of June 30, 2016. Mortality, disability, and retirement rates are from the Wisconsin Retirement System experience for public schools. The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study conducted in 2012 using experience from 2009-2011.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 8 District Pension Plan and Benefits (Supplemental Stipend) (Continued)

Changes in the total pension liability for the year ended June 30, 2017, are as follows:

Changes in Total Pension Liability Year Ended June 30, 2017	Total Pension Liability (a)
Balance at June 30, 2016	\$ 2,677,750
Changes for the year:	
Service cost	178,844
Interest on the total pension liability	80,626
Benefit payments	(159,310)
Net changes	100,160
Balance at June 30, 2017	\$ 2,777,910

The following presents the total pension liability of the District, calculated using the discount rate of 3.0 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.0 percent) or 1-percentage-point higher (4.0 percent) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
District's net pension liability	\$ 2,922,488	\$ 2,777,910	\$ 2,636,640

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 8 District Pension Plan and Benefits (Supplemental Stipend) (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$259,470. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments subsequent to the measurement date	\$ 221,822	\$ -

\$221,822 reported as deferred outflows related to pensions resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended June 30, 2018.

The following disclosures for the District pension plan are for the year ended June 30, 2016, which has not been restated for the implementation of GASB Statement No. 73.

In addition to the pension benefits described in Note 7, the District offers an early retirement incentive to eligible teachers and administrators with at least 15 years of service who elect to retire on or after the age of 55. The incentive is equal to 35.4% of the employee's annualized earnings paid in the year prior to retiring. During the year ended June 30, 2016, five employees received benefits under these provisions and expenditures totaled \$159,310, respectively, for early retirement benefits.

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding all early retirement pensions. The employer makes all the contributions.

As of the latest actuarial valuation, dated July 1, 2014, there are 198 active employees in the plan.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 8 District Pension Plan and Benefits (Supplemental Stipend) (Continued)

The following table shows the components of the District's annual pension cost for the year, the amount actually contributed to the plan, and changes in the District's net pension obligation:

	<u>2016</u>
Annual required contribution	\$ 277,172
Interest on net pension obligation	117,571
Adjustment to annual required contribution	<u>(116,810)</u>
Annual pension cost (expense)	277,933
Contributions made	<u>(159,310)</u>
Increase (decrease) in net pension obligation	118,623
Net pension obligation - Beginning of year	<u>2,939,278</u>
Net pension obligation - End of year	<u><u>\$ 3,057,901</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2014, actuarial valuation using the projected unit credit method. The actuarial assumptions included a 4.0% discount rate.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The plan's unfunded actuarial accrued liability is being amortized using the level percentage method. The remaining amortization period at July 1, 2014, was 30 years.

The District's annual pension costs, the percentage of annual pension cost contributed to the plan, and the net pension obligation for fiscal year 2016 and the two preceding fiscal years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
6/30/2016	\$ 277,933	57.3%	\$ 3,057,901
6/30/2015	277,908	65.4%	2,939,278
6/30/2014	256,035	189.2%	2,843,020

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 9 Postemployment Benefits Other Than Pension Benefits

The District administers a single-employer defined benefit health care plan. The plan provides medical insurance benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive medical insurance benefits until they are eligible for Medicare. The plan does not issue a standalone report.

The contribution requirements of plan members are based on the employee handbook in effect on the date of retirement. In the year of retirement, the District pays 100% of the medical insurance premium for eligible employees. In years subsequent to the retirement year, the retiree pays the difference between the then current premium and the amount of the premium in effect at the date of retirement. The District's contribution is established annually based on an amount to pay current premiums less the retiree portion. For fiscal year 2017, the District contributed \$1,144,758 to the plan for current premiums. Plan members receiving benefits contributed \$22,851 (approximately 2% of total premiums). For fiscal year 2016, the District contributed \$1,294,843 to the plan for current premiums. Plan members receiving benefits contributed \$19,665 (approximately 2% of total premiums).

The District's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2017</u>	<u>2016</u>
Annual required contribution	\$ 1,504,870	\$ 1,913,879
Interest on net OPEB obligation	(1,136)	(8,433)
Adjustment to annual required contribution	3,250	25,314
Annual OPEB cost (expense)	1,506,984	1,930,760
Contributions made	(1,492,969)	(1,757,801)
Increase (decrease) in net OPEB obligation	14,015	172,959
Net OPEB obligation (asset) - Beginning of year	(37,866)	(210,825)
Net OPEB obligation (asset) - End of year	<u>\$ (23,851)</u>	<u>\$ (37,866)</u>

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

The District's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2017	\$ 1,506,984	99.07%	\$ (23,851)
6/30/2016	1,930,760	91.04%	(37,866)
6/30/2015	1,917,689	108.51%	(210,825)

The funded status as of July 1, 2016, the most recent actuarial valuation date, was 0% funded. The actuarial accrued liability for benefits was \$12,115,347 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,115,347. The covered payroll (annual payroll of active employees covered by the plan) was \$32,238,375 and the ratio of the UAAL to the covered payroll was 38%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

In the July 1, 2016, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 3.00% rate of return (net of administrative expenses) and an annual health care cost trend rate of 7.5% initially, reduced by decrements to a rate of .5% per year for the first two years and .1% per year thereafter. The actuarial value of the plan assets was not determined because there were no plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the level percentage method. The remaining amortization period at July 1, 2014, was 12 years.

Note 10 Expense Classification

Expenses on the statements of revenues, expenses, and changes in net position are classified by function. Alternatively, the expenses could also be shown by type of expense, as follows for the years ended June 30, 2017 and 2016:

	2017	2016
Salaries and wages	\$ 34,387,496	\$ 34,788,030
Employee benefits	17,143,962	17,108,773
Travel, memberships, and subscriptions	848,785	806,579
Supplies	5,361,037	5,298,672
Contracted services	10,948,244	11,124,708
Rentals	273,656	229,113
Credit	303,518	266,430
Insurance	20,932	155,257
Utilities	1,139,813	1,161,130
Depreciation	5,999,159	5,343,101
Student aid	4,594,045	4,904,193
Total operating expenses	\$ 81,020,647	\$ 81,185,986

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 11 Transactions With Component Unit

The District has the following transactions and balances with Chippewa Valley Technical College Foundation, Inc., a discretely presented component unit:

	2017	2016
Rental expense paid to the Foundation for the Chippewa Falls Job Center	\$ 103,142	\$ 103,142
Rental expense paid to the Foundation for an electronic messaging sign	28,800	28,800
Cash donations from the Foundation to the District for capital projects and support services	98,620	208,979
Value of services donated by the College to the Foundation (furnished salaries, benefits, office space, and computer usage)	159,846	146,190
Payable to Chippewa Valley Technical College	4,765	81,310

Note 12 Contingencies

The District receives regular program aids from the Wisconsin Technical College System Board based on aidable expenditures. This amount is subject to adjustment based on a state audit of the full-time equivalent students and cost allocation reports of the District and other districts of the state. The audit for the fiscal year ended June 30, 2017 and 2016, has not been completed. It is the belief of management of the District that audit adjustments, if any, will not materially affect the District's financial position.

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

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 13 Risk Management

Districts Mutual Insurance Company (DMI)

In July 2004, all 16 WTCS technical colleges created Districts Mutual Insurance Company (DMI). Districts Mutual Insurance Company is a fully-assessable mutual company authorized under Wisconsin Statute 611 to provide property, casualty, and liability insurance and risk management services to its members. The scope of insurance protection provided by DMI is broad, covering property at \$500,225,000 per occurrence; general liability, auto, and educators' legal liability at \$5,000,000 per occurrence; and workers' compensation at the statutorily required limits.

At this time, settled claims have not approached the coverage limits as identified above. The District's exposure in its layer of insurance is limited to its deductible amounts, which vary by coverage from \$2,500 to \$100,000 per occurrence. DMI purchases reinsurance for its losses in excess of the retained layer of coverage above \$250,000 per occurrence.

DMI operations are governed by a five-member board of directors. Member colleges do not exercise any control over the activities of DMI beyond election of the board of directors at the annual meeting. The board has the authority to adopt its own budget, set policy matters, and control the financial affairs of DMI.

Each member college was assessed an annual premium. Since DMI is fully capitalized, member colleges have not been assessed a capitalization amount for fiscal years 2017 and 2016. Future premiums will be based on relevant rating exposure bases as well as the historical loss experience by members. DMI's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in DMI.

The DMI financial statements can be obtained through Districts Mutual Insurance, 212 W. Pinehurst Trail, Dakota Dunes, South Dakota 57049.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 13 Risk Management (Continued)

Supplemental Insurance

In July 1997, 11 of the 16 WTCS technical colleges formed the WTCS Insurance Trust to jointly purchase commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. This trust grew to include 16 WTCS technical colleges. In order to achieve additional cost savings, the technical colleges made a decision to form their own insurance company. The Trust financial statements can be obtained through Lakeshore Technical College, 1290 North Avenue, Cleveland, WI 53015.

The WTCS Insurance Trust has purchased the following levels of coverage for its participating members:

- Foreign liability: \$2,000,000 aggregate general; \$1,000,000 auto per accident; \$1,000,000 employee benefits; includes benefit for accidental death and dismemberment, repatriation, and medical expenses; \$1,000 deductible for employee benefits.
- Crime: \$750,000 coverage for employee dishonesty, forgery, computer fraud, and funds transfer fraud; \$500,000 coverage for theft, robbery, burglary, disappearance, and destruction of money and securities; \$25,000 coverage for investigation expenses; \$2,500 deductible for investigation, \$15,000 deductible for employee dishonesty, forgery, and fraud.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit

This report contains the Chippewa Valley Technical College Foundation, Inc. (the "Foundation"), which is included as a discretely presented component unit. In addition to the basic financial statements, the following disclosures are considered necessary for a fair presentation.

A – Cash and Investments

Pooled investments at June 30 are summarized as follows:

	2017		2016	
	Cost	Market Value	Cost	Market Value
Cash and equivalents	\$ 473,247	\$ 473,247	\$ 462,504	\$ 462,504
Institutional/CMA Money Fund	237,148	237,148	538,114	538,114
AMCAP Fund	405,583	551,175	445,714	560,705
Davis NY Venture Fund	354,319	326,761	577,744	553,234
Capital World Growth and Income Fund	141,498	174,238	83,596	98,828
Fundamental Investors	263,347	289,858	-	-
Capital Income Builder Fund	450,240	529,697	433,068	490,870
Income Fund of America	452,836	567,211	436,303	517,787
Corporate and government	477,420	456,771	70,562	46,938
Total cash and investments	\$ 3,255,638	\$ 3,606,106	\$ 3,047,605	\$ 3,268,980

Return on investment consists of the following at June 30:

	2017	2016
Unrealized losses	\$ 262,591	\$ (18,822)
Realized gains	50,699	52,616
Interest and dividend income	16,092	32,136
	\$ 329,382	\$ 65,930

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 **Component Unit** (Continued)

B – Fair Value Measurements

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit (Continued)

B – Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of June 30, 2017 and 2016, are as follows:

	2017			Total Fair Value
	Measurements Using			
	Level 1	Level 2	Level 3	
Assets at fair value:				
Cash, cash equivalents, and money market funds	\$ -	\$ 710,395	\$ -	\$ 710,395
Mutual funds - Equity securities	2,895,711	-	-	2,895,711
Total assets at fair value	\$2,895,711	\$ 710,395	\$ -	\$3,606,106

	2016			Total Fair Value
	Measurements Using			
	Level 1	Level 2	Level 3	
Assets at fair value:				
Cash, cash equivalents, and money market funds	\$ -	\$1,000,618	\$ -	\$1,000,618
Mutual funds - Equity securities	2,268,362	-	-	2,268,362
Total assets at fair value	\$2,268,362	\$1,000,618	\$ -	\$3,268,980

The methods described above and shown above for fair value calculations may produce a fair value calculation that may be different from the net realizable value or not reflective of future values expected to be received. The Foundation believes that its valuation methods are appropriate and consistent with other market participants; however, the use of these various methodologies and assumptions may produce results that differ in the estimates of fair value at the financial reporting date.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit (Continued)

C – Land and Buildings

The following is a summary of land and buildings:

	June 30,	
	2017	2016
Land	\$ 228,000	\$ 228,000
Land improvements	106,385	106,385
Buildings	<u>1,822,538</u>	<u>1,822,538</u>
Total land and buildings	2,156,923	2,156,923
Less: Accumulated depreciation	<u>622,736</u>	<u>570,081</u>
Land and buildings, net	<u>\$ 1,534,187</u>	<u>\$ 1,586,842</u>

Depreciation expense was \$52,655 and \$52,656 for each of the years ended June 30, 2017 and 2016. Land and buildings are related to the Chippewa Falls Job Center and the land, and land improvements are related to the electronic messaging sign.

D – Restricted Net Position and Endowments

Net position restricted for scholarships and other activities includes assets set aside in accordance with donor restrictions as to time or use. Net position restricted for scholarships and other activities is available for the following purposes or periods at June 30:

	2017	2016
Future capital projects and improvements	\$ 1,222,849	\$ 1,161,345
Scholarships and support	505,900	474,536
Staff development and recognition	<u>4,584</u>	<u>4,584</u>
Total	<u>\$ 1,733,333</u>	<u>\$ 1,640,465</u>

Restricted-nonexpendable net position has been restricted by donors to be maintained in perpetuity, the income of which is expendable to support scholarship programs of the Foundation.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit (Continued)

D – Restricted Net Position and Endowments (Continued)

The Foundation's endowments consist of funds that are invested in money market accounts, corporate and government bonds, and mutual funds. These endowments include donor-restricted endowment funds and unrestricted board-designated endowment funds. Net position associated with the endowment funds is classified and reported on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted-nonexpendable net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in restricted-nonexpendable net position (primarily investment returns available for grants net of administrative fees) is classified as restricted for scholarships and other activities until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit (Continued)

D – Restricted Net Position and Endowments (Continued)

Investment Return Objectives, Risk Parameters, and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to provide a market-competitive total return on assets to increase the asset base over the long-term and meet potential partial disbursement requirements of its restricted funds. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The spending policy for the Foundation is directed by the Board of Directors. Endowment scholarship payments may not exceed 5% of total endowment fund balances as determined at June 30 of each year. Administrative expenses, legal, tax, accounting, and investment advisory fees will be paid from the operating fund and are not included in the amount designated for disbursement. It is the responsibility of the Board of Directors to annually review the spending policy and make adjustments as necessary to preserve the purchasing power of the Foundation. Further, it shall be the responsibility of the Board of Directors to promptly communicate any changes in the spending policy to its investment manager.

Endowments that are donor restricted or board designated consisted of the following at June 30:

	<u>Donor Restricted</u>	
	2017	2016
Restricted-nonexpendable	\$ 1,014,888	\$ 880,376
Unrestricted - Board designated	1,655,923	1,430,640
Total	\$ 2,670,811	\$ 2,311,016

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit (Continued)

D – Restricted Net Position and Endowments (Continued)

Changes in endowment net position for the years ended June 30, 2017 and 2016, consisted of the following:

	2017		
	Unrestricted	Restricted-	Total
	Board Designated	Nonexpendable	
Endowment net position at beginning of year	\$ 1,430,640	\$ 880,376	\$ 2,311,016
Investment return	279,227	-	279,227
Contributions	45,325	134,512	179,837
Appropriation of endowment assets for expenditures	(99,269)	-	(99,269)
Endowment net position at end of year	\$ 1,655,923	\$ 1,014,888	\$ 2,670,811

	2016		
	Unrestricted	Restricted-	Total
	Board Designated	Nonexpendable	
Endowment net position at beginning of year	\$ 1,451,053	\$ 829,476	\$ 2,280,529
Investment return	15,930	-	15,930
Contributions	26,020	50,900	76,920
Appropriation of endowment assets for expenditures	(62,363)	-	(62,363)
Endowment net position at end of year	\$ 1,430,640	\$ 880,376	\$ 2,311,016

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit (Continued)

E – Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2017	2016
Restricted for Energy Education Center costs	\$ 40,000	\$ 62,500
Amounts due in:		
Less than one year	\$ 20,000	\$ 22,500
One to five years	20,000	40,000
	\$ 40,000	\$ 62,500

Unconditional promises to give due in more than one year are to be reflected at the present value of estimated future cash flows. At June 30, 2017, there was no significant difference between the carrying value and present value.

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit (Continued)

F – Long-Term Debt

Long-term debt includes the following elements:

	2017	2016
Note payable at Charter Bank, with monthly payments of \$2,323 including interest of 4.75% per annum, with maturity in April 2019, secured by land and improvements.	\$ -	\$ 74,108
Note payable at Charter Bank, with monthly payments of \$8,244 including interest of 2.50% per annum, with maturity in November 2020, secured by a property lease agreement.	315,645	405,256
Totals	315,645	479,364
Less - Current portion	84,153	114,607
Long-term portion	\$ 231,492	\$ 364,757

Scheduled principal payments on long-term debt are as follows:

2018	\$ 84,153
2019	94,014
2020	96,386
2021	41,092
	\$ 315,645

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 14 Component Unit (Continued)

G – Net Position

Net position was comprised of the following at June 30:

	2017	2016
Unrestricted:		
Undesignated	\$ 455,739	\$ 405,863
Designated for scholarship	1,466,551	1,261,268
Designated for staff development	189,372	169,372
Total unrestricted	\$ 2,111,662	\$ 1,836,503
Restricted for scholarships and other activities:		
Capital	\$ 1,222,849	\$ 1,161,345
Scholarships and support	505,900	474,536
Staff development and recognition	4,584	4,584
Total restricted for scholarships and other activities	\$ 1,733,333	\$ 1,640,465
Restricted-nonexpendable:		
Scholarships	\$ 967,888	\$ 833,376
Staff development	47,000	47,000
Total restricted-nonexpendable	\$ 1,014,888	\$ 880,376

Chippewa Valley Technical College District

Notes to the Basic Financial Statements

Note 15 Prior Year Restatement

As a result of the implementation of GASB Statement No. 73, beginning net position was restated as follows:

	Governmental Activities
Balance at July 1, 2016, as previously reported	\$ 61,804,491
Add previously reported net pension obligation	3,057,901
Subtract beginning total pension liability for District Pension Plan	(2,677,750)
Add deferred outflows of resources - Contributions after the measurement date for District pension plan	159,310
Balance at July 1, 2016, as restated	\$ 62,343,952

Retrospective application to the year ended June 30, 2016, was impracticable as the July 1, 2015, balance of the total pension liability was not provided by the actuary.

Required Supplementary Information

Chippewa Valley Technical College District

Schedule of Funding Progress

Year Ended June 30, 2017

SCHEDULE OF FUNDING PROGRESS - OPEB

As of June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Entry Age Normal	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2016	\$ -	\$ 12,115,347	\$ 12,115,347	0.0%	\$ 32,238,375	38%
7/1/2014	-	12,010,053	12,010,053	0.0%	31,827,173	38%
7/1/2012	-	16,842,944	16,842,944	0.0%	31,157,215	54%

SCHEDULE OF FUNDING PROGRESS - Pension

(Supplemental Stipend)

As of June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	\$ -	\$ 1,946,124	\$ 1,946,124	0.0%	\$ 17,018,660	11%
7/1/2012	-	2,025,161	2,025,161	0.0%	14,843,201	14%
3/31/2011	-	3,317,140	3,317,140	0.0%	20,399,888	16%

Chippewa Valley Technical College District

Schedule of Changes in the Employer's Total Pension Liability and Related Ratios – District Pension Plan (Supplemental Stipend)

Year Ended June 30, 2017

Measurement date	6/30/2016
Total pension liability:	
Service cost	\$ 178,844
Interest on the total pension liability	80,626
Benefit payments	(159,310)
<hr/>	
Net change in total pension liability	100,160
Total pension liability - Beginning	2,677,750
<hr/>	
Total pension liability - Ending	\$ 2,777,910
<hr/>	
Covered-employee payroll	\$ 13,867,156
District's total pension liability as a percentage of covered-employee payroll	20.03%

Notes to Schedule:

There are no assets accumulated in a trust that meets the criteria in GASBS No. 73, paragraph 4, to pay related benefits.

Benefit changes: In 2017, there were no changes in benefit terms.

Changes of assumptions: In 2017, there were no changes in assumptions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

Chippewa Valley Technical College District

Schedules of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions – Wisconsin Retirement System

Years Ended June 30, 2017 and 2016 (And Prior Fiscal Year)

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET WISCONSIN RETIREMENT SYSTEM (WRS)

Last Three Fiscal Years

	2017	2016	2015
Measurement date	12/31/2016	12/31/2015	12/31/2014
District's proportion of the net pension liability (asset)	0.22342502%	0.22691790%	0.22822948%
District's proportionate share of the net pension liability (asset)	\$ 1,841,556	\$ 3,687,372	\$ (5,605,940)
District's covered-employee payroll	\$ 31,953,766	\$ 31,928,079	\$ 31,248,811
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.76%	11.55%	(17.94%)
Plan fiduciary net position as a percentage of the total pension liability	99.12%	98.20%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS)

Last Three Fiscal Years

	2017	2016	2015
Contractually required contribution	\$ 2,159,708	\$ 2,133,414	\$ 2,196,311
Contributions in relation to the contractually required contribution	(2,159,708)	(2,133,414)	(2,196,311)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 32,238,375	\$ 31,835,599	\$ 31,827,173
Contributions as a percentage of covered-employee payroll	6.70%	6.70%	6.90%

Notes to the Schedules:

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

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

Supplementary Financial Information

The following supplementary information is provided to document Chippewa Valley Technical College District's compliance with budgetary requirements. This accountability is an essential requirement to maintain the public trust. The method of accounting used for budgetary compliance monitoring is substantially different from the method of preparing the basic financial statements of the District.

Chippewa Valley Technical College District

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Local government - Property taxes	\$ 12,017,460	\$ 12,017,460	\$ 12,066,540	\$ -	\$ 12,066,540	\$ 49,080
Intergovernmental:						
State	23,410,731	23,410,731	23,655,359	-	23,655,359	244,628
Federal	25,000	25,000	27,409	-	27,409	2,409
Tuition and fees:						
Statutory program fees	13,708,331	13,708,331	13,570,349	354,831	13,925,180	216,849
Material fees	790,000	790,000	820,841	44,747	865,588	75,588
Other student fees	650,000	650,000	737,688	334	738,022	88,022
Institutional	720,000	720,000	627,143	-	627,143	(92,857)
Total revenues	51,321,522	51,321,522	51,505,329	399,912	51,905,241	583,719
Expenditures:						
Instruction	32,158,864	32,158,864	31,836,873	28,589	31,865,462	293,402
Instructional resources	566,425	656,774	655,147	1,627	656,774	-
Student services	3,975,254	3,789,967	3,477,109	(1,402)	3,475,707	314,260
General institutional	10,116,068	10,211,006	10,221,213	(10,207)	10,211,006	-
Physical plant	4,504,911	4,504,911	4,229,864	(1,682)	4,228,182	276,729
Total expenditures	51,321,522	51,321,522	50,420,206	16,925	50,437,131	884,391
Excess of revenues over expenditures	-	-	1,085,123	382,987	1,468,110	1,468,110
Other financing sources (uses):						
Operating transfer (out)	-	(45,551)	(45,551)	-	(45,551)	-
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	-	(45,551)	1,039,572	382,987	1,422,559	1,468,110
Fund balance - Beginning of year	13,547,416	12,809,570	13,302,908	(493,338)	12,809,570	-
Fund balance - End of year	\$ 13,547,416	\$ 12,764,019	\$ 14,342,480	\$ (110,351)	\$ 14,232,129	\$ 1,468,110

Chippewa Valley Technical College District

Special Revenue Aidable Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Local government - Property taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Intergovernmental:						
State	2,067,846	2,067,846	2,103,321	-	2,103,321	35,475
Federal	9,079,771	9,224,430	9,390,249	-	9,390,249	165,819
Other student fees	190,000	190,000	190,760	-	190,760	760
Institutional	1,010,000	1,010,000	879,355	-	879,355	(130,645)
Total revenues	13,347,617	13,492,276	13,563,685	-	13,563,685	71,409
Expenditures:						
Instruction	10,841,862	11,008,560	10,982,552	26,008	11,008,560	-
Instructional resources	6,080	-	-	-	-	-
Student services	1,735,664	1,523,534	1,523,434	-	1,523,434	100
General institutional	712,984	909,155	905,746	3,409	909,155	-
Physical plant	43,288	43,288	43,288	-	43,288	-
Total expenditures	13,339,878	13,484,537	13,455,020	29,417	13,484,437	100
Excess (deficiency) of revenues over expenditures	7,739	7,739	108,665	(29,417)	79,248	71,509
Fund balance - Beginning of year	110,847	94,769	94,770	(42,585)	52,185	(42,584)
Fund balance - End of year	\$ 118,586	\$ 102,508	\$ 203,435	\$ (72,002)	\$ 131,433	\$ 28,925

Chippewa Valley Technical College District

Special Revenue Non-Aidable Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental:						
Federal	\$ 8,103,250	\$ 8,103,250	\$ 7,518,988	\$ -	\$ 7,518,988	\$ (584,262)
Other student fees	820,880	820,880	1,092,644	-	1,092,644	271,764
Institutional	538,300	538,300	692,094	-	692,094	153,794
Total revenues	9,462,430	9,462,430	9,303,726	-	9,303,726	(158,704)
Expenditures:						
Instruction	47,050	47,050	36,677	-	36,677	10,373
Student services	9,525,312	9,525,312	8,671,746	-	8,671,746	853,566
Total expenditures	9,572,362	9,572,362	8,708,423	-	8,708,423	863,939
Excess (deficiency) of revenues over expenditures	(109,932)	(109,932)	595,303	-	595,303	705,235
Other financing sources (uses):						
Operating transfer (out)	(100,000)	(100,000)	-	-	-	100,000
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(209,932)	(209,932)	595,303	-	595,303	805,235
Fund balance - Beginning of year	1,303,823	1,132,065	1,132,065	-	1,132,065	-
Fund balance - End of year	\$ 1,093,891	\$ 922,133	\$ 1,727,368	\$ -	\$ 1,727,368	\$ 805,235

Chippewa Valley Technical College District

Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental:						
State	\$ 334,026	\$ 394,384	\$ 394,384	\$ -	\$ 394,384	\$ -
Federal	-	62,799	62,799	-	62,799	-
Institutional	160,000	599,935	255,755	-	255,755	(344,180)
Total revenues	494,026	1,057,118	712,938	-	712,938	(344,180)
Expenditures:						
Instruction	2,263,235	2,932,244	2,757,939	131,123	2,889,062	43,182
Instructional resources	478,000	538,205	523,941	14,264	538,205	-
Student services	4,800	5,825	5,825	-	5,825	-
General institutional	1,952,000	1,934,901	2,232,690	(297,789)	1,934,901	-
Physical plant	2,780,000	2,593,710	2,691,311	(97,601)	2,593,710	-
Auxiliary enterprise services	-	36,242	14,096	22,146	36,242	-
Total expenditures	7,478,035	8,041,127	8,225,802	(227,857)	7,997,945	43,182
Excess (deficiency) of revenues over expenditures	(6,984,009)	(6,984,009)	(7,512,864)	227,857	(7,285,007)	(300,998)
Other financing sources (uses):						
Operating transfer in	100,000	100,000	-	-	-	(100,000)
Proceeds from promissory notes	6,000,000	6,000,000	2,500,000	-	2,500,000	(3,500,000)
Total other financing sources (uses)	6,100,000	6,100,000	2,500,000	-	2,500,000	(3,600,000)
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(884,009)	(884,009)	(5,012,864)	227,857	(4,785,007)	(3,900,998)
Fund balance - Beginning of year	930,819	5,272,726	6,155,033	(882,307)	5,272,726	-
Fund balance - End of year	\$ 46,810	\$ 4,388,717	\$ 1,142,169	\$ (654,450)	\$ 487,719	\$ (3,900,998)

Chippewa Valley Technical College District

Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Local government - Property taxes	\$ 6,800,000	\$ 6,800,000	\$ 6,800,000	\$ -	\$ 6,800,000	\$ -
Institutional	50,000	60,576	37,929	-	37,929	(22,647)
Total revenues	6,850,000	6,860,576	6,837,929	-	6,837,929	(22,647)
Expenditures:						
Physical plant	6,868,000	6,878,576	6,878,576	-	6,878,576	-
Total expenditures	6,868,000	6,878,576	6,878,576	-	6,878,576	-
Excess (deficiency) of revenues over expenditures	(18,000)	(18,000)	(40,647)	-	(40,647)	(22,647)
Fund balance - Beginning of year	701,433	613,082	613,082	-	613,082	-
Fund balance - End of year	\$ 683,433	\$ 595,082	\$ 572,435	\$ -	\$ 572,435	\$ (22,647)

Chippewa Valley Technical College District

Enterprise Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental:						
State	\$ 157,811	\$ 209,614	\$ 157,811	\$ -	\$ 157,811	\$ (51,803)
Institutional	3,210,200	3,210,200	3,317,432	-	3,317,432	107,232
Total revenues	3,368,011	3,419,814	3,475,243	-	3,475,243	55,429
Expenditures:						
Auxiliary services	3,260,943	3,312,746	3,312,745	-	3,312,745	1
Total expenditures	3,260,943	3,312,746	3,312,745	-	3,312,745	1
Excess of revenues over expenditures	107,068	107,068	162,498	-	162,498	55,430
Other financing sources (uses):						
Operating transfer in	-	45,551	45,551	-	45,551	-
Excess of revenues and other financing sources (uses) over expenditures	107,068	152,619	208,049	-	208,049	55,430
Net position - Beginning of year	1,202,151	1,044,371	1,044,371	-	1,044,371	-
Net position - End of year	\$ 1,309,219	\$ 1,196,990	\$ 1,252,420	\$ -	\$ 1,252,420	\$ 55,430

Chippewa Valley Technical College District

Internal Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenue:						
Institutional	\$ 1,125,000	\$ 1,125,000	\$ 1,035,596	\$ -	\$ 1,035,596	\$ (89,404)
Total revenue	1,125,000	1,125,000	1,035,596	-	1,035,596	(89,404)
Expenditures:						
Auxiliary services	1,125,000	1,125,000	1,038,983	-	1,038,983	86,017
Total expenditures	1,125,000	1,125,000	1,038,983	-	1,038,983	86,017
Excess (deficiency) of revenue over expenditures	-	-	(3,387)	-	(3,387)	(3,387)
Net position - Beginning of year	73,499	66,131	66,131	-	66,131	-
Net position - End of year	\$ 73,499	\$ 66,131	\$ 62,744	\$ -	\$ 62,744	\$ (3,387)

Chippewa Valley Technical College District

Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to Basic Financial Statements

Year Ended June 30, 2017

	General Fund	Special Revenue Aidable Funds	Special Revenue Non-Aidable Funds	Capital Projects Fund	Debt Service Fund	Enterprise Funds	Internal Service Funds	Totals	Reconciling Items	Statement of Revenue, Expenses, and Changes in Net Position
Revenues:										
Local government - Property taxes	\$ 12,066,540	\$ 1,000,000	\$ -	\$ -	\$ 6,800,000	\$ -	\$ -	\$ 19,866,540	\$ -	\$ 19,866,540
Intergovernmental revenue:										
State	23,655,359	2,103,321	-	394,384	-	157,811	-	26,310,875	-	26,310,875
Federal	27,409	9,390,249	7,518,988	62,799	-	-	-	16,999,445	-	16,999,445
Tuition and fees:										
Program fees	13,925,180	-	-	-	-	-	-	13,925,180	(3,081,019)	10,844,161
Material fees	865,588	-	-	-	-	-	-	865,588	(209,777)	655,811
Other student fees	738,022	190,760	1,092,644	-	-	-	-	2,021,426	(1,191,317)	830,109
Institutional	627,143	879,355	692,094	255,755	37,929	-	-	2,492,276	(199,574)	2,292,702
Auxiliary services revenue	-	-	-	-	-	3,317,432	1,035,596	4,353,028	(1,035,597)	3,317,431
Total revenues	51,905,241	13,563,685	9,303,726	712,938	6,837,929	3,475,243	1,035,596	86,834,358	(5,717,284)	81,117,074
Expenditures:										
Instruction	31,865,462	11,008,560	36,677	2,889,062	-	-	-	45,799,761	(1,115,644)	44,684,117
Instructional resources	656,774	-	-	538,205	-	-	-	1,194,979	(486,594)	708,385
Student services	3,475,707	1,523,434	8,671,746	5,825	-	-	-	13,676,712	(7,939,136)	5,737,576
General institutional	10,211,006	909,155	-	1,934,901	-	-	-	13,055,062	(1,546,981)	11,508,081
Physical plant	4,228,182	43,288	-	2,593,710	6,878,576	-	-	13,743,756	(9,317,760)	4,425,996
Auxiliary services	-	-	-	36,242	-	3,312,745	1,038,983	4,387,970	(1,024,682)	3,363,288
Depreciation	-	-	-	-	-	-	-	-	5,999,159	5,999,159
Student aid	-	-	-	-	-	-	-	-	4,594,045	4,594,045
Interest expense	-	-	-	-	-	-	-	-	548,436	548,436
Total expenditures	50,437,131	13,484,437	8,708,423	7,997,945	6,878,576	3,312,745	1,038,983	91,858,240	(10,289,157)	81,569,083
Excess (deficiency) of revenue over expenditures	1,468,110	79,248	595,303	(7,285,007)	(40,647)	162,498	(3,387)	(5,023,882)	4,571,873	(452,009)
Other financing (uses) sources:										
Operating transfers in	-	-	-	-	-	45,551	-	45,551	(45,551)	-
Operating transfers (out)	(45,551)	-	-	-	-	-	-	(45,551)	45,551	-
Issuance of long-term debt	-	-	-	2,500,000	-	-	-	2,500,000	(2,500,000)	-
Total other financing (uses) sources	(45,551)	-	-	2,500,000	-	45,551	-	2,500,000	(2,500,000)	-
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	1,422,559	79,248	595,303	(4,785,007)	(40,647)	208,049	(3,387)	(2,523,882)	2,071,873	(452,009)
Fund balance/net position - Beginning of year	12,809,570	52,185	1,132,065	5,272,726	613,082	1,044,371	66,131	20,990,130	40,814,361	61,804,491
Cumulative effect of change in accounting principle	-	-	-	-	-	-	-	-	-	539,461
Fund balance/net position - Beginning of year, as restated	12,809,570	52,185	1,132,065	5,272,726	613,082	1,044,371	66,131	20,990,130	40,814,361	62,343,952
Fund balance/net position - End of year	\$ 14,232,129	\$ 131,433	\$ 1,727,368	\$ 487,719	\$ 572,435	\$ 1,252,420	\$ 62,744	\$ 18,466,248	\$ 42,886,234	\$ 61,891,943

Chippewa Valley Technical College District

Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to Basic Financial Statements (Continued)

Year Ended June 30, 2017

- (1) Intergovernmental Revenue – State is reported as two separate line items on the basic financial statements:

State grants	\$ 2,655,516
State operating appropriations	<u>23,655,359</u>
	<u>\$26,310,875</u>

- (2) Institutional Revenue is reported as four separate line items on the basic financial statements:

Business and industry contract revenue	\$ 824,404
Other operating revenues	1,012,358
Other non-operating revenues	374,042
Investment income earned	<u>81,898</u>
	<u>\$ 2,292,702</u>



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*

Board of Education
Chippewa Valley Technical College District
Eau Claire, Wisconsin

We have audited the financial statements of the business-type activities and the discretely presented component unit of Chippewa Valley Technical College District (the "District") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Chippewa Valley Technical College Foundation, Inc. (the "Foundation"), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting 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 Chippewa Valley Technical College District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/ Wipfli LLP

Wipfli LLP

November 17, 2017
Eau Claire, Wisconsin

Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance

District Board
Chippewa Valley Technical College District
Eau Claire, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Chippewa Valley Technical College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

Management is responsible for compliance with the federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. The financial statements of the Chippewa Valley Technical College Foundation, Inc., were not audited in accordance with *Government Auditing Standards*.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Each Major Federal and State Program

In our opinion, the Chippewa Valley Technical College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Chippewa Valley Technical College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, and the *State of Wisconsin Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chippewa Valley Technical College District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/ Wipfli LLP

Wipfli LLP

November 17, 2017
Eau Claire, Wisconsin

Chippewa Valley Technical College District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Award Description	Federal Catalog Number	Grant/Pass-Through Entity Identifying Number	Program or Award Amount	Revenues		Total Expenditures	Passed Through to Subrecipients
				Federal	Match/ Local		
<u>U.S. Department of Labor</u>							
H-1B Job Training Grants	17.268						
Interfacing Manufacturing Processes and Connecting Technologies (IMPACT)		HG-29337-16-60-A-55	\$ 5,000,000	\$ 908,906	\$ 398,288	\$ 1,307,194	\$ 441,457
<hr/>							
Trade Adjustment Assistance Community College and Career Training Grants	17.282						
INTERFACE		TC-25114-13-60-A-55	1,147,610	226,978	621	227,599	-
Advancing Careers and Training (ACT) for Healthcare		TC-26455-14-60-A-55	19,999,991	7,081,348	-	7,081,348	4,808,376
<hr/>							
Total Trade Adjustment Assistance Community College and Career Training Grants			21,147,601	7,308,326	621	7,308,947	4,808,376
<hr/>							
Total U.S. Department of Labor			26,147,601	8,217,232	398,909	8,616,141	5,249,833
<hr/>							
<u>National Science Foundation</u>							
Education and Human Resources	47.076						
Passed through Dakota County Technical College							
Midwest Regional Center for Nanotechnology Ed. (Nano-Link) Renewal		Subc./DUE-1501878, PO #57455	31,148	10,298	-	10,298	-
Direct Awards							
Advanced Manufacturing through Applied STEM		DUE-1304103	797,298	161,978	-	161,978	-
Advanced STEM industries through Student Scholarships and Support Services		DUE-1355958	597,210	140,372	-	140,372	-
<hr/>							
Total Education and Human Resources			1,425,656	312,648	-	312,648	-
<hr/>							
<u>U.S. Department of Veteran Affairs</u>							
Veterans Education Outreach Program Reporting Fee	64.117	N/A	1,659	1,659	-	1,659	-
<hr/>							
<u>U.S. Department of Education</u>							
Wisconsin Technical College System							
Adult Education - Basic Grants to States	84.002						
Adult Education Services Comprehensive Program		01-770-146-127	137,134	137,134	379,626	516,760	-
LEP Experience-Based Civics Education		01-771-146-167	9,079	9,079	4	9,083	-
<hr/>							
Total Adult Education - Basic Grants to States			146,213	146,213	379,630	525,843	-

Chippewa Valley Technical College District

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2017

Award Description	Federal Catalog Number	Grant/Pass-Through Entity Identifying Number	Program or Award Amount	Revenues		Total Expenditures	Passed Through to Subrecipients
				Federal	Match/ Local		
<u>U.S. Department of Education (Continued)</u>							
Student Financial Assistance Cluster							
Federal Supplemental Educational Opportunity Grants	84.007						
Grants		P007A164495	\$ 118,388	\$ 118,388	\$ -	\$ 118,388	\$ -
Administration		P007A164495	5,919	5,919	-	5,919	-
Total Federal Supplemental Educational Opportunity Grants			124,307	124,307	-	124,307	-
Federal Direct Student Loans							
Stafford Loans	84.268	P268K172634	14,493,705	14,493,705	-	14,493,705	-
PLUS Loans		P268K172634	107,986	107,986	-	107,986	-
Total Federal Direct Student Loans			14,601,691	14,601,691	-	14,601,691	-
Federal Work-Study Program							
College Work Study	84.033	P033A164495	144,982	144,982	-	144,982	-
College Work Study - Administration		P033A164495	9,665	9,665	-	9,665	-
Total Federal Work-Study Program			154,647	154,647	-	154,647	-
Federal Pell Grant Program							
Grants	84.063	P063P162634	7,255,618	7,255,618	-	7,255,618	-
Administrative Fees		P063P162634	11,825	11,825	-	11,825	-
Total Federal Pell Grant Program			7,267,443	7,267,443	-	7,267,443	-
Total Student Financial Assistance Cluster			22,148,088	22,148,088	-	22,148,088	-
Higher Education Institutional Aid							
Improving Student Performance through Targeted Interventions	84.031A	P031A110191	1,978,053	151,774	15,938	167,712	-

Chippewa Valley Technical College District

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2017

Award Description	Federal Catalog Number	Grant/Pass-Through Entity Identifying Number	Program or Award Amount	Revenues		Total Expenditures	Passed Through to Subrecipients
				Federal	Match/Local		
<u>U.S. Department of Education (Continued)</u>							
Wisconsin Technical College System							
Career and Technical Education - Basic Grants to States	84.048						
CVTC Achieving Student Success		01-754-150-237	\$ 374,445	\$ 374,445	\$ 527,022	\$ 901,467	\$ -
Strengthening CTE: Business Management, Criminal Justice-Law Enforcement and Nursing		01-755-150-257	99,852	99,852	1	99,853	-
CVTC Nontraditional Occupation Initiative		01-756-150-267	24,963	24,963	23	24,986	-
Chippewa Valley Technical College - Career Prep		01-757-150-217	44,809	44,809	25	44,834	-
Total Career and Technical Education - Basic Grants to States			544,069	544,069	527,071	1,071,140	-
Wisconsin Department of Public Instruction							
Gaining Early Awareness and Readiness for Undergraduate Program: Wisconsin Gear Up Grant	84.334	N/A	78,438	78,438	-	78,438	-
Wisconsin Department of Children and Families							
Western Technical College							
Race to the Top - Early Learning Challenge	84.412						
Race to the Top Early Learning Challenge Educational Opportunities Grant		CFE00449A1	151,669	45,892	-	45,892	8,760
Race to the Top Early Learning Challenge Educational Opportunities Grant - No Cost Extension		CFE00449A1	65,001	26,890	-	26,890	3,765
Total Race to the Top - Early Learning Challenge			216,670	72,782	-	72,782	12,525
Total U.S. Department of Education			25,111,531	23,141,364	922,639	24,064,003	12,525
<u>Department of Homeland Security</u>							
Wisconsin Technical College System							
FEMA Assistance to Firefighters Grant	97.044	01-722-153-117	6,671	6,671	1,004	7,675	-
TOTAL FEDERAL AWARDS			\$ 52,693,118	\$ 31,679,574	\$ 1,322,552	\$ 33,002,126	\$ 5,262,358

See Independent Auditor's Report.

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Chippewa Valley Technical College District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Note 1 Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Chippewa Valley Technical College District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a select portion of the operations of the Chippewa Valley Technical College District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Chippewa Valley Technical College District.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Chippewa Valley Technical College District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 Reconciliation of Federal Awards to Financial Statements

Federal revenues from schedule of expenditures of federal awards	\$ 31,679,574
Federal Gear Up Program	(78,438)
Federal direct student loans	(14,601,691)
<hr/>	
Federal grants revenue recognized in the statements of revenues, expenses, and changes in net position	<u>\$ 16,999,445</u>

Chippewa Valley Technical College District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

Note 4 Pass-Through Funds to Subrecipients

During the fiscal year ended June 30, 2017, there were funds passed through to subrecipients as follows:

Award Number	CFDA#	Subrecipient	Amount Provided to Subrecipients
HG-29337-16-60-A-55	17.268	Southwest Technical College	\$ 254,742
HG-29337-16-60-A-55	17.268	Wisconsin Indianhead Technical College	186,715
TC-26455-14-60-A-55	17.282	Blackhawk Technical College	153,418
TC-26455-14-60-A-55	17.282	Fox Valley Technical College	92,027
TC-26455-14-60-A-55	17.282	Gateway Technical College	291,983
TC-26455-14-60-A-55	17.282	Lakeshore Technical College	232,826
TC-26455-14-60-A-55	17.282	Milwaukee Technical College	633,403
TC-26455-14-60-A-55	17.282	Madison College	721,389
TC-26455-14-60-A-55	17.282	Moraine Park Technical College	309,921
TC-26455-14-60-A-55	17.282	Mid-State Technical College	233,127
TC-26455-14-60-A-55	17.282	Nicolet Area Technical College	249,194
TC-26455-14-60-A-55	17.282	Northcentral Technical College	238,951
TC-26455-14-60-A-55	17.282	Northeast Wisconsin Technical College	262,460
TC-26455-14-60-A-55	17.282	Southwest Technical College	216,122
TC-26455-14-60-A-55	17.282	Waukesha County Technical College	366,055
TC-26455-14-60-A-55	17.282	Wisconsin Indianhead Technical College	363,696
TC-26455-14-60-A-55	17.282	Western Technical College	403,532
TC-26455-14-60-A-55	17.282	Wisconsin Technical College System	40,272
CFE00449A1	93.575	Western Dairyland Community Action Agency	12,525

Chippewa Valley Technical College District

Schedule of Expenditures of State Awards

Year Ended June 30, 2017

Award Description	State I.D. Number	Grant/Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures	Passed Through to Subrecipients
				State	Match		
<u>Wisconsin Department of Agriculture, Trade, and Consumer Protection</u>							
Nutrient Management Farmer Education Project	20.115						
Wisconsin Department of Agriculture, Trade, and Consumer		N/A	\$ 15,000	\$ 8,725	\$ 15	\$ 8,740	\$ -
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection			15,000	8,725	15	8,740	-
<u>Wisconsin Department of Transportation</u>							
Motorcycle Safety Program	20.395(4)(aq)						
Motorcycle Training, Basic Rider Course 1		0940-16-26	23,628	15,599	8,391	23,990	-
Motorcycle Training, Basic Rider Course 2		0940-16-26	2,430	2,430	(280)	2,150	-
Motorcycle Training, Basic Rider Course 1		N/A	31,573	-	27,744	27,744	-
Motorcycle Training, Basic Rider Course 2		N/A	4,152	-	2,499	2,499	-
Total Wisconsin Department of Transportation			61,783	18,029	38,354	56,383	-
<u>Higher Education Aids Board</u>							
Wisconsin Higher Education Grant	235.102	N/A	1,302,264	1,302,264	-	1,302,264	-
Veterans Tuition Remission Program	235.105	N/A	85,226	85,226	267,466	352,692	-
Minority Retention Grant	235.107	N/A	10,760	10,760	-	10,760	-
Covenant Scholars	235.108	N/A	60,797	60,797	-	60,797	-
Academic Excellence Scholarship	235.109	N/A	5,063	5,063	5,062	10,125	-
Handicapped Student Grant	235.112	N/A	2,700	2,700	-	2,700	-
Talent Incentive Program	235.114	N/A	98,488	98,488	-	98,488	-
Nursing Student Loan	235.117	N/A	12,000	12,000	-	12,000	-
Technical Excellence Scholarship	235.119	N/A	60,868	60,868	60,866	121,734	-
Covenant Foundation	235.131	N/A	40,750	40,750	-	40,750	-
Wisconsin Indian Grant	235.132	N/A	10,725	10,725	-	10,725	-
Total Higher Education Aids Board			1,689,641	1,689,641	333,394	2,023,035	-

Chippewa Valley Technical College District

Schedule of Expenditures of State Awards (Continued)

Year Ended June 30, 2017

Award Description	State I.D. Number	Grant/Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures	Passed Through to Subrecipients
				State	Match		
<u>Wisconsin Technical College System</u>							
State Aids for Vocational, Technical, and Adult Education	292.105	N/A					
General State Aids			\$ 3,840,051	\$ 3,840,051	\$ -	\$ 3,840,051	\$ -
Performance Based Aid			1,333,791	1,333,791	-	1,333,791	-
Total State Aids for Vocation, Technical, and Adult Education			5,173,842	5,173,842	-	5,173,842	-
Grants to District Boards	292.124						
Apprentice-Related Instruction Program							
Electrical Construction Apprenticeship Program		01-791-124-117	9,879	9,879	68	9,947	-
Plumbing Apprenticeship Program		01-792-124-117	20,985	20,985	-	20,985	-
Career Pathways Program							
Implementing Career Pathways in Air Conditioning, Heating, and Refrigeration Technology		01-780-124-127	199,412	199,412	66,594	266,006	-
Enhancing and Expanding the Automation Systems Technology Program		01-781-124-127	199,473	199,473	66,660	266,133	-
Education and Engagement for Secondary Students in Technology Career Pathways Consortium		01-784-124-127	333,130	288,309	96,101	384,410	-
Core Industry Program							
Northeast Wisconsin Technical College							
Inter-District Collaboration Business Management (10-1023)		13-131-124-137	214,331	214,331	-	214,331	-
Direct Awards							
Advanced Machine Tooling Technics		01-785-124-137	499,777	499,777	7,751	507,528	-
Developing Markets Program							
Two-Year Associate Degree in Professional Communications		01-782-124-147	177,510	177,510	19	177,529	-
Professional Development Program							
Professional Development-Faculty Quality Assurance		01-788-124-157	61,579	61,579	56	61,635	-
Student Support Program							
Student Support, Career Planning, and Transition Services		01-786-124-167	299,992	299,992	100,125	400,117	-
Statewide Program							
AMN-NW Gold Collar Careers and Collaborative Efforts in Manufacturing		01-687-124-186	66,010	32,636	101	32,737	18,705

Chippewa Valley Technical College District

Schedule of Expenditures of State Awards (Continued)

Year Ended June 30, 2017

Award Description	State I.D. Number	Grant/Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures	Passed Through to Subrecipients
				State	Match		
<u>Wisconsin Technical College System</u> (Continued)							
AMN-NW Gold Collar Careers and Collaborative Efforts in Manufacturing		01-787-124-187	\$ 65,063	\$ 40,530	\$ -	\$ 40,530	\$ 32,744
Paramedic Programs Curriculum Realignment		01-793-124-187	10,000	3,754	-	3,754	-
Agriculture Outreach Initiative		01-794-124-187	6,870	5,111	-	5,111	-
General Education Academic Review Start Up		01-796-124-188	525	256	8	264	-
Workforce Advancement Training							
Automation Manufacturing and Fabrication Consortium		01-610-124-176	175,500	22,673	2,519	25,192	-
Critical Core Manufacturing Skills and Supervisor Skills Technical Certificate Program		01-611-124-176	156,086	36,971	4,108	41,079	-
Collision Avoidance Training for Bus Drivers		01-612-124-176	17,226	2,016	224	2,240	-
Safety, Technology, Engineering, and Mathematics Training (STEM) Program		01-613-124-176	107,044	4,493	499	4,992	-
Quality, Safety, and Business Technology Training Program		01-614-124-176	58,329	4,266	474	4,740	-
Safety and Root Cause Analysis Training		01-615-124-176	3,449	346	39	385	-
Automation Manufacturing and Fabrication Consortium		01-710-124-177	187,672	101,579	-	101,579	-
Critical Core Manufacturing Skills, Supervisor Skills, and Transformational Leadership Programs		01-711-124-177	171,604	94,619	-	94,619	-
Total Grants to District Boards			3,041,446	2,320,497	345,346	2,665,843	51,449
Emergency Assistance Program	292.104						
Emergency Assistance		01-789-104-117	13,973	10,564	-	10,564	-
Project Revenue Segregated Funds	292.128						
Truck Driver Training		01-692-128-116	18,226	18,226	14	18,240	-
Systemwide Leadership Grant	292.134						
Faculty PLA Assessor Training and Certification		01-691-134-116	15,000	15,000	147	15,147	-

Chippewa Valley Technical College District

Schedule of Expenditures of State Awards (Continued)

Year Ended June 30, 2017

Award Description	State I.D. Number	Grant/Pass-Through Agency Number	Program or Award Amount	Revenues		Total Expenditures	Passed Through to Subrecipients
				State	Match		
<u>Wisconsin Technical College System</u> (Continued)							
Property Tax Relief Aid	292.162	N/A	\$ 18,322,299	\$ 18,322,299	\$ -	\$ 18,322,299	\$ -
Fire Fighter Training 2% Special Allocation from State Operations	292.137	N/A	55,492	55,492	-	55,492	-
Total Wisconsin Technical College System			26,640,278	25,915,920	345,507	26,261,427	51,449
<u>Wisconsin Department of Health Services</u>							
Low Income Dental Clinics	435.170000	32886	90,131	90,131	30	90,161	-
Expanding Dental Services via Technical College	435.151722	32886	67,680	67,680	57	67,737	-
Total Wisconsin Department of Health Services			157,811	157,811	87	157,898	-
<u>Wisconsin Department of Workforce Development</u>							
Office Skills Development	445.109						
Wisconsin Fast Forward, Blueprint for Prosperity Wait List		BP142TC-CV	1,013,434	13,975	4,713	18,688	-
Wisconsin Fast Forward, Blueprint for Prosperity High School Pupil Workforce Training		BP161HSP-14	100,157	90,688	49,621	140,309	-
Total Wisconsin Department of Workforce Development			1,113,591	104,663	54,334	158,997	-
<u>Wisconsin Department of Justice</u>							
Training and Standards Bureau	455.231						
Tactical Functional Training Course		N/A	2,000	2,000	-	2,000	-
<u>Wisconsin Department of Revenue</u>							
Exempt Computer Aid	835.109	N/A	73,992	73,993	-	73,993	-
TOTAL STATE AWARDS			\$ 29,754,096	\$ 27,970,782	\$ 771,691	\$ 28,742,473	\$ 51,449

See Independent Auditor's Report.

See accompanying notes to the Schedule of Expenditures of State Awards.

Chippewa Valley Technical College District

Notes to the Schedule of Expenditures of State Awards

Year Ended June 30, 2017

Note 1 Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of state awards includes the state award activity of the Chippewa Valley Technical College District under programs of the state government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State of Wisconsin Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the Chippewa Valley Technical College District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Chippewa Valley Technical College District.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustment or credits made in the normal course of business to amounts reported as expenditures in prior years. Chippewa Valley Technical College District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Chippewa Valley Technical College District

Notes to the Schedule of Expenditures of State Awards

Year Ended June 30, 2017

Note 3 Reconciliation of State Awards to Financial Statements

State revenues from Schedule of Expenditures of State Awards	\$ 27,970,782
Wisconsin Higher Education Grant	(1,302,264)
Minority Retention Grant	(10,760)
Covenant Scholars	(60,797)
Academic Excellence Scholarship	(5,063)
Handicapped Student Grant	(2,700)
Talent Incentive Program	(98,488)
Nursing Student Loan	(12,000)
Technical Excellence Scholarship	(60,868)
Covenant Foundation	(40,750)
Wisconsin Indian Grant	(10,725)
Tuition - Fire Service Certification Program	(55,492)

State grants revenue recognized in the statements of revenues, expenses, and changes in net position	\$ 26,310,875
---	---------------

(1) State grants revenue is presented on the basic
financial statements as follows:

Operating	\$ 2,655,516
Non-operating	23,655,359

	\$ 26,310,875
--	---------------

Chippewa Valley Technical College District

Notes to the Schedule of Expenditures of State Awards

Year Ended June 30, 2017

Note 4 Pass-Through Funds to Subrecipients

During the fiscal year ended June 30, 2017, there were funds passed through to subrecipients as follows:

<u>Award Number</u>	<u>State I.D. Number</u>	<u>Subrecipient</u>	<u>Amount Provided to Subrecipients</u>
01-687-124-186	292.124	Mid-State Technical College	\$ 8,934
01-687-124-186	292.124	Nicolet Area Technical College	5,834
01-687-124-186	292.124	Northcentral Technical College	252
01-687-124-186	292.124	Wisconsin Indianhead Technical College	3,685
01-787-124-187	292.124	Mid-State Technical College	6,428
01-787-124-187	292.124	Nicolet Area Technical College	3,751
01-787-124-187	292.124	Northcentral Technical College	6,603
01-787-124-187	292.124	Western Technical College	11,452
01-787-124-187	292.124	Wisconsin Indianhead Technical College	4,510

Chippewa Valley Technical College District

Oral Health Program Grant

DHS Cost Reimbursement Award Schedule

Year Ended June 30, 2017

DHS Identification Number	170000	151722
Award Amount	\$ 90,131	\$ 67,680
Award Period	7/1/16 - 6/30/17	7/1/16 - 6/30/17
<hr/>		
Expenditures reported to DHS for payment	\$ 90,131	\$ 67,680
<hr/>		
Employee salaries and wages	\$ 69,033	\$ 63,570
Employee fringe benefits	5,865	4,167
Employee travel	15,263	-
<hr/>		
Total operating costs of award	\$ 90,161	\$ 67,737
<hr/>		
Less disallowed costs	\$ -	\$ -
Less program revenue and other offsets to costs	-	-
<hr/>		
Total allowable costs	\$ 90,161	\$ 67,737
<hr/>		

Chippewa Valley Technical College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
17.268	Interfacing Manufacturing Processes and Connecting Technologies (IMPACT)
84.007	Student Financial Assistance Cluster: Federal Supplemental Educational Opportunity Grants
84.268	Federal Direct Student Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program

Chippewa Valley Technical College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section I – Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between Type A and Type B Programs	\$950,235
Auditee qualified as a low-risk auditee?	Yes
<i>State Awards</i>	
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for state programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>State of Wisconsin Single Audit Guidelines</i> ?	No
Identification of major state programs:	

State I.D. Number	Name of State Program
235.102	Wisconsin Higher Education Grant
235.114	Talent Incentive Program
292.105	State Aids for Vocational, Technical, and Adult Education
292.162	Property Tax Relief Aid
Dollar threshold used to distinguish between Type A and Type B Programs	\$250,000

Chippewa Valley Technical College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section II – Financial Statement Findings

None.

Section III – Federal and State Findings and Questioned Costs

None.

Chippewa Valley Technical College District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2017

Section IV – Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State of Wisconsin Single Audit Guidelines*:

- Wisconsin Department of Children and Families No
- Wisconsin Department of Health Services No
- Wisconsin Department of Justice No
- Wisconsin Department of Revenue No
- Wisconsin Department of Workforce Development No
- Wisconsin Higher Education Aids Board No
- Wisconsin Technical College System No
- Wisconsin Department of Transportation No
- Wisconsin Department of Public Instruction No
- Wisconsin Department of Agriculture, Trade and Consumer Protection No

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

Yes

Name and signature of Partner

/s/ Dan Walker, CPA

Date of report

November 17, 2017

Chippewa Valley Technical College District

Schedule of Prior Year's Findings and Questioned Costs

Year Ended June 30, 2017

Financial Statement Findings

None.

Federal and State Award Findings and Questioned Costs

Department of Education

Finding 2016-001: Eligibility

Student Financial Assistance Cluster, Pell Program - CFDA No. 84.063; Direct Funding

Condition Noted - The 2015-2016 audit identified a student who received Pell and was subsequently reported as a no show on April 20, 2016. As of June 20, 2016, the Pell funds had not been returned to the Department of Education.

Current Year Condition - During the current year's audit, we verified that the overaward amount of \$722 was returned to the Department of Education on September 20, 2016. A test of 40 students who received federal student assistance during 2016-2017 did not identify any Pell overawards.