

**Chippewa Valley Technical  
College District**

Eau Claire, Wisconsin

**Financial Statements With  
Supplementary Financial Information**

Years Ended June 30, 2016 and 2015

# Chippewa Valley Technical College District

## Financial Statements With Supplementary Financial Information

Years Ended June 30, 2016 and 2015

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### 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.....	62
Schedules of the Employer's Proportionate Share of the Net Pension Liability and Employer Contributions – Wisconsin Retirement System .....	63
Supplementary Financial Information	
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual .....	64
Special Revenue Aidable Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual .....	65
Special Revenue Non-Aidable Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual .....	66
Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual .....	67
Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual .....	68
Enterprise Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual .....	69
Internal Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual .....	70
Schedule to Reconcile Budget (Non-GAAP Budgetary Basis) Financial Statements to Basic Financial Statements.....	71

# Chippewa Valley Technical College District

## Financial Statements With Supplementary Financial Information

Years Ended June 30, 2016 and 2015

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### Table of Contents (Continued)

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*..... 73

Independent Auditor’s Report on Compliance for Each Major  
Federal and State Program and on Internal Control Over Compliance  
Required by the Uniform Guidance..... 75

Schedule of Expenditures of Federal Awards..... 78

Notes to the Schedule of Expenditures of Federal Awards..... 81

Schedule of Expenditures of State Awards..... 83

Notes to the Schedule of Expenditures of State Awards..... 87

Schedule of Findings and Questioned Costs ..... 90

Schedule of Prior Year’s Findings and Questioned Costs ..... 94



## 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, 2016 and 2015, 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 of 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, 2016 and 2015, 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. 72, *Fair Value Measurement and Application*. 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 on pages 4 through 10 and 62 and 63 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. 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.

## Supplementary Information (Continued)

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 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 December 21, 2016, 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

December 21, 2016  
Eau Claire, Wisconsin

## Management's Discussion and Analysis

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# Chippewa Valley Technical College District

Management's Discussion and Analysis

June 30, 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 year ended June 30, 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 72, Fair Value Measurement and Application*, as of July 1, 2015. The implementation of this standard had no effect on previously reported net position.

Total assets and deferred outflows increased by \$11,970,884 in 2016 or 12.1% compared to an increase of \$22,340,359 or 29.2% in 2015. Cash increased by approximately \$962,832. GASB 68 was adopted by the District as of July 1, 2014. As a result, a net pension asset (liability) and deferred inflows and outflows of resources related to pensions are recorded. During 2016, the net pension asset decreased by \$5,605,940 and deferred outflows of resources related to pensions increased by \$14,751,062.

The net increase of \$11,970,884 is driven by an increase in deferred outflows of resources related to pensions of \$14,751,062 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. In addition, the net pension asset decreased \$5,605,940, or 100%, and the District now reports a net pension liability as of June 30, 2016.



Total liabilities and deferred inflows increased by \$15,028,481 or 44.1% from 2015. Current and long-term general obligation debt increased \$2.7 million to fund capital asset investments in 2016. Refer to Note 5 Noncurrent Liabilities for a breakdown of the general obligation debt changes. Deferred inflows of resources related to pensions increased \$7,742,836 and the net pension liability – WRS increased \$3,687,372 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 2016 decreased \$3,057,597 or 4.7% from 2015 to \$61,804,491. The majority of the decrease was due to a \$2,285,086 net change in the District's net pension liability, deferred inflows of resources, and deferred outflows of resources related to WRS.

#### Statement of Net Position

	2016	2015	2014	Increase (Decrease)		Increase (Decrease)	
				2016-2015		2015-2014	
<b>Assets and Deferred Outflows:</b>							
Cash and restricted cash and equivalents	\$ 17,148,158	\$ 16,185,326	\$ 8,423,648	\$ 962,832	5.9%	\$ 7,761,678	92.1%
Net capital assets	62,824,701	61,694,539	52,807,179	1,130,162	1.8%	8,887,360	16.8%
Other assets	11,577,476	16,450,648	15,360,789	(4,873,172)	(29.6%)	1,089,859	7.1%
Deferred outflows of resources	19,352,524	4,601,462	-	14,751,062	320.6%	4,601,462	0.0%
<b>Total assets and deferred outflows</b>	<b>\$ 110,902,859</b>	<b>\$ 98,931,975</b>	<b>\$ 76,591,616</b>	<b>\$ 11,970,884</b>	<b>12.1%</b>	<b>\$ 22,340,359</b>	<b>29.2%</b>
<b>Liabilities and Deferred Inflows:</b>							
Current liabilities	\$ 13,647,116	\$ 12,552,466	\$ 9,576,938	\$ 1,094,650	8.7%	\$ 2,975,528	31.1%
Noncurrent liabilities	27,605,273	21,414,278	15,908,020	6,190,995	28.9%	5,506,258	34.6%
Deferred inflows of resources	7,845,979	103,143	-	7,742,836	7506.9%	103,143	0.0%
<b>Total liabilities and deferred inflows</b>	<b>\$ 49,098,368</b>	<b>\$ 34,069,887</b>	<b>\$ 25,484,958</b>	<b>\$ 15,028,481</b>	<b>44.1%</b>	<b>\$ 8,584,929</b>	<b>33.7%</b>
<b>Net position:</b>							
Net investment in capital assets	\$ 42,024,734	\$ 40,483,084	\$ 36,210,824	\$ 1,541,650	3.8%	\$ 4,272,260	11.8%
Restricted for debt service	487,211	587,556	705,639	(100,345)	(17.1%)	(118,083)	(16.7%)
Restricted for net pension asset	-	5,502,797	-	(5,502,797)	(100.0%)	5,502,797	0.0%
Unrestricted	19,292,546	18,288,651	14,190,195	1,003,895	5.5%	4,098,456	28.9%
<b>Total net position</b>	<b>\$ 61,804,491</b>	<b>\$ 64,862,088</b>	<b>\$ 51,106,658</b>	<b>\$ (3,057,597)</b>	<b>(4.7%)</b>	<b>\$ 13,755,430</b>	<b>26.9%</b>

## 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 2016, the District generated \$35,661,966 of operating revenue, a 9.9% increase from 2015. Federal and State grant revenue increased by \$3,700,901 in 2016 from 2015 due to additional funding in federal grants related to workforce training. Tuition and fees revenues decreased \$922,031, or 7.4%, from due to a decline in enrollment.

Operating expenses are costs related to offering the programs of the District. During 2016, total operating expenses were \$81,185,986, an increase of \$6,872,235 or 9.2% from 2015. Of the increase, \$4,541,394 was for direct instructional costs and made possible by additional grant funding. Expenses are categorized by functional groupings with approximately 55.4% 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 decreased overall by \$3,187,246 or 7.0% to \$42,466,423 for the year. Other non-operating revenues decreased by \$3,128,477 due to successful capital fundraising in 2015 for the facility improvements.

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

	2016	2015	2014	Net Position Increase (Decrease) 2016-2015		Net Position Increase (Decrease) 2015-2014		
<b>Operating revenues:</b>								
Tuition and fees	\$ 11,619,558	\$ 12,541,589	\$ 12,285,635	\$ (922,031)	(7.4%)	\$ 255,954	2.1%	
State and federal grants	19,441,019	15,740,118	13,603,424	3,700,901	23.5%	2,136,694	15.7%	
Contract revenue	692,781	668,231	646,919	24,550	3.7%	21,312	3.3%	
Auxiliary revenue	2,926,820	2,620,402	2,404,153	306,418	11.7%	216,249	9.0%	
Other operating revenues	981,788	868,617	992,605	113,171	13.0%	(123,988)	(12.5%)	
<b>Total operating revenues</b>	<b>\$ 35,661,966</b>	<b>\$ 32,438,957</b>	<b>\$ 29,932,736</b>	<b>\$ 3,223,009</b>	<b>9.9%</b>	<b>\$ 2,506,221</b>	<b>8.4%</b>	
<b>Operating expenses</b>								
Instruction	\$ 44,378,476	\$ 39,837,082	\$ 35,992,747	\$ 4,541,394	11.4%	\$ 3,844,335	10.7%	
Instructional resources	568,230	511,985	422,518	56,245	11.0%	89,467	21.2%	
Student services	6,313,269	6,167,620	5,841,805	145,649	2.4%	325,815	5.6%	
General institutional	11,914,949	10,697,070	9,993,583	1,217,879	11.4%	703,487	7.0%	
Physical plant	4,516,990	3,546,049	4,287,242	970,941	27.4%	(741,193)	(17.3%)	
Auxiliary services	3,246,778	2,552,953	2,406,725	693,825	27.2%	146,228	6.1%	
Depreciation	5,343,101	5,236,483	4,107,623	106,618	2.0%	1,128,860	27.5%	
Student aid	4,904,193	5,764,509	6,486,128	(860,316)	(14.9%)	(721,619)	(11.1%)	
<b>Total operating expenses</b>	<b>\$ 81,185,986</b>	<b>\$ 74,313,751</b>	<b>\$ 69,538,371</b>	<b>\$ 6,872,235</b>	<b>9.2%</b>	<b>\$ 4,775,380</b>	<b>6.9%</b>	
<b>Nonoperating revenue (expenses):</b>								
Property taxes	\$ 19,318,977	\$ 18,813,224	\$ 35,396,500	\$ 505,753	2.7%	\$ (16,583,276)	(46.9%)	
State operating appropriations	23,263,894	23,842,709	5,402,551	(578,815)	(2.4%)	18,440,158	341.3%	
Other nonoperating revenues	417,955	3,546,432	2,349,483	(3,128,477)	(88.2%)	1,196,949	50.9%	
Investment income earned	121,793	199,658	108,843	(77,865)	(39.0%)	90,815	83.4%	
Interest expense	(656,196)	(748,354)	(506,926)	92,158	(12.3%)	(241,428)	47.6%	
<b>Total nonoperating revenue (expense)</b>	<b>\$ 42,466,423</b>	<b>\$ 45,653,669</b>	<b>\$ 42,750,451</b>	<b>\$ (3,187,246)</b>	<b>(7.0%)</b>	<b>\$ 2,903,218</b>	<b>6.8%</b>	
<b>Net increase (decrease) in position</b>	<b>\$ (3,057,597)</b>	<b>\$ 3,778,875</b>	<b>\$ 3,144,816</b>	<b>\$ (6,836,472)</b>	<b>(180.9%)</b>	<b>\$ 634,059</b>	<b>20.2%</b>	
<b>Net position:</b>								
Beginning of year	64,862,088	51,106,658	47,961,842	13,755,430				
Change in accounting principle	-	9,976,555	-	(9,976,555)				
<b>End of year</b>	<b>\$ 61,804,491</b>	<b>\$ 64,862,088</b>	<b>\$ 51,106,658</b>	<b>\$ (3,057,597)</b>				

## 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:

<b>Statement of Cash Flows</b>								
<b>For the Years Ended June 30</b>								
	2016	2015	2014	Increase (Decrease)		Increase (Decrease)		
				2016-2015		2015-2014		
Cash provided by (used in):								
Operating activities	\$(36,462,986)	\$(37,020,754)	\$(36,432,492)	\$ 557,768	(1.5%)	\$ (588,262)	1.6%	
Noncapital financing activities	42,264,375	48,420,725	41,074,762	(6,156,350)	(12.7%)	7,345,963	17.9%	
Capital and related financing activities	(4,960,350)	(3,837,951)	(8,315,166)	(1,122,399)	29.2%	4,477,215	(53.8%)	
Investing activities	121,793	199,658	108,844	(77,865)	(39.0%)	90,814	83.4%	
<hr/>								
Net increase (decrease) in cash and cash equivalents	\$ 962,832	\$ 7,761,678	\$ (3,564,052)	\$ (6,798,846)		\$ 11,325,730		

Cash from operating activities remained relatively unchanged compared to 2015. The largest component is payments to employees for salaries. \$48,646,051 was paid in 2015 which was a decrease from 2015 of \$1,153,835 or 2.3%.

Noncapital financing sources decreased by \$6,156,350 or 12.7% in 2016 from 2015. All property taxes and state aid received, \$42,264,375, are categorized as cash flows from noncapital financing activities. Overall property taxes decreased by \$5,577,535 or 22.7% 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 \$1,122,399 from prior year comprises of fewer new financing in 2016 as compared to 2015, as well as, private donations supporting the remodeling and instructional capital equipment purchases during 2015.

### Capital Asset and Debt Activities

The District's net capital assets increased by \$1,130,162 to \$62,824,701 as of June 30, 2016, which is mostly attributable to an HVAC upgrade. Additional information on the District's capital assets can be found in Note 3.

For 2016, the District had total general obligation promissory notes outstanding of \$26,955,000 compared to \$24,300,000 as of June 30, 2015. 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.

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, 2015 and 2014.

The following table summarizes financial impacts related to the July 1, 2014, 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, 2016 and 2015

	2016	2015
Net pension asset - WRS	\$ -	\$ 5,605,940
Deferred outflows related to pensions	19,352,524	4,601,462
<b>Assets and deferred outflows</b>	<b>19,352,524</b>	<b>10,207,402</b>
Net pension liability - WRS	3,687,372	-
Deferred inflows related to pensions	7,845,979	103,143
<b>Liabilities and deferred inflows</b>	<b>11,533,351</b>	<b>103,143</b>
<b>Impact on total net position</b>	<b>7,819,173</b>	<b>10,104,259</b>
Impact on pension expense	2,285,086	(127,704)
Increase (decrease) in net position, excluding GASB No. 68 pension expense	(772,511)	3,651,171
<b>Increase (decrease) in net position</b>	<b>\$ (3,057,597)</b>	<b>\$ 3,778,875</b>
District proportion of the net WRS pension	0.22691790%	0.22822948%
Plan fiduciary net position as a percentage of the total WRS pension liability	98.20%	102.74%

### Financial Position

CVTC's net position decreased during the year ended June 30, 2016, by \$3.1 million. Of the total, \$2.3 million is due to the declining position in the WRS net pension liability and \$800,000 is due largely to less tuition and fee revenue as well as less state operating appropriations. In spite of operating results in 2016, 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. Wisconsin not-seasonally adjusted unemployment rates are 3.5% in October 2016 as compared to 4.7% for the U.S. Ten of CVTC's 11 counties are in the top 50% of those with lowest unemployment rates. Employers are attending CVTC's fall and spring job fairs in record numbers seeking to address their workforce needs with our graduates.

Property values in the District's 11 counties have increased four consecutive years following four years of declines. Taxable equalized valuations now exceed \$22.6 billion, a record level.

College enrollments reached peak levels in 2011 due partially to worker displacement during the recession of 2009. Enrollments declined from 2011 to 2016. The College has taken steps to reverse that trend and enrollment increases for 2017 exceed those of our peers in the Wisconsin Technical College System. Initiatives taken include changing the focus of the marketing and recruiting teams to emphasize the high school populations. Greater presence in high schools and more events to bring students to CVTC campuses have increased enrollments.

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

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# Chippewa Valley Technical College District

## Statements of Net Position

June 30, 2016 and 2015

<i>Assets and Deferred Outflows of Resources</i>	Primary Government		Component Unit	
	2016	2015	2016	2015
Current assets:				
Cash and cash equivalents	\$ 10,422,293	\$ 11,326,131	\$ 462,504	\$ 158,665
Accounts receivable	922,474	852,186	-	-
Property taxes receivable	6,643,806	6,325,310	-	-
Federal and state aid receivable	2,782,931	2,365,897	-	-
Program and material fees receivable	719,212	675,623	-	-
Fee arrangements receivable	136,696	107,009	-	-
Unconditional promises to give	-	-	22,500	152,399
Inventories	88,058	92,932	-	-
Prepaid items	246,433	214,926	-	-
<b>Total current assets</b>	<b>21,961,903</b>	<b>21,960,014</b>	<b>485,004</b>	<b>311,064</b>
Noncurrent assets:				
Restricted cash and cash equivalents	6,725,865	4,859,195	-	-
Investments	-	-	2,806,476	2,742,242
Unconditional promises to give	-	-	40,000	70,000
Net OPEB asset	37,866	210,825	-	-
Net pension asset - WRS	-	5,605,940	-	-
Capital assets, not being depreciated	2,788,687	14,579,149	228,000	228,000
Capital assets, being depreciated	125,497,291	108,372,677	1,928,923	1,928,923
Less accumulated depreciation	(65,461,277)	(61,257,287)	(570,081)	(517,425)
<b>Total noncurrent assets</b>	<b>69,588,432</b>	<b>72,370,499</b>	<b>4,433,318</b>	<b>4,451,740</b>
<b>Total assets</b>	<b>91,550,335</b>	<b>94,330,513</b>	<b>4,918,322</b>	<b>4,762,804</b>
Deferred outflows of resources:				
Related to pensions	19,352,524	4,601,462	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 110,902,859</b>	<b>\$ 98,931,975</b>	<b>\$ 4,918,322</b>	<b>\$ 4,762,804</b>



<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	Primary Government		Component Unit	
	2016	2015	2016	2015
Liabilities:				
Current liabilities:				
Accounts payable	\$ 2,212,535	\$ 2,500,014	\$ 81,614	\$ 16,466
Accrued payroll	3,286,288	2,620,394	-	-
Accrued compensated absences	421,627	413,437	-	-
Accrued interest	125,872	127,877	-	-
Unearned program and material fees	582,436	92,856	-	-
Due to student organizations	923,358	972,888	-	-
Current portion of long-term obligations	6,095,000	5,825,000	114,607	111,180
Total current liabilities	13,647,116	12,552,466	196,221	127,646
Noncurrent liabilities:				
General obligation promissory notes	20,860,000	18,475,000	364,757	479,627
Net pension obligation	3,057,901	2,939,278	-	-
Net pension liability - WRS	3,687,372	-	-	-
Total noncurrent liabilities	27,605,273	21,414,278	364,757	479,627
Total liabilities	41,252,389	33,966,744	560,978	607,273
Deferred inflows of resources:				
Related to pensions	7,845,979	103,143	-	-
Net position:				
Net investment in capital assets	42,024,734	40,483,084	-	-
Restricted - nonexpendable	-	-	880,376	829,476
Restricted for:				
Debt service	487,211	587,556	-	-
Net pension asset	-	5,502,797	-	-
Scholarships and other activities	-	-	1,640,465	1,469,913
Unrestricted	19,292,546	18,288,651	1,836,503	1,856,142
Total net position	61,804,491	64,862,088	4,357,344	4,155,531
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 110,902,859</b>	<b>\$ 98,931,975</b>	<b>\$ 4,918,322</b>	<b>\$ 4,762,804</b>

# Chippewa Valley Technical College District

## Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2016 and 2015

	Primary Government		Component Unit	
	2016	2015	2016	2015
Operating revenues:				
Tuition and fees:				
Program fees, net of scholarship allowances of \$2,714,718 and \$2,955,213	\$ 10,298,439	\$ 11,219,389	\$ -	\$ -
Material fees, net of scholarship allowances of \$164,364 and \$168,403	614,843	639,386	-	-
Other student fees, net of scholarship allowances of \$131,251 and \$140,009	706,276	682,814	-	-
Federal grants	16,809,886	12,806,112	-	-
State grants	2,631,133	2,934,006	-	-
Business and industry contract revenue	692,781	668,230	-	-
Auxiliary	2,926,820	2,620,401	-	-
Other operating revenues	981,788	868,617	1,126,043	896,548
<b>Total operating revenues</b>	<b>35,661,966</b>	<b>32,438,955</b>	<b>1,126,043</b>	<b>896,548</b>
Operating expenses:				
Instruction	44,378,476	39,837,081	-	-
Instructional resources	568,230	511,985	-	-
Student services	6,313,269	6,167,620	-	-
General institutional	11,914,949	10,697,070	856,215	3,766,749
Physical plant	4,516,990	3,546,049	-	-
Auxiliary services	3,246,778	2,552,952	-	-
Depreciation	5,343,101	5,236,483	52,656	52,656
Student aid	4,904,193	5,764,509	-	-
<b>Total operating expenses</b>	<b>81,185,986</b>	<b>74,313,749</b>	<b>908,871</b>	<b>3,819,405</b>
<b>Operating income (loss)</b>	<b>(45,524,020)</b>	<b>(41,874,794)</b>	<b>217,172</b>	<b>(2,922,857)</b>
Nonoperating revenues (expenses):				
Property taxes	19,318,977	18,813,224	-	-
State operating appropriations	23,263,894	23,842,709	-	-
Other nonoperating revenues	417,955	3,546,433	-	-
Investment income earned	121,793	199,658	-	-
Interest expense	(656,196)	(748,355)	(15,359)	(7,178)
<b>Total nonoperating revenues (expenses)</b>	<b>42,466,423</b>	<b>45,653,669</b>	<b>(15,359)</b>	<b>(7,178)</b>
Increase (decrease) in net position	(3,057,597)	3,778,875	201,813	(2,930,035)
Net position - Beginning of year	64,862,088	61,083,213	4,155,531	7,085,566
<b>Net position - End of year</b>	<b>\$ 61,804,491</b>	<b>\$ 64,862,088</b>	<b>\$ 4,357,344</b>	<b>\$ 4,155,531</b>

See accompanying notes to the basic financial statements.

# Chippewa Valley Technical College District

## Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	2016	2015
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Tuition and fees received	\$ 12,035,862	\$ 12,340,717
Federal and state grants received	19,023,985	14,793,392
Business and industry contract revenues received	622,493	671,977
Payments to employees	(48,646,051)	(49,799,886)
Payments to suppliers	(23,407,883)	(18,515,972)
Auxiliary enterprise revenues received	2,926,820	2,620,401
Other receipts	981,788	868,617
Net cash used in operating activities	(36,462,986)	(37,020,754)
Cash flows from noncapital financing activities:		
Local property taxes received	19,000,481	24,578,016
State appropriations received	23,263,894	23,842,709
Net cash provided by noncapital financing activities	42,264,375	48,420,725
Cash flows from capital and related financing activities:		
Purchases of capital assets	(7,375,104)	(13,641,422)
Other non-operating revenues	417,955	3,546,433
Proceeds from issuance of capital debt	9,000,000	13,320,000
Principal paid on capital debt	(6,345,000)	(6,355,000)
Interest paid on capital debt	(573,651)	(544,942)
Debt issuance costs	(84,550)	(163,020)
Net cash used in capital and related financing activities	(4,960,350)	(3,837,951)
Cash flows from investing activities:		
Investment income received	121,793	199,658
Net increase in cash and cash equivalents	962,832	7,761,678
Cash and cash equivalents - Beginning of year	16,185,326	8,423,648
Cash and cash equivalents - End of year	\$ 17,148,158	\$ 16,185,326

# Chippewa Valley Technical College District

## Statements of Cash Flows (Continued)

Years Ended June 30, 2016 and 2015

	2016	2015
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 10,422,293	\$ 11,326,131
Restricted cash and cash equivalents	6,725,865	4,859,195
<b>Total</b>	<b>\$ 17,148,158</b>	<b>\$ 16,185,326</b>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (45,524,020)	\$ (41,874,794)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,343,101	5,236,483
Changes in assets and liabilities:		
Accounts receivable	(70,288)	3,747
Federal and state grant receivable	(417,034)	(946,726)
Program and material fees receivable	(43,589)	(75,327)
Fee arrangements receivable	(29,687)	52,192
Inventories	4,874	18,423
Prepaid items	(31,507)	(137,778)
Accounts payable	614,362	723,123
Accrued payroll	665,894	343,383
Unearned program and material fees	489,580	(177,737)
Accrued compensated absences	8,190	30,734
Due to student organizations	(49,530)	(21,789)
Net pension obligation	118,623	96,258
Net pension asset - WRS	5,605,940	3,305,401
Net pension liability - WRS	3,687,372	-
Deferred outflows related to pension benefit	(14,751,062)	(3,536,248)
Deferred inflows related to pension benefit	7,742,836	103,143
Net OPEB asset	172,959	(163,242)
<b>Net cash used in operating activities</b>	<b>\$ (36,462,986)</b>	<b>\$ (37,020,754)</b>
Noncash capital and related financing activities:		
Purchases of capital assets in accounts payable	\$ 483,419	\$ 1,385,260

See accompanying notes to the basic financial statements.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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

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

#### **Reporting Entity** (Continued)

The District offers 83 one- or two-year degree programs and 25 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

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

#### **New Accounting Pronouncement**

Management adopted new accounting guidance GASB Statement No. 72, *Fair Value Measurement and Application*. This statement provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

#### **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.

#### **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.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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

#### **Budgets and Budgetary Accounting** (Continued)

- 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.

#### **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.



# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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

#### **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.

#### **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 \$436,000 at June 30, 2016, and \$467,000 at June 30, 2015. 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.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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

#### **Inventories**

Inventories are stated at the lower of cost or market; cost is determined primarily by the first-in, first-out 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.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position 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 and so will not be recognized as an outflow of resources (expenses) until then. At this time, the District has only one item that qualifies for reporting in this category. The deferred outflows of resources related to pensions represents the District's proportionate shares of collective deferred outflows of resources related to pensions and the District's contributions to pension plans 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.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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

**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.

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 2015 tax levy used to finance the fiscal year ended June 30, 2016, and the 2014 tax levy used to finance the fiscal year ended June 30, 2015, were \$19,293,590 and \$18,784,193, respectively. Mill rates for the 2015 and 2014 levies were 0.57396 and 0.57256, respectively, for operations and 0.31239 and 0.32488, respectively, for debt service.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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 \$421,627 and \$413,437 based on current wage rates in effect at June 30, 2016 and June 30, 2015, 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.

Retirement Incentive – The District offers a retirement incentive to eligible teachers and administrators who elect to retire on or after the age of 55. Expenditures are recognized as they are incurred for retiring employees. For eligible employees who have not yet elected to retire, potential retirement incentives have been accrued based on the provisions of GASB Statement No. 27.

Pensions – 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.

	2016	2015
Unpaid claims and claim adjustment expenses at the beginning of the year	\$ 38,918	\$ 26,013
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	583,263	518,255
<b>Total incurred claims</b>	<b>622,181</b>	<b>544,268</b>
Payments:		
Claims and claim adjustment expenses attributable to:		
Insured events of the current fiscal year	526,731	479,337
Claims and claim adjustment expenses attributable to:		
Insured events of prior fiscal years	38,918	26,013
<b>Total payments</b>	<b>565,649</b>	<b>505,350</b>
<b>Total unpaid claims and claim adjustment expenses at the end of the fiscal year</b>	<b>\$ 56,532</b>	<b>\$ 38,918</b>

The claims liabilities of \$56,532 and \$38,918 reported above at June 30, 2016 and 2015, 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

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### 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

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### 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. Restricted net position for net pension asset represents the District's share of the WRS pension asset. 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 December 31, 2016, which is the date the financial statements were available to be issued.

On August 2, 2016, the District issued \$2,500,000 of general obligation promissory notes with an interest rate of 0.75-2.00%. The proceeds of the notes will be used for a building addition at the Eau Claire West campus and for the acquisition of moveable equipment.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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, 2016 and 2015, 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, 2016 and 2015.

	2016	2015
<b>Cash:</b>		
Petty cash funds	\$ 6,315	\$ 6,282
Operating funds in US Bank	7,961,526	9,154,695
Operating funds in BMO Harris Bank	1,673	1,673
<b>Investments:</b>		
Wisconsin Local Government Investment Pool	9,178,644	7,022,676
Total cash and cash equivalents	\$ 17,148,158	\$ 16,185,326



# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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, 2016 and 2015:

	2016	2015
<b>Restricted for:</b>		
Debt service	\$ 370,628	\$ 459,677
Capital projects	6,355,237	4,399,518
Total restricted	6,725,865	4,859,195
Unrestricted	10,422,293	11,326,131
Total cash and cash equivalents	\$ 17,148,158	\$ 16,185,326

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

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### 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, 2016 and 2015, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities Less Than 1 Year</u>
Wisconsin Local Government Investment Pool:	
June 30, 2016	\$ 9,178,644
June 30, 2015	7,022,676

*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, 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 3 Capital Assets (Continued)

Capital asset activity was as follows for the fiscal year ended June 30, 2015:

	2015			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 2,667,208	\$ -	\$ -	\$ 2,667,208
Construction in progress	1,043,418	11,233,620	365,097	11,911,941
<b>Total capital assets not being depreciated</b>	<b>3,710,626</b>	<b>11,233,620</b>	<b>365,097</b>	<b>14,579,149</b>
Capital assets being depreciated:				
Land improvements	4,358,059	-	-	4,358,059
Buildings and improvements	62,397,628	1,232,146	432,298	63,197,476
Equipment	38,918,975	2,023,174	125,007	40,817,142
<b>Total capital assets being depreciated</b>	<b>105,674,662</b>	<b>3,255,320</b>	<b>557,305</b>	<b>108,372,677</b>
Less accumulated depreciation for:				
Land improvements	2,975,019	174,673	-	3,149,692
Buildings and improvements	23,873,656	1,968,835	432,298	25,410,193
Equipment	29,729,434	3,092,975	125,007	32,697,402
<b>Total accumulated depreciation</b>	<b>56,578,109</b>	<b>5,236,483</b>	<b>557,305</b>	<b>61,257,287</b>
<b>Net capital assets</b>	<b>52,807,179</b>	<b>\$ 9,252,457</b>	<b>\$ 365,097</b>	<b>61,694,539</b>
Less outstanding debt related to capital assets	(17,335,000)			(24,300,000)
Plus unexpended debt proceeds	738,645			3,088,545
<b>Net investment in capital assets</b>	<b>\$ 36,210,824</b>			<b>\$ 40,483,084</b>

# 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 Noncurrent Liabilities

Long-term liabilities of the District consist of general obligation promissory notes, retiree health insurance premiums, and retirement incentive benefit obligations.

The changes in noncurrent liabilities are as follows:

	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
Net pension obligation	2,939,278	277,933	159,310	3,057,901	-
Net pension liability - WRS	-	3,687,372	-	3,687,372	-
<b>Total</b>	<b>\$ 27,239,278</b>	<b>\$ 12,965,305</b>	<b>\$ 6,504,310</b>	<b>\$ 33,700,273</b>	<b>\$ 6,095,000</b>

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
General obligation promissory notes	\$ 17,335,000	\$ 13,320,000	\$ 6,355,000	\$ 24,300,000	\$ 5,825,000
Net pension obligation	2,843,020	277,908	181,650	2,939,278	-
<b>Total</b>	<b>\$ 20,178,020</b>	<b>\$ 13,597,908</b>	<b>\$ 6,536,650</b>	<b>\$ 27,239,278</b>	<b>\$ 5,825,000</b>

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

### Note 5 Noncurrent Liabilities (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, 2016 and 2015, is as follows:

	Principal		Interest	
	2016	2015	2016	2015
October 2006 - \$1,000,000 general obligation promissory note payable at Cede and Co., New York, New York, with interest at 4.125% to 4.25%, payable semiannually in April and October; varying principal payments are due annually on April 1 until maturity on April 1, 2016. Proceeds used for the addition to the Manufacturing Education Center at Gateway Campus.	\$ -	\$ 120,000	\$ -	\$ 5,100
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.	200,000	425,000	12,000	29,000
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	430,000	4,550	17,800
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	325,000	4,550	14,650
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.	720,000	1,215,000	25,020	55,793

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

### Note 5 Noncurrent Liabilities (Continued)

	Principal		Interest	
	2016	2015	2016	2015
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.	\$ 935,000	\$ 1,255,000	\$ 57,350	\$ 87,325
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.	1,235,000	1,720,000	57,562	98,575
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.	910,000	1,260,000	35,220	59,610
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.	1,640,000	2,115,000	71,100	113,400
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.	1,175,000	1,455,000	59,550	81,550
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.	1,995,000	2,745,000	85,775	141,425

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

### Note 5 Noncurrent Liabilities (Continued)

	Principal		Interest	
	2016	2015	2016	2015
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.	\$ 2,970,000	\$ 3,710,000	\$ 157,638	\$ 239,494
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.	3,285,000	3,860,000	255,200	334,400
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.	1,160,000	1,335,000	81,080	103,435
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.	900,000	1,100,000	52,750	70,875
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.	1,070,000	1,230,000	68,525	86,949
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.	3,535,000	-	242,825	-



# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

### Note 5 Noncurrent Liabilities (Continued)

	Principal		Interest	
	2016	2015	2016	2015
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.	\$ 1,445,000	\$ -	\$ 74,175	\$ -
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	-	243,572	-
<b>Total general obligation debt</b>	<b>\$26,955,000</b>	<b>\$24,300,000</b>	<b>\$ 1,588,442</b>	<b>\$ 1,539,381</b>

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

Fiscal Year	Principal	Interest	Total
2017	\$ 6,095,000	\$ 503,489	\$ 6,598,489
2018	5,985,000	395,841	6,380,841
2019	5,025,000	277,916	5,302,916
2020	3,340,000	183,686	3,523,686
2021	2,660,000	119,186	2,779,186
2022-2024	3,850,000	108,324	3,958,324
<b>Total</b>	<b>\$ 26,955,000</b>	<b>\$ 1,588,442</b>	<b>\$ 28,543,442</b>

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, 2016, the 5% limitation was \$1,126,938,737 and the District's outstanding general obligation debt was \$26,955,000. The District's outstanding general obligation debt (net of resources available to pay principal and interest) at June 30, 2016, was \$26,467,790. 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, 2016, the 2% limitation was \$450,775,495. The District had no bonded indebtedness for the period.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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 this 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
2017	\$ 103,142	\$ 28,800	\$ 131,942
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
2022-2024	360,997	-	360,997
Total	\$ 876,707	\$ 96,000	\$ 972,707

The total lease payment to the Foundation under these two leases was \$131,942 for each of the years ended June 30, 2016 and 2015.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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>.

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.

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

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

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>
2006	0.8%	3.0%
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%

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. 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 \$2,176,157 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 rates as of June 30, 2016 and 2015, are:

Employee Category	2016		2015	
	Employee	Employer	Employee	Employer
General (including teachers)	6.6%	6.6%	6.8%	6.8%
Executives and elected officials	6.6%	6.6%	7.7%	7.7%
Protective with social security	6.6%	9.4%	6.8%	9.5%
Protective without social security	6.6%	13.2%	6.8%	13.1%

At June 30, 2016 and 2015, the District reported a liability (asset) of \$3,687,372 and (\$5,605,940) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31 within the District's fiscal year and the total pension liability used to calculate the net pension liability (asset) 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 (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015 and 2014, the District's proportion was 0.22691790% and 0.22822948% (a decrease of 0.00131158 from the prior year.)

For the year ended June 30, 2016 and 2015, the District recognized pension expense of \$4,418,501 and \$2,176,370.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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

At June 30, 2016 and 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 627,404	\$ (7,760,011)	\$ 812,687	\$ -
Changes in assumptions	2,579,846	-	-	-
Net differences between projected and actual earnings on pension plan investments	15,108,862	-	2,714,667	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(85,968)	-	(103,143)
Employer contributions subsequent to the measurement date	1,036,412	-	1,074,107	-
<b>Total</b>	<b>\$ 19,352,524</b>	<b>\$ (7,845,979)</b>	<b>\$ 4,601,461</b>	<b>\$ (103,143)</b>

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
2017	\$ 2,853,583
2018	2,853,582
2019	2,853,583
2020	2,075,315
2021	(165,930)

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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

The total pension liability in the actuarial valuations used for the years ended June 30, 2016 and 2015, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2016	2015
Actuarial Valuation Date	December 31, 2014	December 31, 2013
Measurement date of net pension liability (asset)	December 31, 2015	December 31, 2014
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% - 5.8%
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 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 and 2014, is based upon a roll-forward of the liability calculated from the December 31, 2014 and 2013, actuarial valuations.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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

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 Class	December 31, 2015		December 31, 2014	
	Long-Term Real Rate of Return	Target Allocation	Long-Term Real Rate of Return	Target Allocation
Core fund:				
US equities	4.7%	23%	5.3%	21%
International equities	5.6%	22%	5.7%	23%
Fixed income	1.6%	37%	1.7%	36%
Inflation sensitive assets	1.4%	20%	2.3%	20%
Real estate	3.6%	7%	4.2%	7%
Private equity/debt	6.5%	7%	6.9%	7%
Multi-asset	3.8%	4%	3.9%	6%
Cash	0.0%	0%	0.9%	(20%)
Variable fund:				
US equities	4.7%	70%	5.3%	70%
International equities	5.6%	30%	5.7%	30%

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 3.57%. 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.



# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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

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:

	2016		2015	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to discount rate	6.2%	\$ 25,863,297	6.2%	\$ 15,815,323
Current discount rate	7.2%	3,687,372	7.2%	(5,605,940)
1% increase to discount rate	8.2%	(13,632,421)	8.2%	(22,523,588)

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>.

As of June 30, 2016 and 2015, the District reported a payables to the defined pension plan of \$329,125 and \$327,646.

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 Early Retirement Program

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 years ended June 30, 2016 and 2015, five employees received benefits under these provisions and expenditures totaled \$159,310 and 6 employees received benefits under these provisions and expenditures totaled \$181,650, 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.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### Note 8 Early Retirement Program (Continued)

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

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>	<u>2015</u>
Annual required contribution	\$ 277,172	\$ 277,172
Interest on net pension obligation	117,571	113,721
Adjustment to annual required contribution	(116,810)	(112,985)
Annual pension cost (expense)	277,933	277,908
Contributions made	(159,310)	(181,650)
Increase (decrease) in net pension obligation	118,623	96,258
Net pension obligation - Beginning of year	2,939,278	2,843,020
Net pension obligation - End of year	<u>\$ 3,057,901</u>	<u>\$ 2,939,278</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 4.00% 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.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### Note 8 Early Retirement Program (Continued)

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

### 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 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). For fiscal year 2015, the District contributed \$1,563,660 to the plan for current premiums. Plan members receiving benefits contributed \$23,112 (approximately 2% of total premiums).

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

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>2016</u>	<u>2015</u>
Annual required contribution	\$ 1,913,879	\$ 1,913,879
Interest on net OPEB obligation	(8,433)	(1,903)
Adjustment to annual required contribution	<u>25,314</u>	<u>5,713</u>
Annual OPEB cost (expense)	1,930,760	1,917,689
Contributions made	<u>(1,757,801)</u>	<u>(2,080,931)</u>
Increase (decrease) in net OPEB obligation	172,959	(163,242)
Net OPEB obligation (asset) - Beginning of year	<u>(210,825)</u>	<u>(47,583)</u>
Net OPEB obligation (asset) - End of year	<u>\$ (37,866)</u>	<u>\$ (210,825)</u>

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2016	\$ 1,930,760	91.04%	\$ (37,866)
6/30/2015	1,917,689	108.51%	(210,825)
6/30/2014	1,710,454	114.97%	(47,583)

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### Note 9 Postemployment Benefits Other Than Pension Benefits (Continued)

The funded status as of July 1, 2014, the most recent actuarial valuation date, was 0% funded. The actuarial accrued liability for benefits was \$12,010,053 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,010,053. The covered payroll (annual payroll of active employees covered by the plan) was \$31,827,173 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.

In the July 1, 2014, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.00% 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 30 years.

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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, 2016 and 2015:

	2016	2015
Salaries and wages	\$ 34,788,030	\$ 34,437,873
Employee benefits	17,108,773	15,541,443
Travel, memberships, and subscriptions	806,579	685,183
Supplies	5,298,672	5,419,092
Contracted services	11,124,708	5,116,254
Rentals	229,113	289,752
Credit	266,430	267,651
Insurance	155,257	307,847
Utilities	1,161,130	1,247,662
Depreciation	5,343,101	5,236,483
Student aid	4,904,193	5,764,509
	<hr/>	<hr/>
Total operating expenses	\$ 81,185,986	\$ 74,313,749

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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:

	2016	2015
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	208,979	3,262,853
Value of services donated by the College to the Foundation (furnished salaries, benefits, office space, and computer usage)	146,190	136,420
Payable to Chippewa Valley Technical College	81,310	15,966

### 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, 2016 and 2015, 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

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### 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 \$400,000,000 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 2016 and 2015. 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

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### 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:

	2016		2015	
	Cost	Market Value	Cost	Market Value
Cash and equivalents	\$ 462,504	\$ 462,504	\$ 158,665	\$ 158,665
Institutional/CMA Money Fund	538,114	538,114	452,652	452,652
AMCAP Fund	445,714	560,705	453,835	642,729
Davis NY Venture Fund	577,744	553,234	540,755	635,436
Capital World Growth and Income Fund	83,596	98,828	79,796	102,297
Capital Income Builder Fund	433,068	490,870	358,574	414,570
Income Fund of America	436,303	517,787	348,343	433,358
Corporate and government	70,562	46,938	93,794	61,200
<b>Total cash and investments</b>	<b>\$ 3,047,605</b>	<b>\$ 3,268,980</b>	<b>\$ 2,486,414</b>	<b>\$ 2,900,907</b>

Return on investment consists of the following at June 30:

	2016	2015
Unrealized losses	\$ (18,822)	\$ (161,567)
Realized gains	52,616	161,423
Interest and dividend income	32,136	77,370
	<b>\$ 65,930</b>	<b>\$ 77,226</b>

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### 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 market.

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, 2016 and 2015, are as follows:

	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
<b>Total assets at fair value</b>	<b>\$ 2,268,362</b>	<b>\$ 1,000,618</b>	<b>\$ -</b>	<b>\$ 3,268,980</b>

	2015			Total Fair Value
	Measurements Using			
	Level 1	Level 2	Level 3	
Assets at fair value:				
Cash, cash equivalents, and money market funds	\$ -	\$ 611,317	\$ -	\$ 611,317
Mutual funds - Equity securities	2,289,590	-	-	2,289,590
<b>Total assets at fair value</b>	<b>\$ 2,289,590</b>	<b>\$ 611,317</b>	<b>\$ -</b>	<b>\$ 2,900,907</b>

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,	
	2016	2015
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>570,081</u>	<u>517,425</u>
Land and buildings, net	<u>\$ 1,586,842</u>	<u>\$ 1,639,498</u>

Depreciation expense was \$52,656 for each of the years ended June 30, 2016 and 2015. 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:

	2016	2015
Future capital projects and improvements	\$ 1,161,345	\$ 1,038,285
Scholarships and support	474,536	426,044
Staff development and recognition	<u>4,584</u>	<u>5,584</u>
Total	<u>\$ 1,640,465</u>	<u>\$ 1,469,913</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

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### 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

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### 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>	
	2016	2015
Restricted-nonexpendable	\$ 880,376	\$ 829,476
Unrestricted - Board designated	1,430,640	1,451,053
Total	<u>\$ 2,311,016</u>	<u>\$ 2,280,529</u>

# 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, 2016 and 2015, consisted of the following:

	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
	2015		
	Unrestricted	Restricted-	Total
	Board Designated	Nonexpendable	
Endowment net position at beginning of year	\$ 1,460,324	\$ 818,176	\$ 2,278,500
Investment return	27,226	-	27,226
Contributions	45,782	11,300	57,082
Appropriation of endowment assets for expenditures	(82,279)	-	(82,279)
Endowment net position at end of year	\$ 1,451,053	\$ 829,476	\$ 2,280,529



# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### Note 14      Component Unit (Continued)

#### E – Unconditional Promises to Give

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

	2016	2015
Restricted for Energy Education Center costs	\$ 62,500	\$ 221,333
Other	-	1,066
<b>Total unconditional promises to give</b>	<b>\$ 62,500</b>	<b>\$ 222,399</b>
Amounts due in:		
Less than one year	\$ 22,500	\$ 152,399
One to five years	40,000	70,000
	<b>\$ 62,500</b>	<b>\$ 222,399</b>

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, 2016, 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:

	2016	2015
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	\$ 97,871
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.	405,256	492,936
Totals	479,364	590,807
Less - Current portion	114,607	111,180
Long-term portion	\$ 364,757	\$ 479,627

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

2017	\$ 114,607
2018	118,117
2019	117,370
2020	96,748
2021	32,522
	\$ 479,364

# Chippewa Valley Technical College District

## Notes to the Basic Financial Statements

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### Note 14 Component Unit (Continued)

#### G – Net Position

Net position was comprised of the following at June 30:

	2016	2015
Unrestricted:		
Undesignated	\$ 405,863	\$ 405,089
Designated for scholarship	1,261,268	1,278,313
Designated for staff development	169,372	172,740
<u>Total unrestricted</u>	<u>\$ 1,836,503</u>	<u>\$ 1,856,142</u>
Restricted for scholarships and other activities:		
Capital	\$ 1,161,345	\$ 1,038,285
Scholarships and support	474,536	426,044
Staff development and recognition	4,584	5,584
<u>Total restricted for scholarships and other activities</u>	<u>\$ 1,640,465</u>	<u>\$ 1,469,913</u>
Restricted-nonexpendable:		
Scholarships	\$ 833,376	\$ 782,476
Staff development	47,000	47,000
<u>Total restricted-nonexpendable</u>	<u>\$ 880,376</u>	<u>\$ 829,476</u>

## Required Supplementary Information

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# Chippewa Valley Technical College District

## Schedule of Funding Progress

Year Ended June 30, 2016

### SCHEDULE OF FUNDING PROGRESS - OPEB 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	\$ -	\$ 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%
3/31/2011	-	13,094,355	13,094,355	0.0%	31,186,828	42%

### SCHEDULE OF FUNDING PROGRESS - Pension 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

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

Years Ended June 30, 2016 and 2015

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

June 30, 2016 and 2015\*

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

### SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM (WRS)

June 30, 2016 and 2015\*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,133,414	\$ 2,196,311
Contributions in relation to the contractually required contribution	(2,133,414)	(2,196,311)
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 31,835,599	\$ 31,827,173
Contributions as a percentage of covered-employee payroll	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

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*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, 2016

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Local government - Property taxes	\$11,281,693	\$11,281,693	\$11,466,477	\$ -	\$11,466,477	\$ 184,784
Intergovernmental:						
State	23,593,417	23,593,417	23,263,894	-	23,263,894	(329,523)
Federal	5,000	5,000	28,118	-	28,118	23,118
Tuition and fees:						
Statutory program fees	13,975,000	13,975,000	13,013,157	320,143	13,333,300	(641,700)
Material fees	765,000	765,000	779,207	27,845	807,052	42,052
Other student fees	850,000	850,000	620,418	25,133	645,551	(204,449)
Institutional	705,000	705,000	781,454	-	781,454	76,454
<b>Total revenues</b>	<b>51,175,110</b>	<b>51,175,110</b>	<b>49,952,725</b>	<b>373,121</b>	<b>50,325,846</b>	<b>(849,264)</b>
Expenditures:						
Instruction	33,529,508	32,253,300	32,182,716	70,583	32,253,299	1
Instructional resources	549,422	549,422	507,783	(27)	507,756	41,666
Student services	3,947,675	3,860,355	3,727,466	2,278	3,729,744	130,611
General institutional	9,335,896	11,039,273	10,991,523	47,750	11,039,273	-
Physical plant	4,633,034	4,293,185	4,299,980	(6,795)	4,293,185	-
<b>Total expenditures</b>	<b>51,995,535</b>	<b>51,995,535</b>	<b>51,709,468</b>	<b>113,789</b>	<b>51,823,257</b>	<b>172,278</b>
Excess (deficiency) of revenues over expenditures	(820,425)	(820,425)	(1,756,743)	259,332	(1,497,411)	(676,986)
Fund balance - Beginning of year	13,611,912	14,306,981	15,059,651	(752,670)	14,306,981	-
<b>Fund balance - End of year</b>	<b>\$12,791,487</b>	<b>\$13,486,556</b>	<b>\$13,302,908</b>	<b>\$ (493,338)</b>	<b>\$12,809,570</b>	<b>\$ (676,986)</b>



# 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, 2016

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Local government - Property tax	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Intergovernmental:						
State	2,204,995	2,204,995	2,093,007	-	2,093,007	(111,988)
Federal	8,571,579	8,732,711	8,773,635	-	8,773,635	40,924
Other student fees	-	-	172,475	-	172,475	172,475
Institutional	895,000	895,000	734,737	-	734,737	(160,263)
<b>Total revenues</b>	<b>12,671,574</b>	<b>12,832,706</b>	<b>12,773,854</b>	<b>-</b>	<b>12,773,854</b>	<b>(58,852)</b>
Expenditures:						
Instruction	9,946,427	10,280,202	10,259,466	20,736	10,280,202	-
Student services	2,022,057	1,839,310	1,839,310	-	1,839,310	-
General institutional	597,831	617,729	617,729	-	617,729	-
Physical plant	98,069	83,375	83,375	-	83,375	-
Auxiliary services	-	4,900	4,900	-	4,900	-
<b>Total expenditures</b>	<b>12,664,384</b>	<b>12,825,516</b>	<b>12,804,780</b>	<b>20,736</b>	<b>12,825,516</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	7,190	7,190	(30,926)	(20,736)	(51,662)	(58,852)
Fund balance - Beginning of year	296,622	103,847	125,696	(21,849)	103,847	-
<b>Fund balance - End of year</b>	<b>\$ 303,812</b>	<b>\$ 111,037</b>	<b>\$ 94,770</b>	<b>\$ (42,585)</b>	<b>\$ 52,185</b>	<b>\$ (58,852)</b>

# 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, 2016

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Local government	\$ 52,500	\$ 52,500	\$ 52,500	\$ -	\$ 52,500	\$ -
Intergovernmental:						
Federal	9,803,250	9,803,250	7,823,498	-	7,823,498	(1,979,752)
Other student fees	850,700	850,700	582,985	-	582,985	(267,715)
Institutional	538,300	538,300	548,507	-	548,507	10,207
<b>Total revenues</b>	<b>11,244,750</b>	<b>11,244,750</b>	<b>9,007,490</b>	<b>-</b>	<b>9,007,490</b>	<b>(2,237,260)</b>
Expenditures:						
Instruction	47,050	47,050	29,344	-	29,344	17,706
Student services	11,291,442	11,291,442	9,028,093	-	9,028,093	2,263,349
<b>Total expenditures</b>	<b>11,338,492</b>	<b>11,338,492</b>	<b>9,057,437</b>	<b>-</b>	<b>9,057,437</b>	<b>2,281,055</b>
Excess (deficiency) of revenues over expenditures	(93,742)	(93,742)	(49,947)	-	(49,947)	43,795
Fund balance - Beginning of year	1,351,721	1,182,012	1,182,012	-	1,182,012	-
<b>Fund balance - End of year</b>	<b>\$ 1,257,979</b>	<b>\$ 1,088,270</b>	<b>\$ 1,132,065</b>	<b>\$ -</b>	<b>\$ 1,132,065</b>	<b>\$ 43,795</b>

# 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, 2016

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental:						
State	\$ 257,825	\$ 257,825	\$ 380,315	\$ -	\$ 380,315	\$ 122,490
Federal	25,000	25,000	184,635	-	184,635	159,635
Institutional	71,752	71,752	239,572	-	239,572	167,820
<b>Total revenues</b>	<b>354,577</b>	<b>354,577</b>	<b>804,522</b>	<b>-</b>	<b>804,522</b>	<b>449,945</b>
Expenditures:						
Instruction	2,062,478	2,220,556	2,084,006	136,550	2,220,556	-
Instructional resources	325,000	325,000	191,992	(6,204)	185,788	139,212
Student services	10,500	10,500	5,895	-	5,895	4,605
General institutional	1,470,000	1,639,906	1,356,066	283,840	1,639,906	-
Physical plant	3,475,000	3,147,016	3,100,075	(1,060,195)	2,039,880	1,107,136
<b>Total expenditures</b>	<b>7,342,978</b>	<b>7,342,978</b>	<b>6,738,034</b>	<b>(646,009)</b>	<b>6,092,025</b>	<b>1,250,953</b>
Excess (deficiency) of revenues over expenditures	(6,988,401)	(6,988,401)	(5,933,512)	646,009	(5,287,503)	1,700,898
Other financing sources (uses):						
Proceeds from promissory notes	5,500,000	5,500,000	9,000,000	-	9,000,000	3,500,000
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(1,488,401)	(1,488,401)	3,066,488	646,009	3,712,497	5,200,898
Fund balance - Beginning of year	2,494,029	1,560,229	3,088,545	(1,528,316)	1,560,229	-
Fund balance - End of year	\$ 1,005,628	\$ 71,828	\$ 6,155,033	\$ (882,307)	\$ 5,272,726	\$ 5,200,898

# 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, 2016

	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	70,000	189,201	100,850	-	100,850	(88,351)
<b>Total revenues</b>	<b>6,870,000</b>	<b>6,989,201</b>	<b>6,900,850</b>	<b>-</b>	<b>6,900,850</b>	<b>(88,351)</b>
Expenditures:						
Physical plant	6,884,000	7,003,201	7,003,201	-	7,003,201	-
<b>Total expenditures</b>	<b>6,884,000</b>	<b>7,003,201</b>	<b>7,003,201</b>	<b>-</b>	<b>7,003,201</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	(14,000)	(14,000)	(102,351)	-	(102,351)	(88,351)
Fund balance - Beginning of year	735,480	715,433	715,433	-	715,433	-
<b>Fund balance - End of year</b>	<b>\$ 721,480</b>	<b>\$ 701,433</b>	<b>\$ 613,082</b>	<b>\$ -</b>	<b>\$ 613,082</b>	<b>\$ (88,351)</b>

# 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, 2016

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental:						
State	\$ 157,811	\$ 157,811	\$ 157,811	\$ -	\$ 157,811	\$ -
Institutional	2,972,000	3,239,024	2,926,820	-	2,926,820	(312,204)
Total revenues	3,129,811	3,396,835	3,084,631	-	3,084,631	(312,204)
Expenditures:						
Auxiliary services	2,975,387	3,242,411	3,242,411	-	3,242,411	-
Total expenditures	2,975,387	3,242,411	3,242,411	-	3,242,411	-
Excess (deficiency) of revenues over expenditures	154,424	154,424	(157,780)	-	(157,780)	(312,204)
Net position - Beginning of year	1,165,313	1,202,151	1,202,151	-	1,202,151	-
Net position - End of year	\$ 1,319,737	\$ 1,356,575	\$ 1,044,371	\$ -	\$ 1,044,371	\$ (312,204)

# 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, 2016

	Original Budget	Amended Budget	Actual	Adjustment to Budgetary Basis	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenue:						
Institutional	\$ 1,127,000	\$ 1,127,000	\$ 1,103,485	\$ -	\$ 1,103,485	\$ (23,515)
Total revenue	1,127,000	1,127,000	1,103,485	-	1,103,485	(23,515)
Expenditures:						
Auxiliary services	1,127,000	1,127,000	1,110,853	-	1,110,853	16,147
Total expenditures	1,127,000	1,127,000	1,110,853	-	1,110,853	16,147
Excess (deficiency) of revenue over expenditures	-	-	(7,368)	-	(7,368)	(7,368)
Net position - Beginning of year	120,364	73,499	73,499	-	73,499	-
Net position - End of year	\$ 120,364	\$ 73,499	\$ 66,131	\$ -	\$ 66,131	\$ (7,368)

# Chippewa Valley Technical College District

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

Year Ended June 30, 2016

	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
<b>Revenues:</b>										
Local government - Property taxes	\$ 11,466,477	\$ 1,000,000	\$ 52,500	\$ -	\$ 6,800,000	\$ -	\$ -	\$ 19,318,977	\$ -	\$ 19,318,977
Intergovernmental revenue:										
State	23,263,894	2,093,007	-	380,315	-	157,811	-	25,895,027	-	25,895,027 (1)
Federal	28,118	8,773,635	7,823,498	184,635	-	-	-	16,809,886	-	16,809,886
Tuition and fees:										
Program fees	13,333,300	-	-	-	-	-	-	13,333,300	(3,034,861)	10,298,439
Material fees	807,052	-	-	-	-	-	-	807,052	(192,209)	614,843
Other student fees	645,551	172,475	582,985	-	-	-	-	1,401,011	(694,735)	706,276
Institutional	781,454	734,737	548,507	239,572	100,850	-	-	2,405,120	(190,803)	2,214,317 (2)
Auxiliary services revenue	-	-	-	-	-	2,926,820	1,103,485	4,030,305	(1,103,485)	2,926,820
<b>Total revenues</b>	<b>50,325,846</b>	<b>12,773,854</b>	<b>9,007,490</b>	<b>804,522</b>	<b>6,900,850</b>	<b>3,084,631</b>	<b>1,103,485</b>	<b>84,000,678</b>	<b>(5,216,093)</b>	<b>78,784,585</b>
<b>Expenditures:</b>										
Instruction	32,253,299	10,280,202	29,344	2,220,556	-	-	-	44,783,401	(404,925)	44,378,476
Instructional resources	507,756	-	-	185,788	-	-	-	693,544	(125,314)	568,230
Student services	3,729,744	1,839,310	9,028,093	5,895	-	-	-	14,603,042	(8,289,773)	6,313,269
General institutional	11,039,273	617,729	-	1,639,906	-	-	-	13,296,908	(1,381,959)	11,914,949
Physical plant	4,293,185	83,375	-	2,039,880	7,003,201	-	-	13,419,641	(8,902,651)	4,516,990
Auxiliary services	-	4,900	-	-	-	3,242,411	1,110,853	4,358,164	(1,111,386)	3,246,778
Depreciation	-	-	-	-	-	-	-	-	5,343,101	5,343,101
Student aid	-	-	-	-	-	-	-	-	4,904,193	4,904,193
Interest expense	-	-	-	-	-	-	-	-	656,196	656,196
<b>Total expenditures</b>	<b>51,823,257</b>	<b>12,825,516</b>	<b>9,057,437</b>	<b>6,092,025</b>	<b>7,003,201</b>	<b>3,242,411</b>	<b>1,110,853</b>	<b>91,154,700</b>	<b>(9,312,518)</b>	<b>81,842,182</b>
Excess (deficiency) of revenue over expenditures	(1,497,411)	(51,662)	(49,947)	(5,287,503)	(102,351)	(157,780)	(7,368)	(7,154,022)	4,096,425	(3,057,597)
Other financing (uses) sources:										
Issuance of long-term debt	-	-	-	9,000,000	-	-	-	9,000,000	(9,000,000)	-
<b>Total other financing (uses) sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,000,000</b>	<b>(9,000,000)</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	(1,497,411)	(51,662)	(49,947)	3,712,497	(102,351)	(157,780)	(7,368)	1,845,978	(4,903,575)	(3,057,597)
Fund balance/net position - Beginning of year	14,306,981	103,847	1,182,012	1,560,229	715,433	1,202,151	73,499	19,144,152	45,717,936	64,862,088
Fund balance/net position - End 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

# Chippewa Valley Technical College District

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

Year Ended June 30, 2016

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

State grants	\$ 2,631,133
State operating appropriations	<u>23,263,894</u>
	<u>\$25,895,027</u>

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

Business and industry contract revenue	\$ 692,781
Other operating revenues	981,788
Other non-operating revenues	417,955
Investment income earned	<u>121,793</u>
	<u>\$ 2,214,317</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, 2016 and 2015, 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, 2016. 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 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

December 21, 2016  
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, 2016. 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, 2016.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal and state program is not modified with respect to this matter.

Chippewa Valley Technical College District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Chippewa Valley Technical College District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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

December 21, 2016  
Eau Claire, Wisconsin

# Chippewa Valley Technical College District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

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>							
Trade Adjustment Assistance Community College and Career Training Grants	17.282						
Bridges2Healthcare		TC-22518-11-60-A-19	\$ 1,921,981	\$ 29,784	\$ 8	\$ 29,792	\$ -
Making the Future - The Wisconsin Strategy		TC-23775-12-60-A-55	758,549	60,494	-	60,494	-
INTERFACE		TC-25114-13-60-A-55	1,147,610	326,973	-	326,973	-
Advancing Careers and Training (ACT) for Healthcare		TC-26455-14-60-A-55	19,999,991	6,944,510	-	6,944,510	4,844,255
Total Trade Adjustment Assistance Community College and Career Training Grants			23,828,131	7,361,761	8	7,361,769	4,844,255
<u>National Science Foundation</u>							
Education and Human Resources	47.076						
Midwest Regional Center for Nanotechnology Ed. (Nano-Link) Renewal		Subc./DUE-1501878, PO #56409	31,148	13,906	236	14,142	-
Advanced Manufacturing through Applied STEM		DUE-1304103	797,298	216,165	-	216,165	-
Advanced STEM industries through Student Scholarships and Support Services		DUE-1355958	597,210	109,894	-	109,894	-
Total Education and Human Resources			1,425,656	339,965	236	340,201	-
<u>U.S. Department of Veteran Affairs</u>							
Veterans Education Outreach Program Reporting Fee	64.117	N/A	2,430	2,430	-	2,430	-
<u>U.S. Department of Education</u>							
Wisconsin Technical College System							
Adult Education - Basic Grants to States	84.002						
Adult Education Services Comprehensive Program		01-670-146-126	133,879	133,879	375,937	509,816	-
LEP Experience-Based Civics Education		01-671-146-166	9,095	9,095	12	9,107	-
Total Adult Education - Basic Grants to States			142,974	142,974	375,949	518,923	-
Student Financial Assistance Cluster							
Federal Supplemental Educational Opportunity Grants	84.007						
Grants		P007A154495	121,100	121,100	-	121,100	-
Administration		P007A154495	6,055	6,055	-	6,055	-
Total Federal Supplemental Educational Opportunity Grants			127,155	127,155	-	127,155	-

# Chippewa Valley Technical College District

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2016

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>							
Federal Direct Student Loans	84.268						
Stafford Loans		P268K162634	\$ 15,455,879	\$ 15,455,879	\$ -	\$ 15,455,879	\$ -
PLUS Loans		P268K162634	114,073	114,073	-	114,073	-
Total Federal Direct Student Loans			15,569,952	15,569,952	-	15,569,952	-
Federal Work-Study Program	84.033						
College Work Study		P033A15495	145,284	145,284	-	145,284	-
College Work Study - Administration		P033A15495	9,363	9,363	-	9,363	-
Total Federal Work-Study Program			154,647	154,647	-	154,647	-
Federal Pell Grant Program	84.063						
Grants		P063P152634	7,557,114	7,557,114	-	7,557,114	-
Administrative Fees		P063P152634	12,700	12,700	-	12,700	-
Total Federal Pell Grant Program			7,569,814	7,569,814	-	7,569,814	-
Total Student Financial Assistance Cluster			23,421,568	23,421,568	-	23,421,568	-
Higher Education Institutional Aid	84.031A						
Improving Student Performance through Targeted Interventions		P031A110191	1,978,053	503,270	52,858	556,128	-
Career and Technical Education - Basic Grants to States	84.048						
Wisconsin Technical College System							
CVTC Achieving Student Success		01-654-150-236	362,172	362,172	525,825	887,997	-
Strengthening CTE: Business Management, Criminal Justice-Law Enforcement and Nursing		01-655-150-256	96,579	96,579	3	96,582	-
CVTC Nontraditional Occupation Initiative		01-656-150-266	24,145	24,145	370	24,515	-
Chippewa Valley Technical College - Career Prep		01-657-150-216	45,044	45,044	77	45,121	-
Total Career and Technical Education - Basic Grants to States			527,940	527,940	526,275	1,054,215	-
Wisconsin Department of Public Instruction							
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334						
Wisconsin Gear Up Grant		N/A	38,990	38,990	-	38,990	-
Total U.S. Department of Education			26,109,525	24,634,742	955,082	25,589,824	-

# Chippewa Valley Technical College District

## Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2016

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 Health and Human Services</u>							
Child Care and Development Block Grant	93.575						
Wisconsin Department of Children and Families							
Western Technical College							
Race to the Top Early Learning Challenge Educational Opportunities Grant		CFE00449A1	\$ 151,669	\$ 46,076	\$ -	\$ 46,076	\$ 4,858
Wisconsin Early Childhood Association, UW-Stout							
T.E.A.C.H. Early Childhood WI Scholarship Program Articulation Improvement Grant		Subcontract	11,376	6,463	-	6,463	-
<b>Total U.S. Department of Health and Human Services</b>			<b>163,045</b>	<b>52,539</b>	<b>-</b>	<b>52,539</b>	<b>4,858</b>
<u>Department of Homeland Security</u>							
Wisconsin Technical College System							
FEMA Assistance to Firefighters Grant	97.044	N/A	27,391	27,391	4,248	31,639	-
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 51,556,178</b>	<b>\$ 32,418,828</b>	<b>\$ 959,574</b>	<b>\$ 33,378,402</b>	<b>\$ 4,849,113</b>

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, 2016

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### 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, 2016. 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 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.

### Note 3 Reconciliation of Federal Awards to Financial Statements

Federal revenues from schedule of expenditures of federal awards	\$ 32,418,828
Federal Gear Up Program	(38,990)
Federal direct student loans	(15,569,952)

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Federal grants revenue recognized in the statements of revenues, expenses, and changes in net position	\$ 16,809,886
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# Chippewa Valley Technical College District

## Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

### Note 4 Pass-Through Funds to Subrecipients

During the fiscal year ended June 30, 2016, there were funds passed through to subrecipients as follows:

Award Number	CFDA#	Subrecipient	Amount Provided to Subrecipients
TC-26455-14-60-A-55	17.282	Blackhawk Technical College	\$ 135,254
TC-26455-14-60-A-55	17.282	Fox Valley Technical College	125,436
TC-26455-14-60-A-55	17.282	Gateway Technical College	220,621
TC-26455-14-60-A-55	17.282	Lakeshore Technical College	346,357
TC-26455-14-60-A-55	17.282	Milwaukee Technical College	592,972
TC-26455-14-60-A-55	17.282	Madison College	498,485
TC-26455-14-60-A-55	17.282	Moraine Park Technical College	349,124
TC-26455-14-60-A-55	17.282	Mid-State Technical College	268,186
TC-26455-14-60-A-55	17.282	Nicolet Area Technical College	187,297
TC-26455-14-60-A-55	17.282	Northcentral Technical College	399,965
TC-26455-14-60-A-55	17.282	Northeast Wisconsin Technical College	455,511
TC-26455-14-60-A-55	17.282	Southwest Technical College	329,260
TC-26455-14-60-A-55	17.282	Waukesha County Technical College	379,410
TC-26455-14-60-A-55	17.282	Wisconsin Indianhead Technical College	279,409
TC-26455-14-60-A-55	17.282	Western Technical College	184,971
TC-26455-14-60-A-55	17.282	Wisconsin Technical College System	91,997
CFE00449A1	93.575	Western Dairyland Community Action Agency	4,858

# Chippewa Valley Technical College District

## Schedule of Expenditures of State Awards

Year Ended June 30, 2016

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 Protection		N/A	\$ 15,000	\$ 7,881	\$ -	\$ 7,881	\$ -
Wisconsin Department of Agriculture, Trade and Consumer Protection		N/A	15,000	6,275	-	6,275	-
<b>Total Wisconsin Department of Agriculture, Trade and Consumer Protection</b>			<b>30,000</b>	<b>14,156</b>	<b>-</b>	<b>14,156</b>	<b>-</b>
<u>Wisconsin Department of Transportation</u>							
Motorcycle Safety Program	20.395(4)(aq)						
Motorcycle Training, Basic Rider Course 1		0094-15-01	16,361	16,361	10,980	27,341	-
Motorcycle Training, Basic Rider Course 2		0094-15-26	2,559	825	176	1,001	-
Motorcycle Training, Basic Rider Course 1		0940-16-26	23,628	-	36,678	36,678	-
Motorcycle Training, Basic Rider Course 2		0940-16-26	2,430	-	4,099	4,099	-
<b>Total Wisconsin Department of Transportation</b>			<b>44,978</b>	<b>17,186</b>	<b>51,933</b>	<b>69,119</b>	<b>-</b>
<u>Higher Education Aids Board</u>							
Wisconsin Higher Education Grant	235.102	N/A	1,234,539	1,234,539	-	1,234,539	-
Veterans Tuition Remission Program	235.105	N/A	60,388	60,388	247,373	307,761	-
Minority Retention Grant	235.107	N/A	19,230	19,230	-	19,230	-
Covenant Scholars	235.108	N/A	103,426	103,426	-	103,426	-
Academic Excellence Scholarship	235.109	N/A	5,625	5,625	5,625	11,250	-
Handicapped Student Grant	235.112	N/A	3,600	3,600	-	3,600	-
Talent Incentive Program	235.114	N/A	73,875	73,875	-	73,875	-
Nursing Student Loan	235.117	N/A	6,000	6,000	-	6,000	-
Technical Excellence Scholarship	235.119	N/A	44,325	44,325	44,324	88,649	-
Covenant Foundation	235.131	N/A	59,000	59,000	-	59,000	-
Wisconsin Indian Grant	235.132	N/A	19,800	19,800	-	19,800	-
<b>Total Higher Education Aids Board</b>			<b>1,629,808</b>	<b>1,629,808</b>	<b>297,322</b>	<b>1,927,130</b>	<b>-</b>

# Chippewa Valley Technical College District

## Schedule of Expenditures of State Awards (Continued)

Year Ended June 30, 2016

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			\$ 3,934,983	\$ 3,934,983	\$ -	\$ 3,934,983	\$ -
Performance Based Aid			864,734	864,734	-	864,734	-
Total State Aids for Vocation, Technical, and Adult Education			4,799,717	4,799,717	-	4,799,717	-
Grants to District Boards	292.124						
Apprentice-Related Instruction Program							
Electical Construction Apprenticeship Program		01-689-124-116	10,000	10,000	179	10,179	-
Career Pathways Program							
Career Pathways in Administrative Professional		01-681-124-126	150,000	150,000	50,373	200,373	-
Core Industry Program							
Expanding and Enhancing the Residential Construction Program		01-682-124-136	344,903	344,903	348	345,251	-
Creative and Collaborative Solutions for Enhancing Truck Driving							
Training in Wisconsin		01-683-124-136	630,696	630,696	256	630,952	359,173
Developing Markets Program							
Two-Year Associate Degree in Supervisory Management		01-684-124-146	159,971	159,971	343	160,314	-
Professional Development Program							
Professional Development-Mentoring and Faculty Quality Assurance		01-685-124-156	60,771	60,771	12	60,783	-
Student Support Program							
Student Support, Career Planning, and Transition Services		01-686-124-166	292,262	292,262	98,847	391,109	-
Statewide Program							
AMN-NW Gold Collar Careers and Collaborative Efforts in							
Manufacturing		01-586-124-185	69,000	22,985	348	23,333	6,942
AMN-NW Gold Collar Careers and Collaborative Efforts in							
Manufacturing		01-687-124-186	66,010	33,374	-	33,374	25,734
Assessing the Need for Community Paramedics in Wisconsin		01-688-124-186	20,000	13,502	-	13,502	-
CVTC Mobile Manufacturing Lab		01-690-124-186	150,000	150,000	20	150,020	-

# Chippewa Valley Technical College District

## Schedule of Expenditures of State Awards (Continued)

Year Ended June 30, 2016

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 (Continued)</u>							
Workforce Advancement Training							
Automated Manufacturing and Fabrication Consortium		01-510-124-175	\$ 180,000	\$ 6,589	\$ 732	\$ 7,321	\$ -
Critical Core Manufacturing Skills Technical Certificate Program		01-511-124-175	84,969	4,252	473	4,725	-
Productivity Training		01-512-124-175	32,739	5,612	1,563	7,175	-
Safety and Supervisory Training		01-513-124-175	22,258	7,209	801	8,010	-
Automation Manufacturing and Fabrication Consortium		01-610-124-176	175,500	76,815	8,535	85,350	-
Critical Core Manufacturing Skills and Supervisor Skills Technical Certificate Program		01-611-124-176	156,086	80,677	8,964	89,641	-
Collision Avoidance Training for Bus Drivers		01-612-124-176	17,226	6,724	747	7,471	-
Safety, Technology, Engineering, and Mathematics Training (STEM) Program		01-613-124-176	107,044	44,563	4,951	49,514	-
Quality, Safety, and Business Technology Training Program		01-614-124-176	58,329	25,772	2,864	28,636	-
Safety and Root Cause Analysis Training		01-615-124-176	3,449	1,983	221	2,204	-
<b>Total Grants to District Boards</b>			<b>2,791,213</b>	<b>2,128,660</b>	<b>180,577</b>	<b>2,309,237</b>	<b>391,849</b>
Project Revenue Segregated Funds							
Truck Driver Training	292.128	01-589-128-115	9,000	9,000	62	9,062	-
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	36,389	36,389	-	36,389	-
<b>Total Wisconsin Technical College System</b>			<b>25,958,618</b>	<b>25,296,065</b>	<b>180,639</b>	<b>25,476,704</b>	<b>391,849</b>

# Chippewa Valley Technical College District

## Schedule of Expenditures of State Awards (Continued)

Year Ended June 30, 2016

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 Health Services</u>							
Low Income Dental Clinics	435.170000	26798	\$ 90,131	\$ 90,131	\$ 278	\$ 90,409	\$ -
Expanding Dental Services via Technical College	435.151722	26798	67,680	67,680	51	67,731	-
Total Wisconsin Department of Health Services			157,811	157,811	329	158,140	-
<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	304,320	-	304,320	-
<u>Wisconsin Department of Revenue</u>							
Exempt Computer Aid	835.109	N/A	81,490	81,490	-	81,490	-
<b>TOTAL STATE AWARDS</b>			<b>\$ 28,916,139</b>	<b>\$ 27,500,836</b>	<b>\$ 530,223</b>	<b>\$ 28,031,059</b>	<b>\$ 391,849</b>

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, 2016

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### 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, 2016. 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, 2016

**Note 3                      Reconciliation of State Awards to Financial Statements**

State revenues from Schedule of Expenditures of State Awards	\$ 27,500,836
Wisconsin Higher Education Grant	(1,234,539)
Minority Retention Grant	(19,230)
Covenant Scholars	(103,426)
Academic Excellence Scholarship	(5,625)
Handicapped Student Grant	(3,600)
Talent Incentive Program	(73,875)
Nursing Student Loan	(6,000)
Technical Excellence Scholarship	(44,325)
Covenant Foundation	(59,000)
Wisconsin Indian Grant	(19,800)
Tuition - Fire Service Certification Program	(36,389)

State grants revenue recognized in the statements of revenues, expenses, and changes in net position	\$ 25,895,027 (1)
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(1) State grants revenue is presented on the basic financial statements as follows:

Operating	\$ 2,631,133
Non-operating	23,263,894
	\$ 25,895,027



# Chippewa Valley Technical College District

## Notes to the Schedule of Expenditures of State Awards

Year Ended June 30, 2016

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### Note 4 Pass-Through Funds to Subrecipients

During the fiscal year ended June 30, 2016, 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>
01-683-124-136	292.124	Fox Valley Technical College	\$ 165,662
01-683-124-136	292.124	Milwaukee Area Technical College	93,993
01-683-124-136	292.124	Waukesha County Technical College	99,518
01-586-124-185	292.124	Nicolet Area Technical College	303
01-586-124-185	292.124	Northcentral Technical College	1,770
01-586-124-185	292.124	Western Technical College	3,306
01-586-124-185	292.124	Wisconsin Indianhead Technical College	1,563
01-687-124-186	292.124	Mid-State Technical College	1,064
01-687-124-186	292.124	Nicolet Area Technical College	3,524
01-687-124-186	292.124	Northcentral Technical College	9,733
01-687-124-186	292.124	Western Technical College	6,528
01-687-124-186	292.124	Wisconsin Indianhead Technical College	4,885

# Chippewa Valley Technical College District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

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### 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)?	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
17.282	Trade Adjustment Assistance Community College and Career Training Grants
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, 2016

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

Dollar threshold used to distinguish between Type A and Type B Programs	\$972,587
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 major 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
235.119	Technical Excellence Scholarship
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
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### Section II – Financial Statement Findings

None.

# Chippewa Valley Technical College District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

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### Section III – Federal and State Findings and Questioned Costs

Department of Education

Finding 2016-001: Eligibility

Student Financial Assistance Cluster, Pell Program – CFDA No. 84.063; Direct Funding; Grant Number P063P152634; Grant Period – 7/1/2015 through 6/30/2016

Criteria – For a student who does not begin attendance at the institution, 34 CFR 668.21 requires that an institution return all Title IV funds as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance.

Condition – The audit identified a student who received Pell and was subsequently reported as a no show on April 20, 2016. As of June 30, 2016, the Pell funds had not been returned to the Department of Education.

Known Questioned Costs – \$722

Context – A sample of 40 students disclosed 1 student for which the Pell grant was not returned within the required time frame.

Cause – The student in this situation was enrolled for 15 online credits for the spring term, 2016. Four of the student's classes spanned the length of the 16-week spring term and commenced January 11. The remaining 3 credit class was a short-term (module) class, starting on March 14. At the District, Pell funds are disbursed in the 5th week of the term. This student was reported as not attending ("no show") in the 4th week of the term for all classes commencing in January. He remained enrolled in the 8-week module in March. Based on his change in enrollment to 3 credits, the Pell award was reduced to \$722, his eligibility at a less than half-time enrollment. A short-term hold was placed on the account but was removed in April, allowing \$722 to disburse to the student's account. In fact, the student was reported as a no show on April 20 for the spring term, and the student credit load was reduced to zero. Pell was not immediately returned to the Department of Education.

Effect – The student received a Pell overaward, and the funding was not returned to the Department of Education in a timely fashion.

Recommendation – We recommend that the personnel at the District implement policies and procedures to ensure that awards are adjusted or returned for students who do not begin attendance.

Views of Responsible Official – The District agrees with the finding, and upon notification of the situation, the Pell funds were returned to the Department of Education on September 20, 2016. The District is also in the process of establishing procedures to ensure compliance with the Department of Education regulations as it relates to modular course work.

# Chippewa Valley Technical College District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

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### 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 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  
Dan Walker, CPA

Date of report December 21, 2016

# Chippewa Valley Technical College District

## Schedule of Prior Year's Findings and Questioned Costs

Year Ended June 30, 2016

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### Financial Statement Findings

None.

### Federal and State Award Findings and Questioned Costs

None.



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Bruce A. Barker, President

December 21, 2016

Chippewa Valley Technical College District submits the following corrective action plan for the identified finding and questioned costs for the year ended June 30, 2016.

Finding 2016-001

Corrective Action

Upon notification of this situation by our auditors at Wipfli, CVTC immediately corrected the error, and returned the Pell funds back to the Department of Education on September 20, 2016.

With the clarifying information received in the audit process, we better understand how the disbursement of Pell funds must be managed in a term with enrollment changes due to subsequent module courses. With distance education and modular courses becoming more prevalent, we now recognize the complexity involved in ensuring Pell is disbursed in accordance with federal guidelines. The college's financial aid policies and procedures regarding students reported as "no shows" are being revised to include clear direction on modular course work, in accordance with Department of Education regulations. In an effort to diligently monitor accuracy in disbursements, we are developing a query report to identify funds awarded to students with a zero credit balance. The Financial Aid Manager will run and review the query report monthly to ensure continued compliance.

Person Responsible

Barbara Cloutier, Financial Aid Manager

Completion Date

December 1, 2016

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Barbara Cloutier", is written over a horizontal line.

Barbara Cloutier